



Sustainability Report 2021

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Identity card No	99.520.000-7
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* The following report corresponds to Transelec Group, which includes Transmisora del Pacífico S.A., Transelec Concesiones S.A., Transelec S.A. and Inversiones CyT Ltda.

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15 years leading for sustainable management

I have been at the helm of Transelec for fifteen years, during which the company has been a driving force in the paradigm changes experienced by the industry.

Transelec has gone from practically the only power transmission company operating in the country to the current competitive scenario featuring multiple stakeholders. We actively pursued the transition to power grid decarbonization, connecting accelerated renewable power generation growth and systematically innovating digital transformation progress, providing intelligence and automation for asset maintenance, reducing outage time and the risk of failure while enhancing service.

One source of particular pride over the last fifteen years -driven by the Board of Directors and accompanied by the Executive Committee- was placing sustainability at the core of the company's business strategy. In addition, in 2009 we started reporting with full transparency through our annual

Sustainability Report.

We now present the 13th Transelec Sustainability Report, showcasing how the company's management seeks to maximize environmental and social impact mitigation and compensation for development and operation of our facilities, while addressing and constantly improving environmental care and long-term relationships of trust with our different stakeholders and neighboring communities.

This is a special Sustainability Report for me. On the one hand, the crisis we are facing in the world, such as the War between Russia and Ukraine, alarming results announced by the Intergovernmental Panel on Climate Change, as well as important challenges we presently face in Chile, such as the water and climate crisis, coupled with greater expectations from civil society regarding the public and private world, clearly evidence that the path we started down 13 years ago with our first Report was going in the right

direction. Moreover, this Report is special for me because it is the last report I will sign as General Manager of Transelec. I will step down from my position at Transelec in May 2022. Arturo Le Blanc will fill the position of General Manager after serving as Legal and Regulatory Vice-president for over ten years. I am convinced that Arturo, together with each of the company's collaborators, will put his personal stamp on everything he does, in keeping with the corporate outlook and commitment to sustainability expected by our shareholders.

Andrés Kuhlmann

Transelec's Chief Executive Officer



Interview with Arturo Le Blanc, New Transelec's Chief Executive Officer

The challenge of sustainability

How important is sustainability for companies in Chile today?

We at Transelec are convinced that sustainability is a fundamental pillar. Companies will not survive any other way, it's that simple. The way I see it, sustainability is a necessary pillar for the corporate world and, in the present scenario, it is a minimal contribution that we as a company make to the country.

What do you think are the main future sustainability challenges for Transelec in the context of regulatory changes and new business?

Sustainability challenges are increasingly demanding, but we have an advantage: regardless of what the law says, we at Transelec have already gone beyond the scope of mandatory sustainability standards. We are thus definitely going to have to review what needs to be improved and what needs to be changed, but we are already well on our way to addressing these new challenges for the country, a reflection of today's increasingly demanding global environment.

We are going to face greater challenges related to our social license with respect to indigenous and non-indigenous communities (rural and urban), for project development and subsequent operation, necessary

infrastructure for the national power grid. Among other issues, this will enable much-awaited power grid decarbonization.

Although I do believe we meet high standards, we are obviously going to have to review what we do in great detail, addressing what needs to be done differently and what needs to be improved because there are always opportunities to be met.

I would like to add ethics and an integral way of doing business. We understand that part of the unrest for our communities and in society -often justified- stems from the fact that ethical standards have not been respected in society. Ensuring that high ethical standards are met is a very important duty to society for our company.

Has the experience of Transelec shareholders provided any signs as to how to blaze the trail for sustainability?

In our case, sustainability standards upheld by our shareholders (Canadian companies and a Chinese company) are exemplary in many cases and have shown us some interesting ways to address development. For example, community relations and understanding that incorporating communities at an early stage of project development, even during the design stage, in order to analyze what can be done together.

Regarding our relations with indigenous communities, we understand that situations faced by our shareholders in Canada and China are different from ours. However, being ready and willing to talk and search for solutions together is one of the lessons we have been applying for years at Transelec. I wish to highlight that the first indigenous consultation executed within the framework of ILO Convention 169 in urban areas of Chile was conducted by Transelec while developing an energy project to upgrade power capacity at the Santiago Metro Neptuno Substation in 2015. We have therefore already been talking with indigenous communities in and out of the ILO Convention 169 framework for years.

Finally, I wish to place special emphasis on occupational safety standards and policies outlined and required by our investors. Our shareholders are world leaders in this area and have been challenging us to improve these standards and policies for over fifteen 15 years, when they first acquired stakes in our company.

A few weeks after taking over as Transelec CEO, Arturo Le Blanc explained his approach to sustainability issues that the Executive Team have been managing for several years.

About us

We are driven to ensure residential and industrial customers have continuous and increasingly cleaner electricity, while contributing to improve their quality of life and Chile's development.

1. Who we are

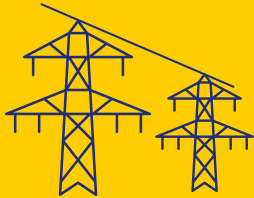
We are the most important power transmission company in Chile. We transport energy from generation sources to cities and industrial and mining industry users.

We develop and operate projects while taking care of the environment and neighboring communities, thus contributing to local development.

We seek to provide residential and industrial customers with a continuous power supply.



Scope of our operations:



Transmission lines spanning

10,045

kilometers.

69

substations¹



592

collaborators²

3,508

contractors



An **89.6%** share of all **154 kV** high voltage transmission lines in the National Power Grid.

37.8% of 220 kV transmission lines.

23.1% of 550 kV transmission lines.

9.6% of 66 + 110 kV transmission lines.



\$ 306 billion in revenue (61% from the National Power Grid; 23% from Zonal Systems; 14% from Exclusive Systems and 2% from Services*.

\$ 248 billion** in EBITDA .



The final shareholders of Transelec S.A. are **China Southern Power Grid International** (CSG, with **27.79%**), **Canada Pension Plan Investment Board** (CPP, with **27.73%**), **British Columbia Investment Management** (BCI, with **26.00%**) and **Public Sector Pension Investment Board** (PSP, with **18.48%**).



Our Mission

To lead the power transmission business in Chile by appropriately meeting the country's needs and our customers' requirements by developing efficient, quality solutions and appropriate system operation while upholding high occupational health and safety standards.

Vision

To be leaders in Chile's energy sector, generating value for society and our shareholders.

¹ Corresponding to power substations where Transelec is the owner, lessee, usufructuary, or exploits an important number of transmission facilities in any way.

² Total workers employed by Transelec S.A. as of 31 December 2021.

Our business

We own and operate most of the power transmission facilities comprising the National Power Grid, playing an important role in Chile's development.

Our customers are users who withdraw from or inject energy into power transmission systems, i.e., power generation companies and distributors, industrial and mining customers.

• National Power Grid:

interconnected lines and substations constituting a shared and economically efficient electricity market that provides a continuous supply of energy.

• Zonal systems:

facilities interconnected with the national power grid that exclusively supply groups of free or regulated end consumers, generally located in and around cities.

• Exclusive systems:

transmission lines and equipment for supplying energy to non-regulated customers, power plant output or a group of power plants.

• Adjacent business:

business closely related to Transelec's core business, such as power storage, infrastructure projects for large industrial customers (i.e. water pumping and desalination systems) and fiber optics development, leveraging existing transmission infrastructure and meeting Transelec's operating requirements.



Value creation strategy

Our value creation strategy is designed to bring our vision of being leaders in Chile's energy sector to fruition while generating value for our shareholders. We believe this essentially requires an organization that is:

Mobilizing these qualities at an organization level helps us meet goals associated with each of our strategic levers:



2021 Highlights

Corporate governance and integrity

12.5% women serving on the Board of Directors³

19 complaints received during 2021 in our Ethics Channel, **80%** of all complaints settled during the year

0 complaints about discrimination or unfair competition

0 fines for non-compliance with social or economic laws or regulations⁴

80% of our collaborators and 100% of our directors trained regarding anti-corruption issues

Financial performance

USD\$ 1.35 billion in investment committed for more than five years

\$306 billion in revenue*

USD 4.170 millions in operating assets

USD 503.95 million economic value generated

USD 319.58 million distributed economic value

Our people

592 collaborators as of 31 December 2021

29 years without strikes.

3,508 contractors

0 fatalities

US\$ 1,126 invested in training per worker

*Revenues correspond to Transelec S.A.

³ Mrs. Ximena Clark Nuñez was appointed to be a new director in March 2021.

⁴ Fines exceeding US\$ 1,000,000 are considered to be significant.

Energy security

0.066 hours average service interruption time per customer (SAIDI).

The transmission line outage rate came to **3.2 outages / 1,000 km.**

3 high impact events (with power outages lasting more than one hour).

385.57 MWh of power not supplied due to outages.

1 theft from Transelec facilities.

Customers at the core of everything we do

95% customer satisfaction⁵.

Renewable energy amounting to **1,009 MW** was connected by Transelec in 2021.

48 projects in the innovation portfolio.

Shared value with our communities

CLP \$1.060 Millions in community investment

0 conflicts or incidents with the community.

26 communities with participation programs.
1 complaint about community impact.

3,506 people benefited from our social investment programs.

Environmental management

120 hectares reforested.

78% of non-hazardous industrial waste was recycled.

86% of hazardous industrial waste was recycled.

34,039 GJ of energy consumed.

⁵ A figure corresponding to overall customer evaluation taken from an annual Internet questionnaire sent out to a sample of our main customers. This assessment includes customers from the Connections, Business and Conelsur areas.



Corporate government

Our solid corporate government allows the company to face present and future challenges, guaranteeing value generation for Transelec and its stakeholders.

We are a corporation subject to Financial Market Commission guidelines, as well as corporate governance laws and regulations currently in force in Chile. In addition, we have established General Corporate Governance Principles guiding the actions of the company's management, subsidiaries and workers.

Board of Directors

The Board of Directors is responsible for spearheading the company's short-, medium- and long-term strategy and business plan. It also determines values, mission, policies and priorities, monitoring value creation and management control systems.

We have eight permanent directors and one alternate director, none of whom hold executive positions in the organization.

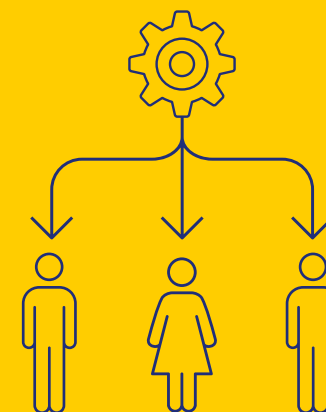
We aspire to employ trained and informed people at the heart of our corporation. Board members must complete an induction process addressing the company's main policies and the most important regulations it abides by before they are incorporated.

In addition, we work to ensure the Board of Directors is appropriately trained regarding important issues for the industry or fulfilment of their duties. In the second half of 2021 we provided a training program related to the Corpesca case review and its importance for the Board of Directors. Platform Diligent was implemented to facilitate communication, signatures and storage of important documents.

The Board of Directors also conducts an annual assessment of its performance, issues and diversity. This also applies to the company's committees and management relations.

Name	Position	Independence	Profession	Age	Nationality
Scott Lawrence	Chairman	CPP	Businesses and Finances	49	Canadian
Richard Cacchione	Director	PSP	Engineering and Accounting Sciences	67	Canadian
Jordan Anderson	Director	BCI	Commerce	43	Canadian
Ganxiang Tang	Director	CSGI	Marketing and Accounting	42	Chinese
Blas Tomic	Director	Independent	Civil Industrial Engineer	72	Chilean
Juan Benabarre	Director	Independent	Mechanical Engineer	71	Chilean
Andrea Butelmann	Director	Independent	Economist	63	Chilean
Mario Valcarce	Director	Independent	Commercial Engineer	72	Chilean

Diversity in the Board



12,5%*
women

50%
independent members

50%
Chilean members

50%
have less than 3 years seniority at the organization; 25% with seniority between 3 and 6 years; 25% with seniority between 9 and 12 years.

* Mrs. Ximena Clark Nuñez was appointed to be a new director in March 2021.

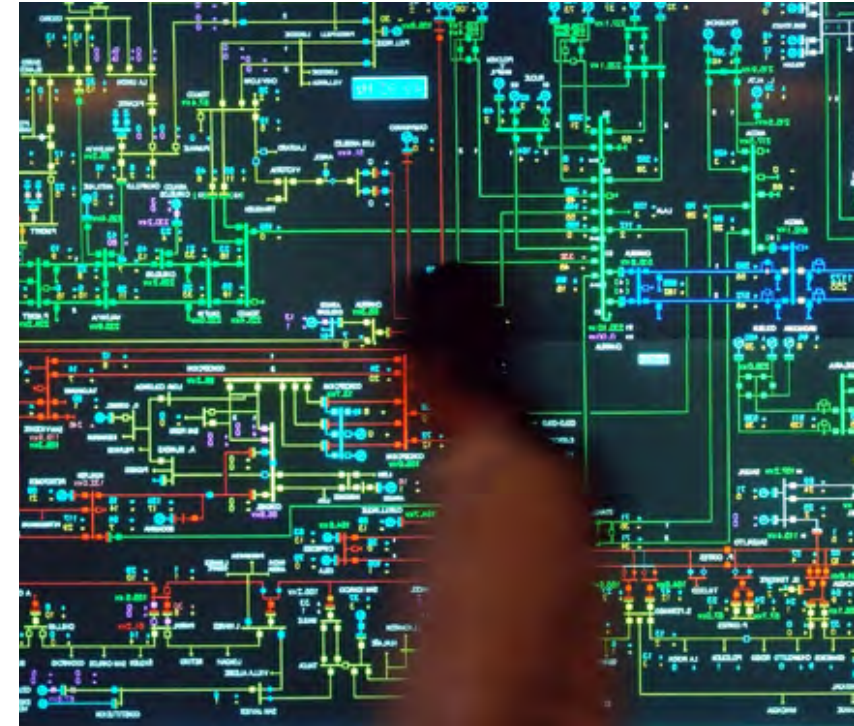
Six committees provide for Board of Directors administration.

Committee	Objective	Meeting frequency	Members	Number of sessions	Main activities during the year	Reporting frequency to Board of Directors
Audit	Assess issues related to external auditor selection, reviewing financial statements, internal audit plan and compliance-related issues.	Quarterly	Directors and management	4	Reviewing financial statements, assessing external auditors, internal audit and compliance audit	Quarterly
Corporate Governance	Review general corporate governance guidelines, work on annual Board evaluations, review related party transactions, review the Crime Prevention Model	Quarterly	Directors and management	4	Annual evaluation of the Board of Directors, CPM, CG guidelines and review of related party transactions	Quarterly
Investment Advisory Committee	Review and evaluate the company's main investment alternatives and business opportunities.	Monthly	Directors and management	12	Recommend approval of new business and investment opportunities	Monthly
Finance	Review decisions regarding dividends, finances, tax and the Business Plan, among others.	Quarterly or as required	Directors and management	5	Review decisions regarding dividends, finances, tax and the Business Plan, among others.	Quarterly
Human Resources	Review compensation and strategy regarding collective bargaining.	Quarterly	Directors and management	4	Review compensation and strategy regarding collective bargaining.	Quarterly
Operations	Review issues related to company operation and health and safety issue supervision.	Quarterly	Directors and management	4	Review the operational strategy and issues related to accidents, health and safety.	Quarterly

Management team

Executive	Position	Profession	Tax ID card	Date taking office
Andrés Kuhlmann Jahn	Chief Executive Officer	Civil Industrial Engineer	6.554.568-3	1 March 2007 ⁶
Arturo Le Blanc	Regulatory and Legal Affairs VP	Attorney	10.601.441-8	15 April 2019
Bernardo Canales	Engineering and Project Development VP	Degree in Mechanical Engineering Sciences	11.565.097-1	1 November 2020
Claudio Aravena	People and Organizational Development VP	Commercial Engineer	9.580.875-1	15 April 2019
David Noe	Corporate Affairs and Sustainability VP	Civil Industrial Engineer	10.502.232-8	1 February 2015
Rodrigo López	Operations VP	Civil Electrical Engineer	7.518.088-8	1 July 2010
Sebastián Fernández	Business Development VP	Commercial Engineer	10.673.365-1	15 April 2019
Francisco Castro	Finance VP	Civil Industrial Engineer	9.963.957-1	1 October 2009

⁶ Andres Kuhlmann stepped down from his position as Transelec Chief Executive Officer 30 April 2022: <https://transelec.cl/nuevo-gerente-general-transelec/>



The management team is organized into Executives Committees that jointly plan and coordinate the work of each Company area:

Committee	Objective	Meeting frequency	Members
Executive Committee	Reviews the main issues for each vice-presidency.	Weekly	General Manager, Vice-presidents, Prosecutor and Revenue and Regulation Manager.
Business Committee	Reviews project status and the main business executed by the company.	Monthly	Vice-presidents, managers and assistant managers from the business area.
Projects Committee	Reviews current and future projects.	Monthly	General Manager, Vice-presidents.
Ethics Committee	Reviews cases reported via the Transelec Ethics Channel	Upon request by the Compliance Officer	General Manager, Prosecutor and Vice-president of People.
Results and Value Management Committee	Reviews quarterly business results after each period, plus the forecast for the year.	Quarterly	General Manager, Vice-presidents.
Regulatory Agenda Committee	Reviews main contingent regulatory issues.	Monthly	Vice-presidents, Prosecutor and Revenue and Regulation Manager.
Technology Management Committee	Evaluates initiatives at several levels to determine how important execution will be.	Monthly	Constituted by three working tables: A Financial Table comprised by the productivity management lead and an analyst. A Technical Table comprised by the IT Assistant Manager, the Information Security Lead and other members of the IT team. A Strategic Table comprised by the Innovation and Digital Transformation Manager, the Quality Lead and others.
Supply Committee	Review tenders when these exceed US\$ 10 mn.	Upon request when contracts amounting to over US\$ 10 mn are awarded.	General Manager, Vice-president of Operations, Vice-president of Engineering and Projects, and Vice-president of Finance.
Asset Management Committee	Requires approval of certain strategic elements for asset management system implementation. This is associated with Asset Management System (AMS) implementation process.	Upon request by the Asset Management Lead.	General Manager, Vice-presidents and Asset Management team.

Integrated Management System Committee

Comprised by two committees: the executive committee and the operation committee.

The executive committee monitors and assesses the Management System within the framework of ISO 45001, 14001 and 9001 standards for systems implemented by the company.

The operational committee aims to implement operational sessions to discuss certain topics related to Occupational Health and Safety, Environment and Quality.

Both committees meet four times a year, in different months.

Executive Committee comprised by the General Manager, Vice-president of PO, VPAC&S, VPI, Vice-president of People, Vice-president of Business and a legal representative, in addition to the Asset Manager and a Project Development Manager, Occupational Health and Safety Manager and his/her Team, Environmental Representatives and the Quality Lead.

Operating Committee comprised by the VPO, VPAC&S, VPI, Asset Manager and a Project Development Manager, Occupational Health and Safety Manager and his/her Team, Environmental Representatives and the Quality Lead.

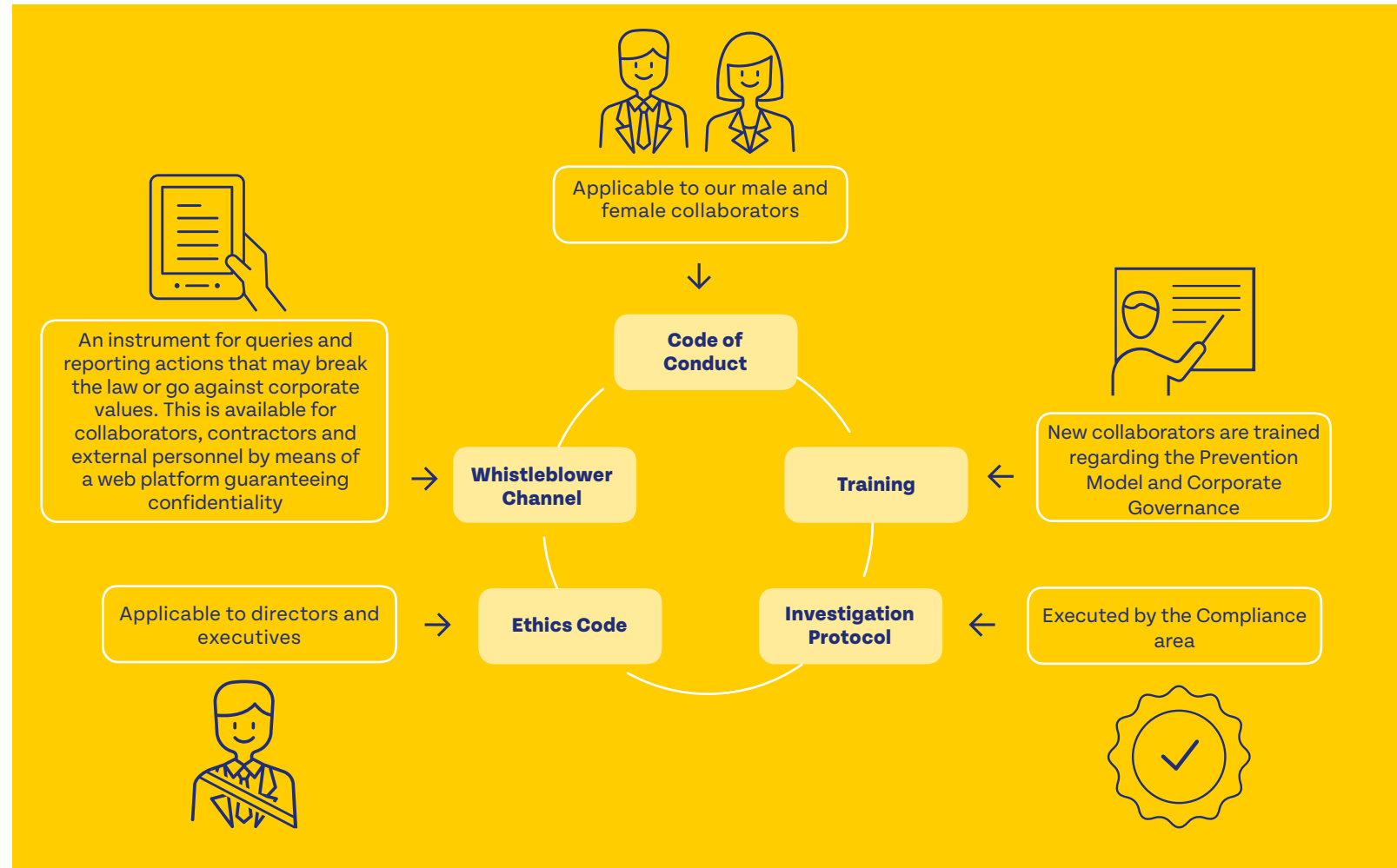


Ethics and Compliance

We use an integrity model to reinforce our commitment to ethical behavior. Each employee is an ambassador of our culture.

Integrity Model

Because our business is executed over the long term, building relationships of trust with our customers, shareholders, investors, regulators and the public is essential. We thus aspire to install our principles at the core of the company's decisions and actions. Our Integrity Model is designed to prevent and detect unethical behavior in a timely manner, making each employee an ambassador of the company's ethical culture.



Ethics governance

Board of Directors Corporate Governance Committee

Directs the organization in the prevention of conduct compromising ethics, Board of Directors training and member election.

Board of Directors Audit Committee

Supervises Crime Prevention Model application and certification while examining and monitoring annual audit plan compliance

Compliance Officer

Develops the Corporate Compliance Program, formulates and reviews policies, implements training programs. This officer is independent and reports directly to the Corporate Governance Committee

Internal Auditing

Reviews different areas based on strategic risk analysis in order to ensure operations and executed in keeping with high standards



Crime prevention and anti-corruption

We have a Crime Prevention Model. In addition, we have policies for donation, gift, bonus and purchase authorization, among others.

In order to assess corruption risks in our organization, annual audits are executed for Crime Prevention Model control measures and risks are subsequently identified. We are presently updating our CPM, which required interviews to be conducted with process owners in order to formulate a general risk assessment.

We communicate our Prevention Model through:

- Internal communication channels, mainly e-mails.
- Capsules (videos) on relevant information in the Crime Prevention Model.
- Training for workers in different areas, live and/or remotely.

Prevention Model communication	2018	2019	2020	2021
Number of workers notified	59%	15%	96%	90%
Number of directors notified	100%	100%	100%	100%
Number of suppliers notified	-	-	90%	90%

Anti-corruption training	2018	2019	2020	2021
Number of workers trained	59%	15%	96%	80%
Percentage of directors trained	100%	100%	100%	100%
Number of suppliers trained	-	-	-	90%



Risk management

In an increasingly changing context, risk management is a priority when it comes to indicating and determining which areas jeopardize creation of value for the company and our stakeholders and formulating prevention and mitigation plans.

We determine the main risks for our business based on COSO⁷ and ISO⁸ 31000 guidelines. We have been fully analyzing ISO 31000 since 2020 in order to gradually implement its approach and concepts into our company's risk management, enabling specific identification of those responsible and control measure monitoring.

Transelec Board of Directors and its management regularly review the Corporate Risk Matrix. In turn, the Risk Management area pools information from the different areas in order to determine the most important risk factors, provide mitigation and monitor action plans.

Main risks and emerging risks

Due to the social uprising in Chile and the pandemic, a series of risks emerged between 2020 and 2021 that could potentially affect operational continuity, such as cable theft, fire and mobility restrictions due to health measures.

In addition, recurring risks include people's safety, potential community opposition to new projects, the regulatory scenario and appropriate assessment of business opportunities.

We regularly train new members from areas interacting with the risk management area to become familiar with the processes the area facilitates and supports. Risk workshops are hosted for projects under development and protocols are formulated for informed decision-making regarding investment that will generate new revenue for the company. Communication programs are executed to raise worker awareness regarding corporate and project risks and to enhance their participation in risk identification and mitigation.

Risks inherent to business activities

Name	Risk description	Potential risk impact	Mitigation measures
Forest fires caused by electric discharges	Sparks from transmission lines or contact with combustible elements that could cause fires affecting assets or third parties.	Very high	Cutting and pruning of vegetation, technological and design improvement for transmission lines and structures, preventive education for neighboring communities
Forest fires caused by third parties that affect our facilities	Grassland burning leads to increased temperature.	High	Cutting and pruning of vegetation; technological and design improvement for transmission lines and structures, working together with forestry companies to ensure appropriate forest management
OT security breaches	Any physical threat to critical cyber assets or to information transmittal or telecommunications systems.	High	Security simulations, implementation of operational continuity protocols, training and supervision

⁷ Committee of Sponsoring Organizations of the Treadway Commission, which contains guidelines for risk management and control.

⁸ An international standard formulated by ISO, which provides principles and guidelines for risk management.

Sustainability management

Transelec's Sustainability Policy confirms our commitment to sustainable development and operational excellence of the power transmission system, which is the basis for actions by each of its workers.



⁹ Our sustainability policy is available at www.transelec.cl/wp-content/uploads/2019/05/politica-sostenibilidad-ES.pdf

The challenges we face as a company stem from our country's need to adopt renewable energy, changes introduced by technological innovations in the power industry and regulatory framework requirements we are subject to.

The above, as well as current global trends in the electricity market, lead us to further develop our value creation strategy by placing end customers at the core of everything we do.

We formally commit to sustainable development and operational excellence in our Sustainability Policy⁹, which is based on six principles:

- **Our people:** we value and protect the lives of every worker, internal or external, and the lives of community members where we operate.
- **Environment:** we prioritize care for the environment, upholding a preventive attitude.
- **Communities:** we create relationships of trust and mutual benefits with our communities and local authorities.
- **Integrity:** we ensure compliance with regulations related to our activities and are committed to the highest ethical standards.

- **Collaboration:** we ensure compliance with regulations related to our activities and are committed to the highest ethical standards.
- **Quality:** we reaffirm our dedication to service and meeting our customers needs.

Sustainability governance

The different Coordination Committees discuss relevant sustainability issues, determine priorities and formulate action plans. In addition, the Board of Directors provides recommendations to senior management to ensure that decisions are made considering social, environmental and ethical factors. In turn, senior management reports to the Board of Directors on sustainability issues and to other areas of the company.

Sustainability issue monitoring is integrated into the Integrated Management System (IMS). Its committee monitors key indicators constituting the Sustainability Dashboard.

Commitment to SDGs

Sustainable Development Goals (SDGs) proposed by the United Nations Program provides a shared blueprint for all people live in peace and prosperity by 2030.

We have adopted 6 of the 17 global goals at Transelec, putting our commitment into practice where we have projects and operations:



7: Affordable and clean energy



8: Decent work and economic growth



9: Industry, innovation and infrastructure



10: Reduced inequalities



13: Climate action

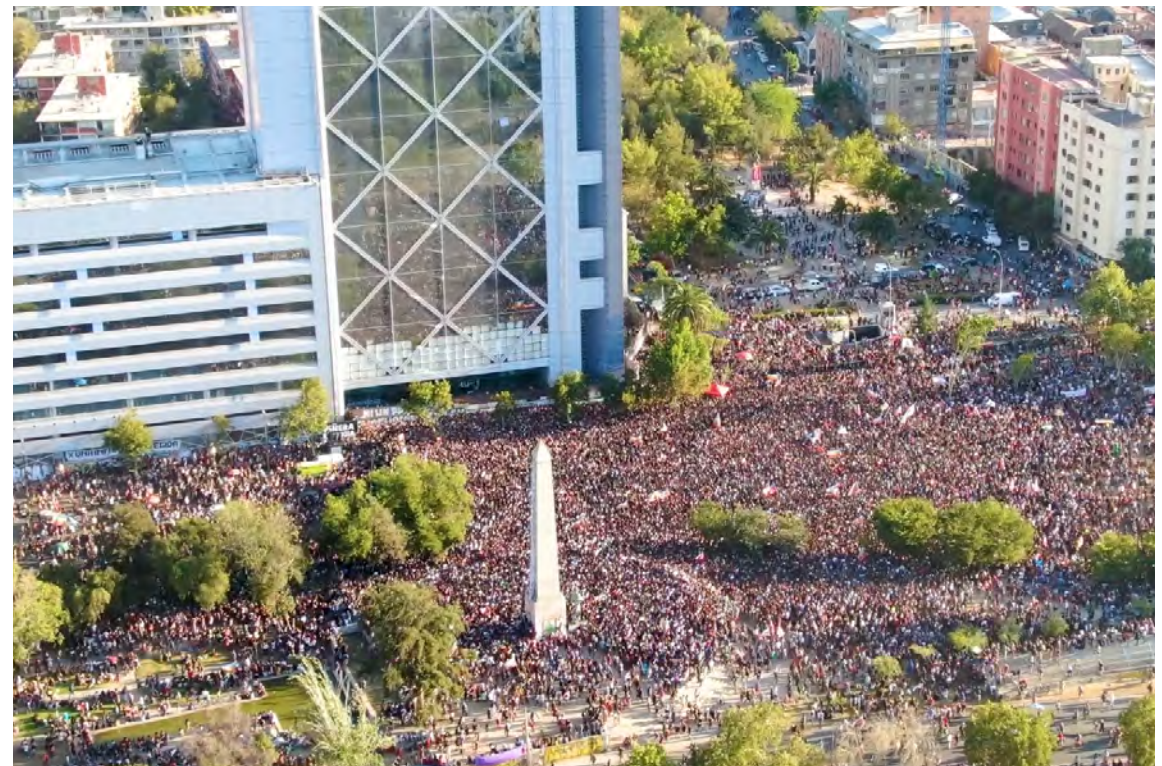


16: Peace, justice and strong institutions

For a More Inclusive Chile

Following the social uprising and as the result of much thought and dedication to the issue at Transelec, the For a More Inclusive Chile program identified 24 initiatives organized into three areas: improving conditions for our contractors and SMEs; Transelec's social contribution to society and improving our employees' quality of life. Several of these measures were executed before the pandemic, providing support for the company and improving its ability to quickly address the health emergency.

Significant progress was made with the 24 initiatives in 2020. Progress continued throughout 2021 and all the indicated measures were executed. We are proud to share our conviction regarding what dialogue has done For an inclusive Chile. The initiatives executed represent major achievements, proving what an organization can achieve when it engages in dialogue and proposes common goals and objectives. This whole process, which began following the social uprising and came to fruition in 2020 and 2021, thus opens the door to ongoing progress and addressing new initiatives in the future.



Initiatives For a More Inclusive Chile

Area	Initiative
Improved conditions for our contractors and SMEs	<ol style="list-style-type: none"> 1. Implementation of ethical salaries for contractors. 2. Incorporating contractors into social activities.. 3. Access to working conditions similar to those of Transelec's workers. 4. Mechanisms for sharing the use of athletic, recreational and work infrastructure. 5. Support for companies most affected by social contingencies by means of work orders. 6. Timely payment within seven days. 7. Higher score for SMEs in tenders. 8. Regular meetings with suppliers to hear their concerns and suggestions firsthand. 9. Facilitating access to tender processes.
Transelec's social contribution	<ol style="list-style-type: none"> 1. We will promote open dialogues with our communities. 2. We will strengthen our social investment program. 3. We will implement an assistance program to pool resources and solve community infrastructure problems. 4. A new focus on citizen participation and civic education for the Ideas con Energía program. 5. Creation of the Social Liaison Committee. 6. Unify and upscale our recycling efforts.
Improving our workers' quality of life	<ol style="list-style-type: none"> 1. Comprehensive retirement support program. 2. Financial assessment to identify preventive and corrective preventive and corrective measures for over-indebtedness. 3. Increase existing complementary health insurance coverage. 4. Formally implement remote work. 5. Promote diversity and inclusion efforts. 6. Continue to promote the Súbete initiative. 7. We will increase benefits when our workers have an immediate family member with a serious illness. 8. Extend activities to family members of Transelec workers. 9. Maintain spaces for dialogue between the different company areas.

Our Stakeholders

Transelec's commitment to its stakeholders is evidenced through concrete actions designed to create sustainable value for them.



The pandemic undoubtedly put us to the test in many aspects as a company. One of these was stakeholder relations. We have taken ongoing concern to uphold our relations with all stakeholders.

Opportunities for face-to-face meetings were very few in 2021. Regulatory Authorities and Entities were some of the stakeholders it was the most difficult to have continuous relations with. However, we have adapted to the times by incorporating new communication tools such as the use of WhatsApp and social

networks to communicate ideas and bring news to our stakeholders.

Our priority stakeholders are those who could be significantly affected by our activities, products and/or services, as well as those whose actions could affect our ability to successfully execute our strategy or objectives.



How do we relate with our stakeholders?

Shareholders	<ul style="list-style-type: none"> • Monthly telephone and face-to-face meetings, both in Chile and Canada, scheduled videoconferences, reports and Annual Report.
Regulatory authorities and entities	<ul style="list-style-type: none"> • Face-to-face meetings, quarterly corporate newsletter, Annual Report, Sustainability Report and website, corporate events (seminars, inaugurations of facilities and visits to substations, among others). • Periodic environmental compliance reports for Transelec's environmental qualification resolutions.
Customers	<ul style="list-style-type: none"> • Meetings with each client; breakfasts; monthly corporate newsletter; Annual Report; website; presence in relevant events of the electricity sector and publications in national and regional media.
Workers and contractors	<ul style="list-style-type: none"> • With workers: workshops, working days, breakfasts with the Chief Executive Officer, regional bulletins, newsletters, El Trasmisor magazine, Transelec TV, intranet and website, among others. • With contractors: training workshops, working days, thematic brochures and direct relationship through the corresponding Technical Site Inspector with the company's Projects area.
Communities	<ul style="list-style-type: none"> • Working groups with neighborhood leaders and local authorities, social investment programs and projects, early and formal citizen participation activities for projects, distribution of area bulletins with relevant information, presence on local radio stations, community visits to substations, publications in the media, among others.
Land owners	<ul style="list-style-type: none"> • Maintenance activities, educational campaigns, such as Electrical Risk Prevention, as well as information about the company and the duties and rights of the owners. • Starting in 2018, we implemented an Owner Relationship Model that makes communication instances clear and incorporates mechanisms to measure the quality of the relationship.
Informed leaders	<ul style="list-style-type: none"> • One-on-one meetings, monthly corporate newsletter, Annual Report, Sustainability Report, website, social networks and media publications. • Since 2016, we have been developing the "Conversaciones que conectan" [Conversations that connect] seminar series, in which representatives from different sectors of society from different parts of the country participate.
Business and financial sector	<ul style="list-style-type: none"> • Meetings, breakfasts, monthly corporate newsletter, Annual Report, Investor Day, Quarterly Earnings Report, Sustainability Report, website and publications in the media, in addition to the various seminars held by the company.

A Corporate Reputation Survey assessing how several stakeholders see Transelec was conducted in 2021. An important percentage of the persons interviewed rated our company positively:

79%

of those interviewed in communities.

64%

of those interviewed from the financial world.

93%

of our contractors.

64%

of our customers.

52%

of landowners.

72%

of interviewees from regulatory agencies.

90%

of our workers.

64%

of informed leaders.

Relationships and alliances for generating value

1. Strengthening the power transmission system	<ul style="list-style-type: none"> Chilean Association for Renewable Energies (ACERA) Chilean Association of Power Generators ¹⁰
2. International Ecosystem	<ul style="list-style-type: none"> International Council on Large Electric Systems (CIGRE) ¹¹ World Energy Council Chile (WEC) ¹² International Transmission Operations & Maintenance Study (ITOMS) ¹³ The international consortium UMS Group
3. Social and territorial development	<ul style="list-style-type: none"> Niños Primero Foundation Desafío Levantemos Chile Foundation Un Techo para Chile Foundation Neighborhood councils and district municipalities Associativity projects with communities Other companies and local governments Simón de Cirene Foundation Amigos de Jesús Foundation Indigenous communities
4. Innovation and knowledge generation	<ul style="list-style-type: none"> UC Innovation Center] UC Law Faculty and Universidad de Talca Engineering Faculty Electrical engineering departments from Chile's leading universities
5. Sustainability	<ul style="list-style-type: none"> Acción Empresas¹⁴ PROhumana Global Compact Generación Empresarial
6. Environmental protection	<ul style="list-style-type: none"> Universidad de Concepción National Forestry Corporation (CONAF), Aves Chile, Agricultural and Livestock Service (SAG), Chilean Industrial Development Society (SOFOFA) and Universidad de Chile National and regional environmental protection regulatory agencies and regional media
7. Business development	<ul style="list-style-type: none"> SOFOFA¹⁵ Chilean-Canadian Chamber of Commerce¹⁶ Chilean-American Chamber of Commerce (AMCHAM) Mining Industry Suppliers Association (APRIMIN)
8. Regulatory authorities and agencies	<ul style="list-style-type: none"> Environmental Assessment Service Ministry of Energy and Ministry of the Environment National Energy Commission (CNE)] Superintendence of Electricity and Fuels (SEC) Superintendence of the Environment (SMA) Financial Market Commission (CMF) National Electricity Coordinator (CEN) Members of the Mining and Energy Committee of the Senate and Chamber of Deputies Ministry of the Interior and regional governors and mayors Regional Ministerial Secretariats of Energy and other departments

¹⁰ Our VP of Legal Affairs, Arturo Le Blanc, and the Chairman of the Board of Directors

¹¹ Our Assistant Manager of New Technologies, Alex Alegria, serves as director and our Manager of Engineering and Studies, Bladimir Rivas, serves as treasurer.

¹² Our VP of Corporate Affairs and Sustainability, David Noe, serves as director.

¹³ Our VP of Operations, Rodrigo Lopez, serves on the Board of Directors.

¹⁴ Our VP of Corporate Affairs and Sustainability, David Noe, serves on the Board of Directors.

¹⁵ Transelec CEO Andres Kuhlmann is serving as Elective Councillor for the 2019-2023 period.

¹⁶ Transelec CEO Andres Kuhlmann serves on the Board of Directors as past president.

Financial responsibility and value footprint

Transelec is characterized by financial responsibility, enabling value footprint maximization while planning for the long term and distributing income to our main stakeholders.

Recurring financial challenges

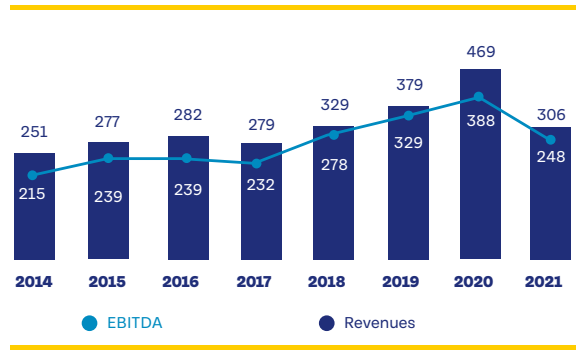
Transelec is presently financially solid, making the company attractive when it comes to seeking capital. The company's robust financial position and consistent business model has enabled permanent access to capital markets and banks. This has provided financing for acquisitions driving the growth of our business and project development.

Our financing is based on the stability of Chilean regulations and favorable conditions for investors.

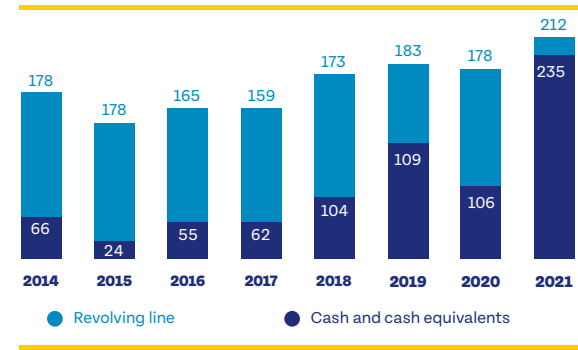


Transelec S.A. financial responsibility

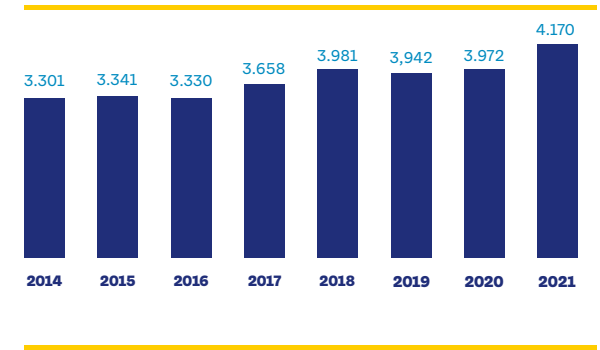
Revenue and EBITDA performance
(CLP bn)



Liquidity
(CLP bn)



Investment value
(US\$ bn)





Transelec Group's value footprint ¹⁷

Our value footprint corresponds to economic value generated by the company and how this is distributed among our different stakeholders: shareholders, financiers, the Chilean Government, workers, suppliers and communities.

A different vision of the company is provided by reclassifying traditional financial accounts. This shows Transelec value generation and distribution.

Economic value generated	USD 503.95 million
Economic value retained	USD 184.37 million
Economic value distributed	USD 319.58 million
Chilean Government	USD \$97.86 million paid as tax
Workers	USD 50.56 million paid as salaries and benefits
Service providers	USD 36.97 million paid to suppliers
Shareholders	USD 0 paid to shareholders
Financiers	USD 129.52 millions paid to financiers
Community and environment	USD 4.67 million for social and environmental projects and donations.

¹⁷ Transelec's value footprint combines financial information from Transmisora de Pacifico S.A., Transelec Concesiones S.A. and Inversiones CyT Ltda.



Our Management

Our Team

To ensure high standards of quality and operational excellence, team management requires constant investment in the creation of adequate channels for dialogue, training, development and improving our teams' well-being and quality of life.

Transelec's people are a fundamental pillar, enabling the company to operate with high standards of excellence and execute the development projects we propose. Ensuring operational continuity is one of our main objectives as a company, which essentially requires a stable team of workers. In fact, 98.9% of our staff have indefinite term employment contracts.



71%

of our staff work in the Operations and Engineering and Project Development vice-presidencies.



96%

of our workers have completed technical or professional specialization.



100%

of our employees work full time.

Workers by contract type	2018			2019			2020			2021		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Indefinite Term Contract	76	420	496	112	445	557	116	448	564	134	452	586
Fixed Term Contract	19	9	28	3	2	5	1	2	3	2	4	6
Contract for work	4	10	14	4	13	17	4	14	18	6	17	23
Total	95	429	524	115	447	562	117	450	567	136	456	592

Staff by region:	2020	2021
1st Region	7	9
2nd Region	23	26
3rd Region	13	14
4th Region	29	30
5th Region	3	3
6th Region	1	1
7th Region	34	33
8th Region	37	34
9th Region	19	21
10th Region	4	4
11th Region	-	-
12th Region	-	-
14th Region	-	-
15th Region	1	1
16th Region	-	-
Metropolitan Region	396	416
TOTAL	567	592

Staff diversity

• By position:

Position	Gender		Total
	Female	Male	
Senior management	0	8	8
Managers	10	37	47
Leadership	10	85	95
Operators	1	71	72
Administrative workers	20	7	27
Other professionals	95	248	343
Total	136	456	592

• By nationality:

Nationality	2021	2020	2019
Chilean	93,6%	95%	95%
Foreign	6,4%	5%	5%

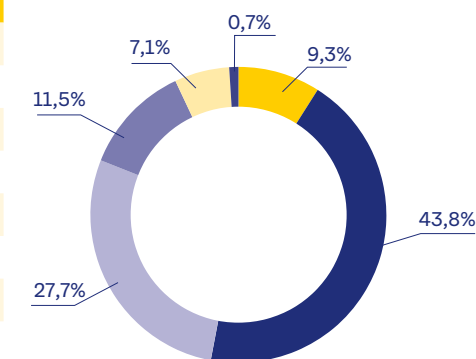
• By seniority:

Seniority	2021
Less than 3 years	29.1%
Between 3 and 6 years	19.4%
Between 6 and 9 years	14.9%
Between 9 and 12 years	12.8%
More than 12 years	23.8%

• Persons with disability:

Position category	Male	Female	Total
Senior management	-	-	-
Management	-	-	-
Headquarters	-	-	-
Operator	1	-	1
Sales force	-	-	-
Administrative	1	1	2
Assistant	-	-	-
Other professionals	3	1	4
Other technicians	-	-	-
Total	5	2	7

• By age:



Between 30 and 40 years old	43,8%
Between 41 and 50 years old	27,7%
Between 51 and 60 years old	11,5%
Under 30 years old	9,3%
Between 61 and 70 years old	7,1%
Over 70 years old	0,7%

Quality of life benefits

We believe our workers are essential to the company's operations and development. Safeguarding their well-being is an important part of work done by the Vice-Presidency of People and Organization. In 2021 we continued to implement and adapted initiatives stemming from the pandemic in 2020:

- Talks and spaces for conversation on mental health aligned with our workers' needs.
- Continuation of the Extraordinary Program for Emotional Support and Counselling (PEACE), which provides psychological counselling for workers and their families.
- Half-day Fridays and bridge days are still the norm at Transelec.
- The Transelec Club reinforced home contests and telematics activities using the 1+1 employer matching system.
- Traditional celebrations such as Christmas, National Holidays and Open Day were hosted remotely.



The future of work at Transelec

The nature of our business means we must have an important part of our workforce near our assets. Approximately 30% of our workforce has continued to work on-site.

We continued our Partial Return Plan at our offices throughout 2021. This consolidates a hybrid work model, amounting to a maximum 120 people working face-to-face.

In addition, by means of the Future of Work project, we analyzed each position and its degree of flexibility, as well as requirements to be met to ensure operational continuity.

We consequently decided to implement our flexible work model on a permanent basis as of January this year, via the following actions that ensure continuity:

- Allocation for work center implementation.
- Permanent remote work allocation.
- Lunch allowance.
- Ergonomic recommendations.
- A communications plan to prepare for this cultural change.

Conecta Project

To ensure this new way of working has a positive impact on workers' well-being and productivity, we set out to address five strategic areas through medium- and long-term actions.



Diversity and inclusion

We seek to promote inclusive culture throughout the company, encouraging understanding and respect for individual differences. We have consequently executed initiatives such as the following:

- Disability awareness and normalization discussions.
- Corporate Competencies Training for people in leadership positions.
- Completion of the first stage of the Internal Inclusion Manager certification training.
- Inclusion diagnosis.
- Participation in SOFOFA Inclusion Network work tables.

Gender equality

We have continued to promote the incorporation and development of women of all ages into the electricity industry by means of Energía más mujer program initiatives.

- Talks at educational institutions.
- Job fairs.
- Focusing on selection processes.
- Participation in the WEC Chile WIE Program.
- Creation of the Internal Mentoring Program.
- Collaboration with ARS Global for implementing NCh3262 standards at our organization.
- A diagnostic study for planning work over the coming years.

Women at Transelec by hierarchy

Organizational structure	Women	Men
Senior management and reports	10%	90%
Organization	23.2%	76.8%

Position	Average base salary for women compared to average base salary for men
Administrative	124%
Analyst	102%
Manager/Assistant Manager	91%
Engineer	89%
Lead	87%
Technician	88%



Parental leave

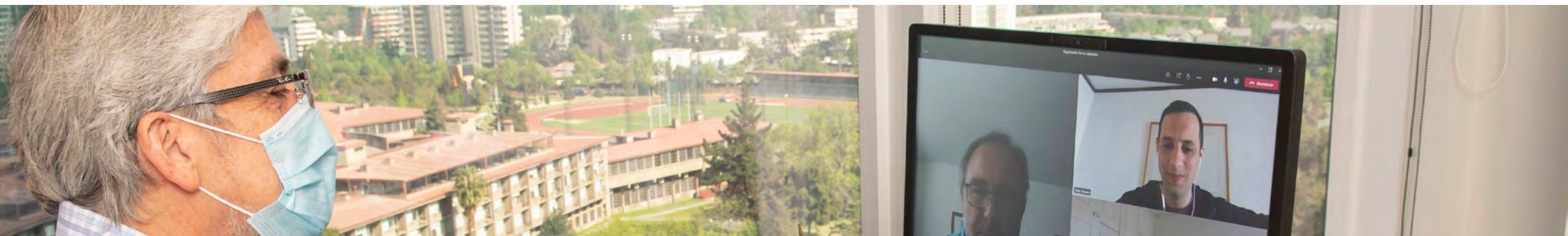
Transelec complies with current regulations regarding parental leave.

Parental leave	2020		2021	
	Number of mothers	Number of fathers	Number of mothers	Number of fathers
Senior Management	-	-	-	-
Management	-	-	-	-
Leadership	1	-	2	3
Operators	-	-	-	-
Sales force	-	-	-	-
Administrative workers	-	70	-	-
Assistants	-	-	-	-
Other professionals	4	13	1	8
Other technicians	-	1	-	1
Total	5	14	3	12



Use of maternity leave	Position	2020		2021	
		Number of mothers	Average days of leave	Number of mothers	Average days of leave
Prenatal leave	Senior Management	-	-	-	-
	Management	-	-	-	-
	Leadership	1	36	-	-
	Operators	-	-	-	-
	Sales force	-	-	-	-
	Administrative workers	-	-	-	-
	Assistants	-	-	-	-
	Other professionals	4	37	3	36
	Other technicians	-	-	-	-
	Postnatal leave	Senior Management	-	-	-
Management		-	-	-	-
Leadership		1	10	1	79
Operators		-	-	-	-
Sales force		-	-	-	-
Administrative workers		1	70	-	-
Assistants		-	-	-	-
Other professionals		5	56	6	64
Other technicians		-	-	-	-

Reincorporation following maternity	Women reincorporated	Reincorporation %	Women who continue to work more than 12 months after returning from postnatal care	% of women still working 12 months later
2020	3	100	2	100
2021	6	100	6	100



Labor relations

We seek to uphold ongoing dialogue with our workers and the organizations representing them, in order to understand their needs and reach meaningful and sustainable agreements over time.

We have used meetings to address several labor issues and developed a collaborative relationship with Transelec's unions. In June we successfully signed a new Collective Bargaining Agreement with the Transelec S.A. Workers Union. The process was executed virtually in keeping with terms of the Chilean Labor Code and closed with an agreement for the legal maximum period of 3 years. This is the second collective bargaining agreement reached remotely, reflecting our commitment and mutual trust.

- **72.8%** of Transelec's total workforce is unionized.
- **29** years with no strikes.

Work environment

We did not assess our work environment in 2021, in order to focus on monitoring action plans formulated by our vice presidencies as a result of the Organizational Health Index organizational health survey conducted in October 2020. Survey results placed us in the top decile of global results.

Talent management

Hiring and turnover

75 people joined the Transelec workforce in 2021, 37.4% women and 55% people between 30 and 50 years old.

	Female	Male	Total
Under 30	11	14	25
Between 30 and 50	14	27	41
Over 50	3	6	9
Total	28	47	75

• Turnover rate by age

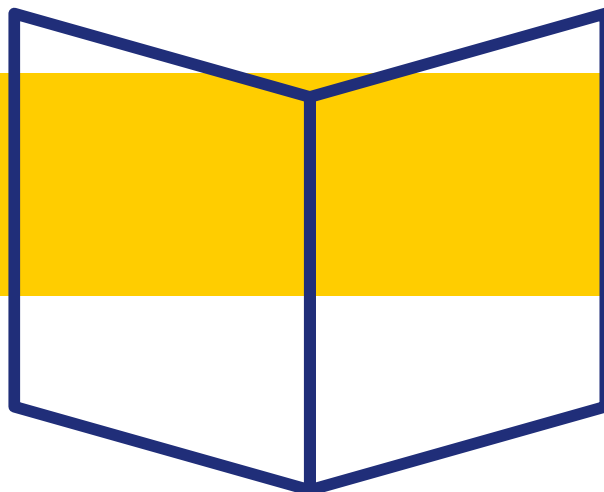
Age	Total	Rate
Under 30 years	6	12%
Between 30 and 50	38	75%
Over 50	7	14%
Total turnover	51	-

9.9 years

years average seniority for male workers

5.6 years

years average seniority for female workers



Training

Our team's knowledge and expertise set us apart from the rest of the industry. We consider these people essential to Transelec's success. We want our workers to develop their full potential and thus provide several training opportunities.

People joining the company are required to complete an online Corporate Induction before coming to work.

We transversally provide all our workers with courses by means of the APRENDE e-learning platform. This learning ecosystem provides independent access to tools and resources complementing formal training at Transelec.

In addition, we applied a standardized English level evaluation at the company. This year we implemented ELM (English Level Mapping) evaluations. Based on the current English proficiency of our employees, the tool enables resources to be allocated for training positions requiring second language proficiency gaps to be bridged.

- **32,070 hours** of training were provided in 2021.
- **An average 4.51 hours** of training per month were provided for each worker.
- **99%** of our workers participated in training programs.
- **US\$1,126** invested in training per worker.

Training hours and number of workers per position

Position	2020						2021					
	Women			Men			Women			Men		
	Hours	Number of female workers	Hours/Number of female workers	Hours	Number of male workers	Hours/Number of male workers	Hours	Number of female workers	Hours/Number of female workers	Hours	Number of male workers	Hours/Number of male workers
Senior Management	-	-	-	112	9	12	0	-	-	99	8	12
Management	300	6	50	1,757	32	55	771	10	77	2,423	38	64
Leadership	706	9	78	4,692	94	50	819	10	82	4,925	88	56
Operators							0			0		
Administrative workers	445	21	21	192	10	19	829	22	38	499	9	55
Other professionals	3,981	85	47	13,444	257	52	5,497	102	54	12,761	276	46
Total	5,432	121	45	23,245	481	48	7,999	145	55	24,071	497	48

	2018	2019	2020	2021
Training hours (thousands)	35.7	28.8	28.6	32.1
Average training hours (hours/workers)	66.4	51.2	49.7	5.1
Investment in training total amount (US\$)	\$ 846,354	\$783,335	\$767,151	\$ 666,827
Investment in training per worker (US\$)	\$1,573	\$ 1,394	\$1,353	\$ 1,126

Performance evaluation

Managing the performance of our workforce is fundamental to finding opportunities for improving our employees' daily work, creating spaces for joint growth between leaders and workers, and following up on commitments made during feedback sessions.

We extended the evaluation of responsibilities and performance in a nine-quadrant format to the analyst level in 2021. This exercise enables a clear diagnosis of organizational talent and subsequent formulation of important development plans.

- **100%** of our workers are evaluated by performance.

We promote the career development of our workers. Performance evaluation thus becomes a strategic instrument for providing growth opportunities at the company.

	2018	2019	2020	2021
Number of workers promoted to managerial positions	14	15	9	10

Volunteer programs

The Energy Solidarity Committee was created in 2020 in response to concern raised by Transelec workers about creating a cooperative contribution to their environment and delivering the company's characteristic values.

This volunteer program space was consolidated in 2021 by incorporating

new members and hosting a wide range of initiatives. Although the pandemic hampered participation in some activities, dozens of volunteers who contributed their time and energy to the preparation and delivery of donations as the leading players in these cooperative crusades.

An important focus of the Committee's work was to spearhead development of Enseña con Energía project. The project focus was to support highly vulnerable rural multi-grade educational establishments by means of activities related to recycling and the environment. This project will be implemented in 2022 after several months of work by a multidisciplinary team of individuals enthusiastic about sharing their knowledge with children between first and seventh grade. The project will also make concrete improvements to school infrastructure.

	2020	2021
Number of participants	8	10
Volunteer hours	22	30
Average volunteer hours	7.5	9.9



"Enseña con Energía" [Teach With Energy]:

Agents of Change. Its objective is associated with the integral education of boys and girls in matters such as the environment, recycling and energy, complementing the school curriculum.



"Enseña con Energía" [Teach With Energy]: Let's get to work!

Its main driving force is to contribute to improvements in the infrastructure of the schools, as well as their common and recreational spaces.



"Dulce Campaña" [Sweet Campaign].

Christmas campaign carried out at corporate level, calling for the donation of candies and sweets to give to children for Christmas.



"Libratón".

Corporate campaign for the donation of school supplies, books and didactic material. More than one thousand books and hundreds of materials were collected.



Christmas card contest.

Developed in the three schools, with winners from all institutions.

Occupational Health and Safety

The lives of our workers, contractors, residents and communities neighboring our facilities are a fundamental value for Transelec, which is why health and safety management is a priority for the company.

We have an Occupational Health and Safety (OHS) Management System that provides an occupational health and safety management and continuous improvement framework at Transelec. This system was OHSAS 18001 certified in 2010 and migrated to ISO 45001:2018 certification in 2020.

- Accident rate for Transelec workers¹⁸: 0.2
- Damage rate of Transelec workers¹⁹: 3.2

The Integrated Management System was comprised of four focal points for Occupational Health and Safety Management in 2021.

Focal point	Initiative	Actions
Digitalization	Reportability Platform and OHS (Occupational Safety and Health)	Implementation of the Reportability and OHS Management Platform
Processes	COVID 19 Regulatory Compliance	100% compliance with health authority's requirements and the company was awarded the Mutual Safety Association COVID-19 seal
IMS (Integrated Management System) and Safety Culture	OHS Management System	ISO 45001:2018 certification maintenance and recertification
	Safety Culture	Implementation of the Fair Organization Model Strategy (2021-2022).
Projects	NFPA 70E Audit Action Plan (National Fire Protection Association)	

An important focus for our management is the health and safety of our contractors, ensuring that they comply with Transelec's high standards.

Contractor health and safety

	2021
Accident rate ¹⁸	0.3
Damage rate ¹⁹	3.9

- **0** fatalities
- **100%** direct and indirect workers covered by the occupational health and safety system.

Main work-related accidents affecting contractors

Type of accident	% of total
Sprain	4%
Contact with electricity	4%
Fall from Height	4%
Hit against something	52%
Hit by something	4%
Fall from same level	17%
Contact with sharp surfaces	4%
Entrapment	9%

¹⁸Corresponds to (number of lost time accidents/average workers) *100

¹⁹Corresponds to (number of days lost/average workers) *100

Safety culture model

Our Safety Culture Model provides guidelines and work plans in accordance with each of the seven Vital Safety Constants. Since implementation in 2017, this model has required additional analysis regarding defense mechanism effectiveness, improving internal communication to improve shared awareness of critical risks, and increased collaboration with unions, joint committees and trade organizations.



Safety culture model



Hazard identification and risk assessment

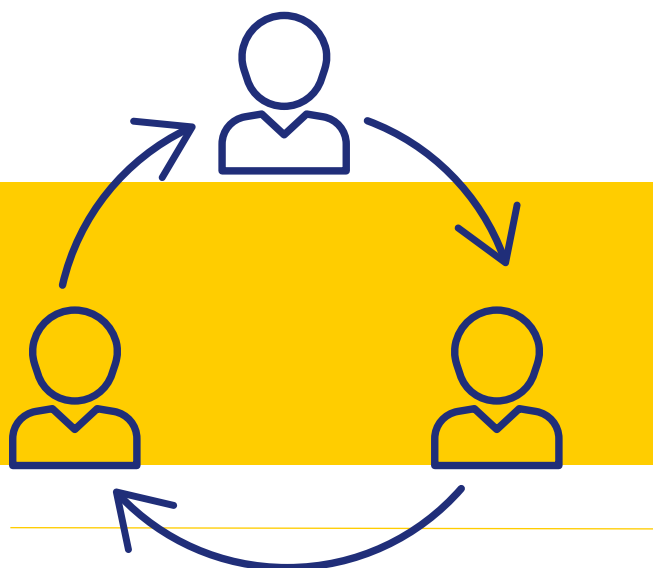
Hazard identification and risk assessment is a continuous process and procedures have been formally implemented for this purpose. TPE 431 is applied to generate an inventory of prioritized risks in order to regulate critical risk management.

Occupational health and safety training

The annual training program is designed to provide workers with tools for identifying and communicating hazard or uncontrolled risk scenarios, such as:

- Reportability Program.
- Stopwork Campaign.
- Job Insurance Analysis.
- Safety talks before work.
- Talks on legal issues, OHS competencies, safety culture and the ISO management system.

Occupational health and safety training	2020	2021
Number of health and safety courses provided for Transelec employees.	41	53
Hours of health and safety training for Transelec employees.	4,553	5,465
Number of workers trained regarding health and safety.	536	513
Number of health and safety training courses provided for contractors.	17	18
Hours of health and safety training provided for contractors.	72,989	75,360



Joint committees

Joint Committees, comprised by Transelec and worker representatives, promote and supervise compliance with prevention, hygiene and safety measures.

The ISO 44001:2018 worker consultation and participation process determined the following:

1. Include opportunities for participation and consultation in work plans for the Main Office and Zonal Management Joint Committees, as indicated in ISO 45001:2018.
2. Continue to develop a Reportability Strategy, eliminating any barriers to participation and consultation that may exist.
3. Establish, implement and maintain processes for consultation and participation.

Name of worker-company Health and Safety Committee	Number of workers represented	Main activities during the year	Party responsible	Meeting frequency
Far North Division Joint Committee	32	Accident inspection, dissemination and investigation	6 permanent members	Monthly
Near North Division Joint Committee	47			
Central Division Joint Committee	42			
Central South Division Joint Committee	33			
South Concepción Division Joint Committee	34			
South Temuco Division Joint Committee	22			
Main Office Joint Committee	441			

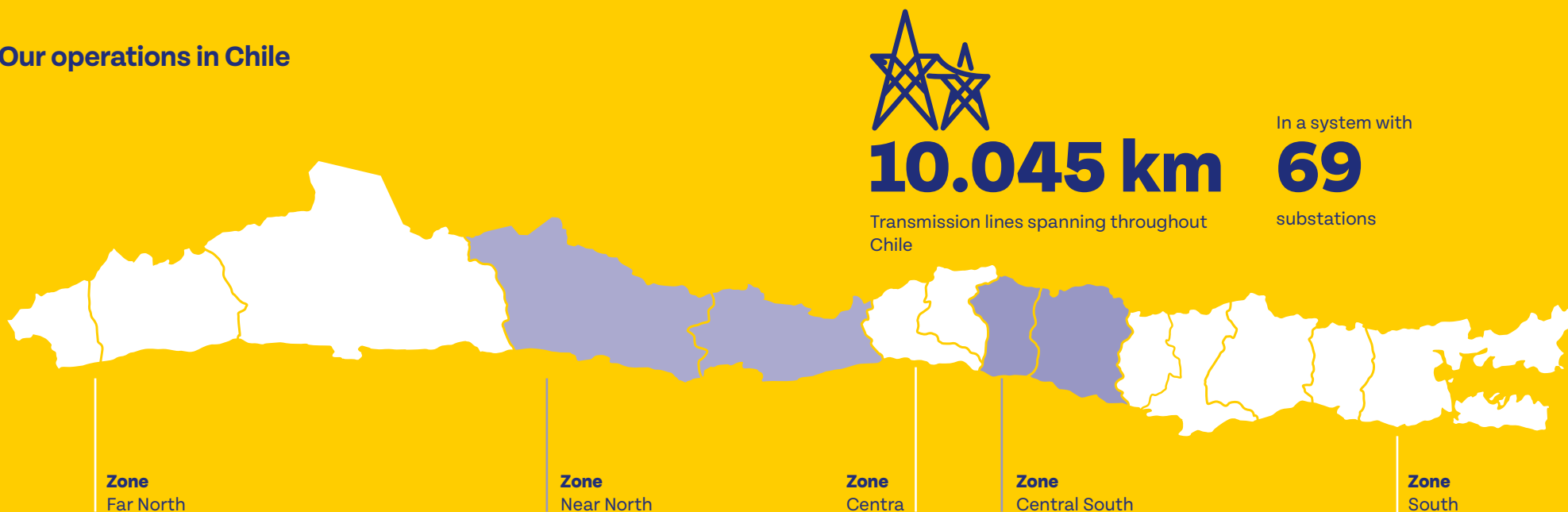
Our operations

Transelec is a public utility company whose mission is to deliver superior quality service in keeping with high safety standards, thus evidencing the company's commitment to its customers and asset management excellence.

Transelec is the leading power transmission company in Chile. It takes part of the National Power Grid by means of transmission lines and substations transmitting power to cover most of the population living between Arica and Chiloé.

Transelec's power transmission assets amounted to US\$4.17 billion at the end of 2021.

Our operations in Chile



	2020	2021
MVA transformation capacity	19,136	19,322

* For additional information about our business, operations, services and markets, see www.transelec.cl

Our customers

Our customers at the core of everything we do

Our customers at the core of everything we do is more than a motto, it constitutes a fundamental pillar of how we do business at Transelec. We are responsible for ensuring continuous, uninterrupted, safe and reliable power supply to residential and industrial users, helping to improve Chile's development and its citizens' quality of life.

In conjunction with Enel, Engie, Colbún and Generadora Metropolitana, this year Transelec participated in a contract for the installation of two current transformers

at Polpaico Substation, upgrading Lo Aguirre - Polpaico section transmission capacity. This development comes in answer to our customers' need to reduce system congestion and transmit renewable power generation from northern Chile to consumption centers in the Metropolitan Region. This is an essential project the country considering our current energy shortage.

Pulse

Pulse is a Transelec service promoting sustainable power supply to organizations via solutions designed to offset and reduce corporate emissions. Our blockchain-based

digital energy certification and traceability platform developed in 2020 enables companies to declare 100% clean energy usage at their facilities, as free or regulated customers.

This is made possible by renewable energy certificates, also called renewable credits or attributes, which play a similar role to carbon credits, but exclusively apply to indirect emissions produced by consumption of power generated by the grid (Scope 2 emissions, according to the greenhouse gas (GHG) protocol.

Pulse is currently incorporating its first customers and already features a portfolio

comprised by ten companies from several the following industrial sectors: real estate, food, wine, commercial, among others, which are expected to become part of the platform during the second half of this year.

The first Pulse contract was signed with the consulting firm Estudios Eléctricos in late 2021 to certify the power used at its headquarters. Our goal for 2022 is to reach more customers by providing them with tools to make their products stand out and enhance their brands.



Customer satisfaction

Transelec executes an annual actions and relations plan to improve customer satisfaction. We therefore seek to leverage perception evidenced in results of the customer satisfaction survey conducted. These actions take the form of breakfast meetings or roundtables where we inquire into the client project portfolio development and Transelec' possible involvement as a suitable partner. Presentations are made at these meetings and roundtables on current issues of great value for our clients, such as power transmission system planning, among others. Working meetings are also hosted with customers at operational levels in order to detect gaps and get direct feedback.

Survey results have been used to determine our customers' main expectations. These are dovetailed with the expectation that as power transmission experts we can provide greater support and assistance for projects, together with proactivity in terms of information and response time.

We know that there is still room for improvement, but we wish to highlight the most important aspect brought up

by customers in every assessment is the "technical mastery and quality of Transelec's professionals". This corporate feature is our greatest asset, not the iron or the cables. Our challenge is therefore to uphold our standards of excellence as professionals and improve our customer service.

We started implementing a specific survey for regulated customers in 2021. The initiative was spearheaded by the Vice-Presidency of Operations, which is also analyzed at an interdepartmental table constituted by the company's different vice-presidencies. The survey is designed to assess our customers' perception of our power services in general and how satisfied they are. The regulated customer study currently underway will enable, among other things, the identification of critical customers with respect to perception of our power supply and management in terms of asset performance and communication or relations.

Customer satisfaction with connections

	2018	2019	2020	2021
Percentage of customers indicating they are "satisfied".	93%	*	73%	95%

** Not applied due to the social uprising.*



Sustainable Asset Management

Implementation of an Asset Management System based on ISO 55001 started in 2021. This initiative is designed to connect different asset life cycle processes with a transversal vision, aligning objectives, determining approaches and seeking a common understanding at the organization.

One of our main milestones in 2021 was the establishment of governance at a strategic level by creating the Asset Management Committee. The main role of this executive committee was to provide transversal leadership and communicate our vision for system implementation.

The following asset management actions were executed:

- Creation of an expanded implementation table with the collaboration of all Transelec vice-presidencies, represented by the divisions most directly involved in the different asset life cycle stages and support activities.
- Updating the 2015 Transelec Asset Management Policy, which came into force in December 2021. The role of this policy in the Asset Management System is essential, in that this declares guiding principles for all our workers with regard to asset life cycle processes and activities.
- We continue to develop this initiative in order to determine specific measures and action plans designed to ensure service quality at points of the transmission system which have the greatest impact. These are mainly facilities where a simple failure can cause a power outage.
- We started implementing a specialized maintenance strategy for the company's critical assets with high impact on end customers in 2019 and we continued working on the strategy this year. We focused on implementing specialized actions for power transmission lines and critical substations, based on plans made in 2019 and 2020.
- We focused our efforts on determining specialized preventive plans for facilities with impact on free customers, which led to prioritized investment in OPEX (Operational Expenditures) and Sustainable CAPEX (Sustainable Capital Expenditures, or asset replacement plan).



Operational continuity and safety

Over the last few years, the social uprising and the pandemic, as well as several emergencies we generally come up against, led us to work on emergencies and to foresee future scenarios: this is part of our DNA. We are always preparing for critical work and never forget that we provide an essential service for the country.

We continued our resilient response to the health crisis in 2021. We have been implementing measures to reinforce and strengthen power transmission system operation since 2020. We reformulated our operations strategy in 2021, placing customers at the core of everything we do and thus executing all actions to provide the best solution in close coordination with our customers.

Facility performance is assessed using the Outage Rate indicator. This considers the number of outages due to internal causes at Transelec facilities compared to the number of assets, disaggregated into transmission line and substation events. This was done in order to implement a measure equivalent to the International Transmission Operations and Maintenance Study (ITOMS) benchmark. ITOMS is a global consortium specializing in improving the performance and best practices of power transmission companies around the world. Our ITOMS indicator for this year evidenced results in line with our goals set for for the year.

The transmission line outage rate came to 3.2 failures per 1,000 km of transmission line. As in previous periods, this was an improvement, down by approximately 9% compared to the year before. The number of transmission line outages caused by trees has been going down since 2017 as the result of a multidisciplinary control and monitoring strategy coordinated by the Vice-Presidency of Operations and area-specific action plans designed to meet SEC requirements for summer and winter periods.

The substation outage rate came to 89.8 failures per 1,000 equivalent panels. This indicator is now finally in the minimum range, despite an increase amounting to approximately 23% compared to 2020.

Another strategic indicator evidencing impact on our customers, is Power Not Supplied as the result of outages. Improvements made in recent years brought this indicator down by 58% in 2021 compared to 2020 and by 54% compared to the average over the last five years.

Power Not Supplied	MWh
2018	1,367.08
2019	503.49
2020	904.93
2021	385.57

Power transmission asset maintenance categorized by risk came to 118% in 2021, similar to the target set for the year. Similarly, physical-financial progress indicator compliance for the Sustainable CAPEX asset replacement plan amounted to 92%. There was also a contingency-related impact in that it was hard for contractors to travel and develop projects during periods with health restrictions.

INDICATORS	2018	2019	2020	2021
Average service interruption time per customer (SAIDI) (hours)	3.4	1.2	0.8	0.1
Number of high impact events (over 30 MWh. Equivalent to 15% of outages producing 80% of total impact)	6	3	3	3.0
Transmission Line Disconnection rate due to internal causes (number of forced outages due to internal causes per thousand km of circuit ends)	4.3	3.8	3.5	3.2
Substation Disconnection Rate (number of disconnections per thousand circuit ends)	83.5	67.8	73.1	89.8
Number of thefts from Transelec facilities	6	5	-	1.0
Metric tonnes of conductor cable stolen during thefts from Transelec facilities	3.0	4.2	-	0.4
Number of frustrated thefts at Transelec facilities	4	1	1.0	-

Electricity risk and forest fire prevention campaign

People's lives are a fundamental value for Transelec. We consequently developed this campaign directed to workers, contractors, owners of land intersected by our transmission lines and communities neighboring our facilities. We use brochures, posters, videos and a mini-site at our website to these people to understand and prevent electricity risks when interacting unsafely with high voltage transmission lines.

See <https://www.transelec.cl/videos/prevencion-riesgos-electricos/>

Innovation and digital transformation

Digital transformation and innovation are fundamental keys for Transelec to ensure power supply continuity for our customers. Technological developments at the company enable risk scenarios to be foreseen and better economic decisions can thus be made.

The company is making progress with the development of organizational capabilities and pro-innovation culture. This is due to a strategic planning process started in 2015. The process is designed to link innovation to business strategy and install a management model based on a balanced project portfolio. We started a digital transformation process in 2017, boosting innovation and creating a project portfolio with 48 initiatives by the end of 2021.

	2018	2019	2020	2021
Projects in the innovation portfolio	47	68	38	48

We are incorporating artificial intelligence, predictive modeling and other technologies to improve our processes, asset management and maintenance, placing innovation at the service of our company's growth, productivity and service quality.

In keeping with digital transformation process currently underway at Transelec, five focal points have been determined for the Operation and Maintenance stage:

- Digital asset management
- Flora management
- Contamination and corrosion management
- Service quality
- TotEx (CapEx + OpEx) execution

These have been grouped into what we call Asset Management 4.0. This features a portfolio comprised by 39 digital products, 20 of which are already in the initial operation (roll out) phase, implemented, or are now a part of the tools used by Transelec on a permanent basis.

We have continued to implement the Asset Performance Management (APM) 4.0 platform, which is being developed with our strategic partner General Electric (GE).

We are also developing a tender process for awarding an Optiplan contract, which is designed to optimize all decisions made at operation and maintenance (OpEx) levels and for the replacement plan (CapEx), in pursuit of optimal TotEx level.

Moreover, in order to provide these systems with required asset data, ongoing improvement of the AMS platform has continued, enabling data to be obtained and captured for transmission line maintenance work. Finally, development of the FSM (Field Services Manager) platform has started at a pilot level, enabling data for maintenance work execution to be captured at substations, all within the framework of the Corporate Data Governance strategy currently being promoted.

With respect to intervention, maintenance and replacement activity innovation, we wish to highlight implementation of a methodology for replacing protection systems with micro cuts. This methodology proposes a procedure replacing these assets while not disconnecting the facility. This has enabled progress with projects featuring operational restrictions where service continuity must be preserved.

Constant innovation and the digital transformation of our asset management procedures are fundamental levers toward achieving world-class standards and ensuring power supply continuity for our customers. Technological developments enable us to foresee risk scenarios and make better technical-economic decisions, ensuring power supply continuity as the cornerstone of operational sustainability.



Cybersecurity

One of the inherent risks for our corporate activities is cybersecurity, specifically OT (Operational Technology) security breaches, which correspond to any physical threat to critical cyber assets or to information or telecommunications transmission systems. Information transmission or telecommunications systems are vulnerable to cyber or physical attacks, which compromise company information security, including cost structure, prices for bids being formulated or other data. There could also be internal failures in a system such as operational management (OM), supervisory, control or data acquisition (SCADA) or remote protection reading system (RPRS).

Transelec has a Cybersecurity Policy available on its intranet. In addition, cybersecurity requirements are laid out in the company's Safety, Hygiene and Order Regulations. There is a corporate CISO (Chief Information Security Officer), a Transelec Cybersecurity Committee and an Operations Cybersecurity Committee, as well as a Cybersecurity Incident Response Team (CSIRT) and a cybersecurity risk management process. Mitigation actions for this purpose are listed as follows:

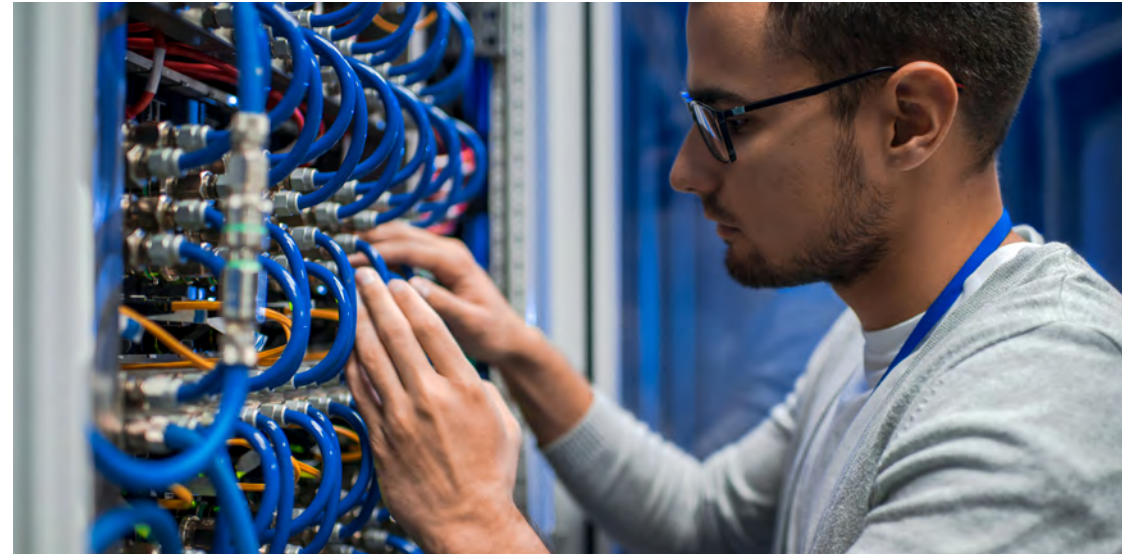
- Security simulations
- Operational continuity protocol implementation

In addition, we have decided to migrate as many of our servers and systems as possible to the cloud (AWS) in order to minimize systems installed On Premise. This Business Management System modernization entails a series of benefits:

- Cost reduction through administration and operational savings.
- Greater scalability and elasticity, by enabling growth or reduction according to demand.
- Data reliability, a very important issue in that our operations are based on international standards and regulations.
- Security, since the datacenters we hire are Tier III certified, meaning that our data is highly reliable.

Additionally, we have implemented:

- An integration BUS facilitating operations and integration between systems.
- New container infrastructure designed and optimized for cloud usage, which enhances the speed of application deployment and enables content recycling or replication.
- A source code manager that simplifies IT development management and traceability.



Training and supervision

Transelec has an annual cybersecurity training plan and publications in corporate media, such as the intranet and mass mailing, training throughout the year, fake phishing tests and a cybersecurity talk in October of each year. Cybersecurity training sessions teach that all suspicious cybersecurity activities must be reported to the Help Desk. Since these are laid out in the in the company's Safety, Hygiene and Order Regulations, disciplinary actions are regulated by this document.

Projects

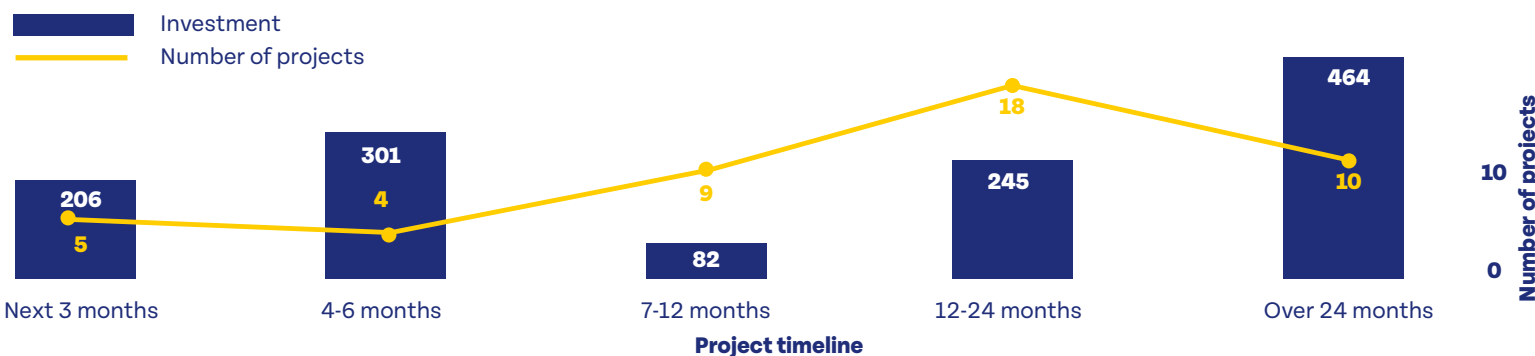
Transelec has a portfolio of 46 projects and total related investment amounting to US\$ 1.3 billion. This investment is distributed throughout the country and in Peru through Conelsur. The largest investment for the coming years is concentrated in the Chile's Far North and in southern Chile.



Projects Investment Portfolio as of December 2021 (in US\$ mn)

Business line	Far North	Near North	Central	Central South	South	Conelsur	Total
Adjacent			6	15	45		66
New Exclusive	249						249
National Upgrade	49	3	59		52		162
New National	205				343		549
Regulated						11	11
Zonal Acquisition		14	17		97		114
Zonal Upgrade		20	5	17	16		52
Zonal New			25	35	20		99
Total	504	36	111	67	573	11	1.302

Upcoming energization



During the pandemic, Transelec has implemented a series of measures minimizing the effects of logistics chain disruption, construction material shortages, labor shortages, health restrictions for the entry of foreign personnel and loss of productivity, among others. The substantial increase in execution time has thus been mitigated.

Energy transition and climate change

Transelec plays a fundamental role in decarbonizing the Chilean power system. The company facilitates the transport and connection of electricity generated from renewable natural resources such as the sun and wind to the National Power Grid for end users, making this connection feasible throughout Chile. Transelec provides power transmission solutions for important renewable projects such as Atacama Solar, Río Escondido and the Puelche Sur Wind Farm.

Projects contributing to decarbonization through renewable energy

Atacama Solar Project

- Project energized in January 2021
- Pica and Pozo Almonte districts
- Construction of a 1x220 kV transmission line spanning approximately 45 km between Lagunas Substation and Matilla Substation
- The project will enable connection of power generated by the 250 MW Atacama Solar solar plant to the National Power Grid

Río Escondido Project

- Project energized January 2021 in Copiapo district
- Construction of a 1x220 kV transmission line spanning approximately 55 km between Cardones Substation and Río Escondido Substation
- The project will enable connection of the 145 MW Río Escondido solar plant to the National Power Grid.

Puelche Sur Project

- The project was able to be energized May 2021 in Chile's Los Lagos Region
- Construction of a 1x220 kV transmission line spanning approximately 12 km between Frutillar Norte Substation and Puelche Sur Step Up Substation
- The project will enable connection of the 156 MW wind park to the National Power Grid

Project in consortium

The largest tender in the history of the Transelec Group was closed in 2021: the “HVDC Kimal-Lo Aguirre New Transmission Line Project”. This corresponds to a consortium project bringing together ISA Inversiones Chile, Transelec Holdings and China Southern Power Grid International. It is a direct current project spanning 1500 kilometers. The project is unprecedented in Chile and the construction phase will last eight years.

This tender was executed in the midst of the pandemic and coordination with other investors was executed done remotely. Despite the company's extensive experience with large-scale projects, being part of this consortium posed a challenge for the Transelec Group. We addressed our work in a new, highly coordinated manner while meeting high standards of free competition, setting a precedent for how we plan to work in the future.



Suppliers and contractors

Our suppliers and contractors are Transelec’s strategic allies. Their work consequently instills a commitment to the high standards of excellence, sustainability and integrity our company seeks to implement.

Our suppliers and contractors are essential for provision of an outstanding power transmission service. They operate high voltage lines and substations, develop new projects and execute power supply, maintenance and cleaning tasks.

We thus seek to uphold relationships of trust and respect with all of them, while ensuring that they act in accordance with Transelec policies and standards. To this end, we have a Procurement Policy regulating our

relations with suppliers and a Procurement Portal that enables suppliers to easily access documentation, tender processes and submit queries and observations.

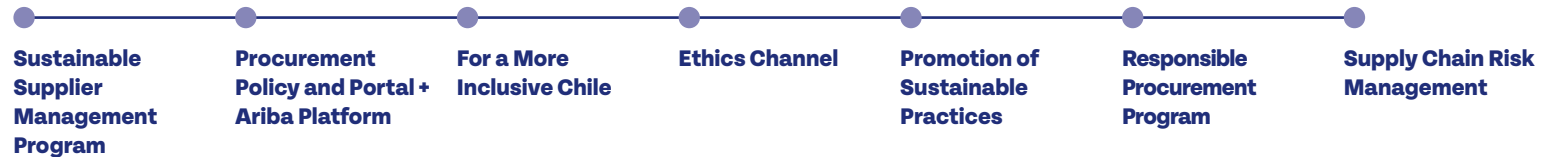
- **1822 supplier** companies.
- **3,508 workers** are associated with our contracting companies.

We have been using the ARIBA platform since June 2021 in order to automate purchasing processes and provide increased traceability. Each supplier has a unique record. This platform enables 360 degree evaluation: evaluation from the supplier to the purchasing area, from the purchasing area to the supplier and from the internal client to the purchasing area. Ongoing feedback is essential for sustainable management.

The Transelec Supply Chain



Sustainability guidelines and initiatives with our suppliers



Sustainable Supplier Management Program

We implemented our Transelec Sustainable Supplier Management Program (GESPRO) in 2018. The program lays out guidelines to ensure transparency in processes for purchasing goods and contracting services, that its bidders are excellent and that bids are submitted under equal conditions.



Other supplier initiatives we wish to highlight as concrete actions promoted in 2021 include the following:

- Purchase order submittal in less than 30 days after the internal order request.
- Massive online chats with suppliers considering pandemic restrictions.
- **RFI (Request for Information for Suppliers) stage:** incorporation of co-creation concept for contract models to be tendered. Transelec sits down with suppliers and contractors to model the contract being tendered. This enables contract changes to be proposed, such as evaluation, KPIs, penalties and bonuses, among others.
- **Ethical salary clause:** this was set at a minimum 500,000 Chilean pesos. This leverages worker permanence at companies, ensuring that suppliers compete on equal terms in the tendering process by ensuring a standard minimum labor cost.
- **Santiago Chamber of Commerce Supplier Filter and Analysis including five dimensions:** financial, legal, tax, commercial, technical and labor. This filter applies to amounts over US\$ 30,000.
- **Supplier evaluation according to administrative, technical and economic metrics.**

All our operational and project development contractors attend corporate inductions and an annual talk where they are informed about Transelec ethics and compliance management.

Supply chain risk management

To ensure that risks associated with our supply chain are addressed in a timely manner, these are integrated into the Risk Management System and audits monitoring measures implemented for prevention and mitigation.

Because we take concern to ensure operational continuity, contractors are subjected to technical, labor, commercial, financial and compliance information review process to ensure service quality and that their practices are in line with Transelec's corporate principles. In addition, we include a provision associated with crime prevention and good practices in our contracts.



Supplier payment

The current Transelec payment policy considers a 30-day term. However, following the social uprising in late 2019 and in order to help SMEs (small and medium-sized enterprises), the company implemented a payment term of approximately seven days for all our suppliers. This payment term remains in force at the company.

SUPPLIER PAYMENT

Payment days	Number of paid invoices	Total amount of paid invoices (CLP mn)	Total amount of interest due to late payment of invoices	Number of suppliers	Number of agreements registered in the Register of Agreements with Exceptional Payment Terms
Up to 30 days	15,836	220,081	0	745	0
Between 31 and 60 days	945	43,837	0	228	0
More than 60 days	740	2,392	0	850	0

Supplier indicators

Total number of suppliers	822
Number of suppliers individually representing at least 10% of total purchases made during the period.	1
Total amount paid to suppliers in 2021 (US\$ mn)	246,371
Average number of days for supplier payment	16
Number of domestic suppliers	979
Amount paid to domestic suppliers in 2021 (US\$ mn)	238,025





Our environment

Environment and Communities

Responsible environmental performance is of utmost importance for Transelec. We know that power transmission plays a key role in society and can potentially generate impacts on the environment. Preventive culture is therefore essential for minimizing our socio-environmental impacts. In our community relations we seek to create relationships of trust with communities neighboring our existing infrastructure or new projects.

2021 was a year of transformation in terms of environmental performance. We reviewed our current processes and created the Environmental Compliance Model, which is integrated into Integrated Management System (IMS) objective monitoring.

Transelec Integrated Management System community and environmental objectives:

Area	Variable	Goals
1 Regulatory compliance	RCA compliance Work permit plan Project permit plan	Goal: 0% RCA non-compliance (projects and operations) Goal: 100% Work Permit Plan compliance by zone Goal: 100% project permits issued according to plan
2 “Con Suma Conciencia” environmental responsibility	Recycling at our offices Recycling at our operations Recycling at our projects	Goal: 100% recycling implemented at our offices Recycling Goal: 75% non-hazardous industrial waste Recycling Goal: 60% hazardous industrial waste Execute recycling actions with the goal of 5 projects underway in 2021
3 Climate change	Adaptation to climate change Mitigation of climate change effects	Incorporate actions for adapting to climate change at two projects (goal) Design an (goal of 1) initiative for reducing or carbon footprint emissions
4 Environmental care	Compliance model Environmental incidents	100% implementation of the Corporate Environmental Plan and the Zonal Management Plan Goal: 0 (zero) significant environmental incidents leading to sanctions
5 Social license	Opposition to project operation Opposition to new projects	Number of facilities without access due to community opposition (goal of 0%) Number of projects suspended during construction phase (goal of 0)
6 Territorial co-existence	Easement strip invasion	Keep community management at 100% of areas where takeovers have been reported in 2021

Environmental performance

Transelec seeks to go beyond legal compliance in order to identify, evaluate and manage its potential environmental impacts at an early stage.

Hazardous and non-hazardous waste management

Management of our industrial waste is very important at Transelec, so much so that we have executed different valuation initiatives, including a framework contract with an integral waste management company. This company holds all permits required and features the installed capacity for transporting our hazardous and non-hazardous waste to its facilities. These materials are then sorted and classified at these facilities for recycling and valuation by authorized companies.

To enable valuation of our domestic waste, a recycling system was implemented in 2020 with the support of Manuía (formerly TriCiclo) for our main office located in Santiago. In 2021 we were able to extend this to regional offices located in Antofagasta, Coquimbo, Santiago (Cerro Navia), Molina, Concepción and Temuco.

We wish to highlight 2021-2024 Zero Waste to Disposal Clean Production Agreement certification of our Central Zone Division facility Cerro Navia Substation. This certification spearheaded by Acción Empresas and the CORFO Sustainability and Climate Change Agency.

Waste generation by type (metric tonnes)

	2019	2020	2021
Total	810	978	811

Waste (metric tonnes) and percentage recycled

	2018	2019	2020	2021
Hazardous industrial waste	227	133	78	68
Recycled percentage	51%	69%	67%	86%
Non-hazardous industrial waste	6.331	676	900	743
Recycled percentage	78%	82%	44%	85%*

* Large quantities of ceramic material waste removed in 2021 (457.9 metric tonnes) were not included because there is no feasible recovery alternative in Chile.

Types of waste (metric tonnes) 2021

Ceramic insulation materials	457,9
Metals (aluminum, copper, iron and steel)	147,1
General non-hazardous industrial waste	116,3
Hazardous industrial waste in general	67,6
Lumber	12,4
Electrical and electronic equipment in general	7,2
Plastics	1,5
Paper and cardboard	0,5



Greenhouse Gas Emissions (GHG)

One way to put our commitment to environmental care into practice is to measure our carbon footprint. Knowing our greenhouse gas emission levels helps to analyze our behavior and take measures to reduce these levels.

A potential risk in terms of greenhouse gas emissions is related to gas leaks. We have therefore implemented protocols and whenever the occurrence of significant incidents associated with gas leaks is determined, such as sulfur hexafluoride (SF6), the equipment supplier is required to compensate emissions stemming from these leaks caused by equipment failure (in case its involvement is determined, such as factory or installation defects). This was the case of a supplier which,

in 2021, submitted an emissions compensation plan consisting of reforestation, to compensate for a 78 kg SF6 leak (about 1,800 metric tonnes of CO2 eq) stemming from a malfunction in the operation of certain GIS technology equipment (equipment encapsulated in this gas).

	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Indirect Emissions (Scope 3) No transmission losses	Indirect Emissions (Scope 3) With transmission losses
Year	Metric tonnes of CO2 Eq	Metric tonnes of CO2 Eq	Metric tonnes of CO2 Eq	Metric tonnes of CO2 Eq
2018	3,134	6,459	13,615	-
2019	3,627	6,358	12,399	-
2020	2,384	2,560	29,431*	368,876
2021	7,731	3,925	1,782**	373,534

* Includes materials from projects under development

** Does not include project materials

Biodiversity

Different initiatives designed to help fight climate change and make Transelec a more sustainable company were executed in 2021.

We participated in the 2021 book launch "Más Allá de la deforestación: Restauración ecológica de bosques nativos en el Parque Nacional Nonguén, Chile" [Beyond deforestation: Ecological restoration of native forests in Nonguén National Park, Chile] in August 2011. One of the authors of this book is our collaborator Cristián Espinoza Fuentes, Environment Leader for the Southern Zone. We wish to highlight that this book is about an ecological restoration project Transelec actively participated in, within the framework of an environmental commitment associated with the Charrúa-Lagunillas transmission line project.

Measures associated with the protection of biodiversity in the Pichirropulli-Tineo Transmission Line project.

During construction of the 2x220 kV Pichirropulli- Tineo transmission line in 2021, we wish to highlight selective cutting of shrub and tree species in order to limit the process exclusively to those species that must be cut for the project execution.

In addition, total reforestation of the Pichirropulli- Tineo project amounts to 120 Ha.

Other measures that have been taken in connection with the project include:

a. Protection of flora through the rescue and relocation of species. These species include the monitoring of:

- Chupalla (*Fascicularia bicolor*)
- Chupón (*Greigia sphacelata*)
- Copihue (*Lapageria rosea*)

- b. Protection of fauna through the rescue and relocation of species. These species include amphibians and reptiles
- Reptiles: *Liolaemus cyanogaster*
 - Blue-bellied lizard
 - *Liolaemus pictus*
 - Painted lizard
 - *Tachymenis chilensis* serpents
 - Short-tailed snake

A controlled disturbance plan is implemented for species rescue and location. This plan is designed to bring about gradual abandonment or displacement of reptiles from their place of origin to immediately adjacent areas prior to project intervention. The plan is executed in areas where cutting activities, vegetation clearing and/or earthworks associated with power transmission system construction are executed.

c. Rescue and relocation of local fauna specimens is also executed. Capture and relocation is to be executed fifteen days before activities start in each area. Three days before and during the cutting and clearing of vegetation, a wildlife specialist will be in the field supervising activities related with new findings, recolonization and others.



d. We have signed an alliance with Núcleo Nativo, a foundation specializing in ecological and social restoration. The work will be executed with collaboration from elderly women from the communities of Los Queñes, Salto Chico, Salto Grande and Pargua, who will be trained in seed collection and cultivation. The project will provide support during treatment, planting and acclimatization stages. We consequently hope to grow at least 55,000 plants of different species to restore native forest and strengthen local diversity.

Actions for the care and protection of birds

Given the nature of our business, Transelec takes actions to care for and protect the interaction of birds with our facilities, considering this aspect in development project design. We have been implementing actions

related to the care and protection of birds since 2018. Transelec evaluates risks related to interaction with birds during power the transmission system design phase, designing mitigation measures such as:

- Installation of anti-collision devices on guard cable in line sections presenting this type of risk.
- Installation of perch guards to prevent birds from perching on towers.
- Incorporation of covers on transmission lines to avoid outages caused by bird droppings.



Energy and water consumption

We at Transelec are constantly reviewing and evaluating alternatives for reducing our corporate office consumption, mainly by means of low energy consumption lighting.

We have made progress in determining what methodology should be used to correctly quantify our consumption and apply more concrete measures over the short, medium and long term, providing water and energy efficiency support by means of an external consultant.

Energy consumption 2018-2021*

	2018	2019	2020	2021	Variation
Total Energy Consumption (Gj)	56,137	54,667	55,355	34,572	-38%

Water consumption 2021** : 91.899 m³

* Energy consumption at our offices and operating substations.

** Water consumption at our offices and operating substations. Different sources for human consumption ranging from the public water system to bottled water.

Environmental compliance

We thus began implementing our environmental compliance model, a change management process designed to provide proactive and responsible management of environmental regulations and obligations, thus reducing environmental and social risks for our operations and development projects.

The model consequently considers reorganization of positions and duties at the Environment Subdivision, optimization of processes and procedures, strengthening internal capacities, using technological tools for requirement systematization and follow-up, compliance certification and the use of risk management analytics.

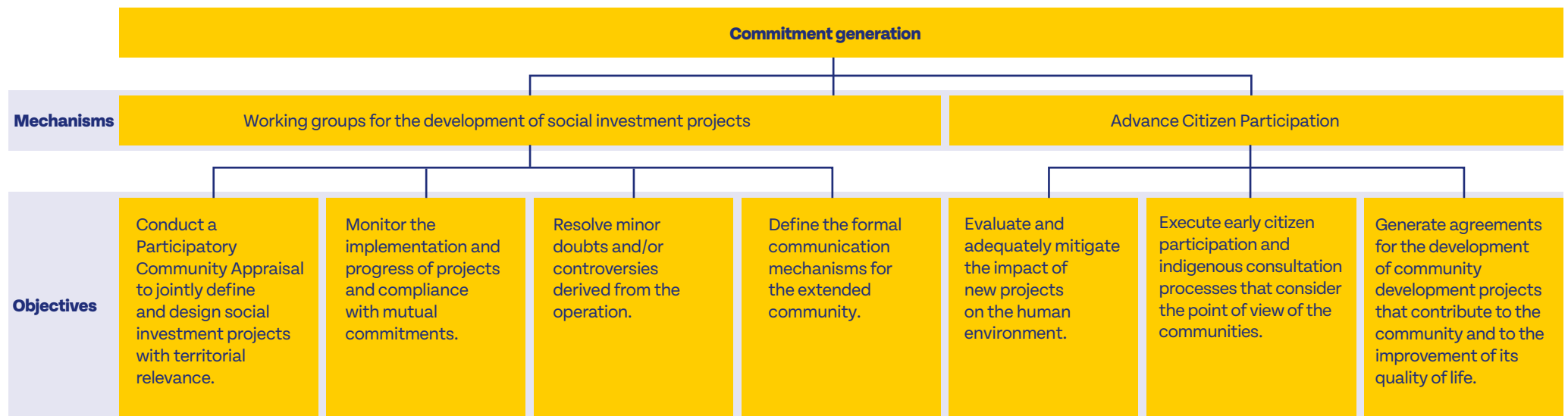
In 2021 we planned and began executing measures for two Compliance Programs (CP) associated with sanctionary proceedings executed in 2020:

- **Charrúa - Lagunillas Line CP (File F-049-2020):** currently underway.
- **Rincón de Pataguas - Ancoa Substation CP (File D-094-2020):** recently approved and underway (first report scheduled for May 2022).

Our community relations

Transelec promotes relationships of trust with neighboring communities through working groups and early citizen participation processes, while also promoting community development through social investment projects.

Our community relations and social investment strategy aims to create relationships of trust with communities neighboring our operations and projects. It is designed and implemented by a specialized team of internal professionals and expert consultants who identify and make commitments with communities using two mechanisms: work tables constituted by leaders of communities neighboring our operations and Transelec representatives, and and Early Citizen Participation formally executed by means of processes implemented at all substation and transmission line projects requiring submittal to the Environmental Assessment System.



36%

Social investment is up by an 36% over the last two years compared to 2019

	2018	2019	2020	2021
Number of communities with community development programs	10	11	15	22
Social investment budget (in USD thousands)	\$943	\$ 866	\$1,303	\$1,060
Beneficiaries	3,300	6,048	3,090	3,506

	2018	2019	2020	2021
Number of social incidents	-	2	-	-
Number of complaints stemming from social impacts	-	2	1	1
Communities with participation programs	20	21	22	26
Communities with impact assessment programs	14	5	5	4



Social investment projects

The social investment projects implemented with the community by Transelec are designed in a participatory manner and based on the specific features of each community and its environment. The main programs implemented are listed as follows:

Community infrastructure	Agricultural development	Access to non-conventional renewable energies	Energy and Water Efficiency Program
Construction or improvement of community infrastructure in order to provide communities with suitable and welcoming places for development.	Training, technical assistance and seed capital for rural and/or indigenous farming communities to improve productivity and marketing processes.	Lighting of public spaces with solar panels, access to energy with solar panels for communities isolated from the power grid or the provision of solar panels for energy or hot water at public schools and community centers.	Training and delivery of equipment to promote water and energy saving in communities in Transelec's area of influence.
43 community infrastructure projects for 47 community organizations in 2021.	22 agricultural projects in 2 communities in 2021.	4 of these types of projects in 4 communities in 2021.	The program was implemented at 12 municipalities in 2021. A total of 366 people participated, and a total of 366 energy and water efficiency kits were delivered.

Community Support Plan

2021 was marked by the pandemic and its economic, health and social impacts. We consequently decided to implement a second stage of the Covid-19 Community Support Plan, achieving the following results in each work area:

Feeding



2,200

food baskets handed out in communities between Arica and Chiloé.

Health



9,289

people vaccinated at mobile vaccination stations implemented in conjunction with Desafío Levantemos Chile.



363

people received home medical care in partnership with TECHO.

Education



50

health infrastructure improvement projects at 26 schools.



75

children gained access to distance education in alliance with the Familias Power Foundation.

Connectivity



33

communities between Arica and Chiloé given free Internet access.

Entrepreneurship

Growing Together with Energy Program in partnership with the Simón de Cirene Foundation.



100

microentrepreneurs trained.



50

microentrepreneurs with technical assistance and seed capital amounting to CLP 300,000.



transelec

Annexes

Annexes

About this report

This document is our thirteenth sustainability report. We disclose the company's performance at all operations regarding corporate governance, financial, social and environmental issues between 1 January and 31 December 2021, providing complementary information from previous years to enable comparability.

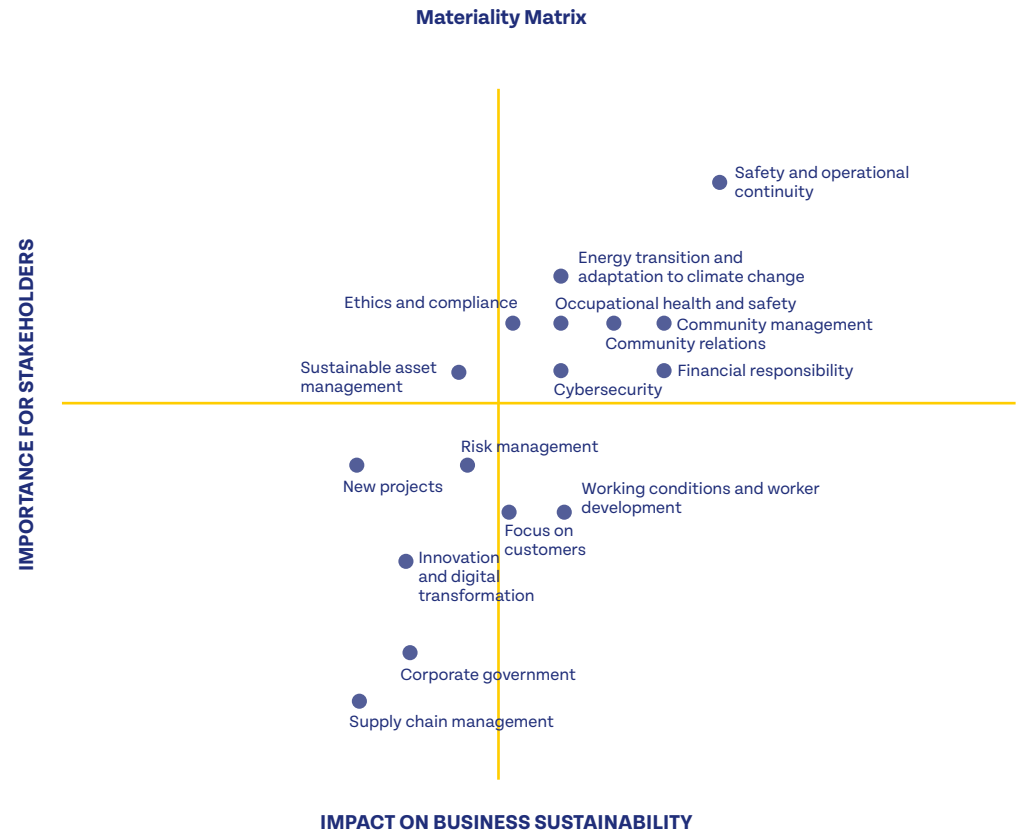
GRI (Global Reporting Initiative) Standards have been used to formulate this report in the Core option. Report content was determined considering the principles indicated by the standard, integrating the sustainability context in which Transelec operates while focusing on the completeness of information and material issues, which consider stakeholder expectations.

This report was formulated by Vice-Presidency of Corporate Affairs and Sustainability, together with the active participation of company areas under their respective vice presidents, thus contributing to report content and validation. In addition, we were advised by Gestión Social, an expert consulting firm specializing in ESG reporting and data.

Materiality

The definition of the material issues was based on a review of main impacts identified by the industry and by stakeholders. A benchmark was thus formulated together with national and international companies involved in the energy industry. The most important sustainability standards were also reviewed and complemented by conducting interviews with representatives from all company areas and an internal information review, including the Corporate Reputation Questionnaire, which assesses knowledge and perception of Transelec's role and actions by workers, community, contractors, customers, the financial business segment, informed leaders, landowners and regulators.

Based on material issues identified, a materiality workshop was hosted and attended by all Transelec vice presidents. Issues were then prioritized and validated, giving rise to the following matrix:



Management approaches

Material Issue	Why is it important for Transelec?	How does Transelec manage this?
Corporate Governance	Corporate governance is fundamental when it comes to safeguarding our company's creation of value in the present and in the future. The company's performance depends on the strength of corporate governance.	<ul style="list-style-type: none"> · Monitoring of compliance with Financial Market Commission guidelines and corporate governance laws and regulations.
Ethics and compliance	Compliance with regulations related our activities is of great importance to Transelec. We are committed to the highest ethical standards. We aspire to embed our corporate values and principles into the DNA of our decisions and actions.	<ul style="list-style-type: none"> · Integrity Model · Ethics Code · Code of Conduct · Compliance Officer · Internal Audit
Risk management	The main risk factor our company presently faces is contingencies that could affect operational continuity, such as power outages, cable theft, fire, vandalism and terrorism.	<ul style="list-style-type: none"> · Corporate Risk Matrix presented to the Board of Directors by those responsible
Financial responsibility	Transelec's business is capital intensive -due to power transmission infrastructure projects- and return on these investments is generated over a long-term horizon. These factors make responsible financial and risk management a critically important aspect.	<ul style="list-style-type: none"> · Rating agency · ISO 55000
Labor conditions and development	Transelec has worked to maintain open and close dialogue processes with all its workers. This is evidenced by initiatives implemented in the For a More Inclusive Chile plan. Among other issues this brought an important organizational goal to fruition: creation of a formal volunteers program.	<ul style="list-style-type: none"> · Managing people in times of crisis · Initiatives of the Plan for a More Inclusive Chile · Talent and skills management · Change management model · Training programs · Quality of life and benefits programs · Commitment to contractors · Evaluation of labor performance in contractor companies

Material Issue	Why is it relevant for Transelec?	How does Transelec manage it?
Occupational health and safety	Caring for our workers is at the core of what we do. We have been emphasizing the importance of safety and self-care in our operations and projects for many decades. No operational goal or emergency justifies compromising any worker's integrity or exposure to uncontrolled risks.	<ul style="list-style-type: none"> · Safety Intelligence Strategy · "Reportability of Security Incidents involving People or Physical Security" performance indicator · Safety Culture Model · Sustainability policy
Customer orientation	Our customers are those users who withdraw from and/or inject energy into power transmission systems, i.e. power generators and distributors, industrial and mining customers. They expect a quality service, a continuous and uninterrupted power supply and speed and excellence in connection project execution.	<ul style="list-style-type: none"> · "The customer at our core" as the focus of the Operations Strategy · Customer satisfaction assessment
Sustainable management of assets	A key factor for ensuring continuous power supply for power transmission processes is the proper management of transmission assets (lines, towers, substations, among many others).	<ul style="list-style-type: none"> · Operations Strategy · ISO 55000
Operational continuity and safety	Transmission is an essential activity enabling Transelec to transmit energy throughout the country. The safety of our people is of paramount importance, while maintaining operational continuity and a robust power supply.	<ul style="list-style-type: none"> · Operations Strategy · Risk Matrix
Innovation and digital transformation	As players in the energy sector, a strategic and highly competitive industry, we at Transelec have installed innovation and digital transformation as essential drivers for the creation of new value. Our digital transformation strategy puts data at the core of our decisions in order to contribute to increasingly more intelligent power grid management.	<ul style="list-style-type: none"> · Innovation and Digital Transformation Strategy · Pulse
Cybersecurity	We have identified two main risks. The first risk is related to critical cyber-asset breaches that may affect operational continuity. The second is data theft and hacking of sensitive information affecting competitiveness, reputation or operational continuity.	<ul style="list-style-type: none"> · Preventive protocols, system attack simulations · Sensitive Information Protection Plan · Cybersecurity Incidents Response Plan · Standards such as NERC-CIP, NIST CSF and ISO27001 for determining control measures

Material Issue	Why is it relevant for Transelec?	How does Transelec manage it?
New projects	We at Transelec work to facilitate incorporation of new projects into the system while minimizing the impact of these connections on the power grid. Our end customers are the users of the energy we transmit, comprising 98% of the population living between Arica and Chiloé.	<ul style="list-style-type: none"> · All Transelec strategies and policies
Energy transition and adaptation to climate change	Transelec is maintaining the permanent measurement of its carbon footprint and is working on the development of an agenda to reduce greenhouse gas emissions at the corporate level.	<ul style="list-style-type: none"> · Carbon footprint · Pulse
Supply chain management	Contractors (service providers) and suppliers of goods and materials have a significant impact on our ability to deliver excellent, reliable and sustainable transmission services.	<ul style="list-style-type: none"> · GESPRO · Supply chain risk management · Sourcing policy and portal · Ethics Channel · Responsible procurement program · Sustainability policy
Relationship with communities	Transelec transmission lines span over ten thousand kilometers. Although communities are constituted by all the inhabitants of the towns, settlements, villages and cities surrounding Transelec facilities, we have prioritized over 25 communities with direct and ongoing relations. This group also includes district or neighborhood authorities.	<ul style="list-style-type: none"> · Community Support Plan · Working groups with neighborhood leaders and local authorities · Social investment programs and projects · Early and formal citizen participation activities for projects · Sustainability policy
Environmental management	Environmental Management goes beyond legal compliance. It enables the early identification and evaluation of potential environmental impacts, analysis of site alternatives and compliance with regulations to be verified so that appropriate mitigation, compensation and/or remediation measures can be determined.	<ul style="list-style-type: none"> · Environmental Compliance Model

Sustainable performance traceability

Corporate Government	2018	2019	2020	2021
Number of male Directors	9	9	9	9
Number of female Directors	2	2	2	1
Number of Directors with executive positions in the company	-	-	-	-
Number of independent Directors	5	5	5	5
Number of Directors under 30 years of age	-	-	-	-
Number of Directors between 31 and 50 years of age	-	1	2	3
Number of Directors over 51 years of age	9	8	7	6

Ethics management and compliance	2018	2019	2020	2021
Number of complaints received	13	17	25	19
Percentage of complaints settled	92%	100%	100%	80%
Percentage of Board members who have been informed and trained regarding anti-corruption policies and procedures	100%	100%	100%	100%
Percentage of workers informed and trained regarding anti-corruption policies and procedures	59%	15%	96%	80%
Number of confirmed cases of corruption	-	-	-	-
Number of discrimination incidents	-	-	-	-
Number of cases of unfair competition	-	-	-	-
Significant fines ²⁰ (US\$)	-	-	-	-
Number of non-monetary sanctions	-	-	-	-
Number of cases	-	-	-	-
Number of environmental fines ²⁰	-	-	-	-
Environmental fines (US\$ mn) ²⁰	-	-	-	-

²⁰ We consider that the fine will be "significant" if it exceeds US\$ 1,000,000.

Financial responsibility	2018	2019	2020	2021
Revenue (CLP bn)*	329	379	469	306
Percentage of income from the National Power Grid	57%	57%	58%	61%
Percentage of income from Zonal Systems	23%	20%	21%	23%
Percentage of income from Exclusive Systems	17%	19%	15%	14%
Service income percentage	3%	4%	6%	2%
EBITDA (CLP bn)	400	439	388	248
Economic value distributed (US\$ mn)	592	629	488	319

People management	2018	2019	2020	2021
Number of full-time permanent workers	439	447	450	456
Number of men	99	115	117	136
Number of women	18	21	20	23
Number of women under 30 years old	73	85	88	100
Number of women between 30 and 50 years old	8	9	9	13
Number of women over 50 years of age	5	6	6	7
Number of workers with disabilities	22	27	31	38
Number of foreign workers	14	15	9	10
Number of workers promoted to head positions	74%	74%	75%	72,8%
Unionization percentage	-	-	-	-
Number of strikes	26	27	28	29
Number of years with no strikes	80	*	80	*
OIH results (Biannual)	35.7	28.8	28.6	32.1
Number of training hours (in thousands)	66.4	51.2	49.7	54.1
Average hours of training	846,354	783,335	767,151	666,827
Amount invested in training (US\$)	1,573	1,394	1,353	1,126
Amount invested per worker (US\$)	100%	100%	100%	100%
% of workers with performance evaluation	100%	100%	100%	100%

*Correspond to Transelec S.A.'s income.

**Corresponds to Transelec S.A.'s EBITDA.

Occupational health and safety	2018	2019	2020	2021
% of contractors and subcontractors trained in occupational health and safety.	100%	100%	100%	100%
Accident rate ²¹	0.20	0.07	0.26	0.33
Damage rate ²²	11.1	2.1	3.6	3.9
Number of fatalities	0	0	0	0
High-risk incidents	2	2	1	2
Work-related illness	0	0	0	0

Customer orientation	2018	2019	2020	2021
Number of customers who individually account for at least 10% of the segment's total incomes	3	4	4	4

Sustainable asset management	2018	2019	2020	2021
Transmission lines (Km)	9,672	9,792	9,857	10,045

²¹ No. accidents with lost time/average number of workers) *100

²² No. of days lost/average number of workers) *100

Operational continuity and safety	2018	2019	2020	2021
Average service interruption time per customer (SAIDI) (hours)	3,9	0,9	0,8	0,066
Number of high-impact events (HIE, outages lasting more than one hour)	5	9	7	3
Transmission line outage rate due to own causes ²³	4.3	3.8	3.5	3.2
Substation outage rate ²⁴	83.5	67.8	73.1	89.8
Number of thefts from Transelec facilities	6	5	0	1
Metric tonnes of conductor cable stolen from Transelec facilities	3.0	4.2	0	0.4
Number of frustrated thefts at Transelec facilities	4	1	0	0
Renewable energies connected by Transelec (MW)	227	416	310	1.009
% of renewable energies connected by Transelec in relation to the total system	33%	35%	21%	58%
Customer satisfaction index	93%	<i>Not applied due to social uprising</i>	73%	95%

²³ Number of forced disconnections due to internal cause per thousand km of circuit.

²⁴ Number of disconnections per thousand circuit ends.

Innovation and digital transformation	2018	2019	2020	2021
Number of projects in innovation portfolio	47	68	38	48

Supply chain management	2018	2019	2020	2021
Total number of contractors	3,083	2,627	3,518	3,508
% of contractor companies evaluated by their labor performance	100%	100%	100%	100%

Relationship with communities	2018	2019	2020	2021
Number social incident	0	2	0	0
Number complaints regarding social impacts	0	2	1	1
Number communities with participation programs	20	21	22	26
Number communities with impact assessment	14	5	5	4
Number communities with development programs	10	11	15	22
Social investment (in USD thousands)	943	866	1,303	1,060
Number beneficiaries	3,300	6,048	3,090	3,506

Environmental management	2018	2019	2020	2021
Hazardous industrial waste (metric tonnes)	227	133	78,1	68
% of hazardous industrial waste recycled	51%	69%	67%	86%
Non-hazardous industrial waste (metric tonnes)	6,331	676	900	647
% of non-hazardous industrial waste recycled	78%	82%	44%	78% ²⁵
Hectares of uncleared native forest	24	0	0	* ²⁶
New areas reforested by Transelec (hectares)	23	27	0	120
Metric tonnes of CO2 eq. scope 1 emitted	3,134	3,627	2,384	7,731
Metric tonnes of CO2 eq. Scope 2 emitted	6,459	6,358	2,560	3,864
Metric tonnes of CO2 eq. Scope 3 emitted	13,615	12,399	29,431	1,640
Electrical energy consumed (Gj)	56,163	54,667	55,355	34,039

²⁵ The waste "tiles and ceramic materials" removed in large quantities in 2021 (⁴⁵⁷.⁹ tons) is not considered because it does not have any viable recovery alternative in Chile.

²⁶ There is no calculation of selective cutting, but it is possible to state that we do have a cutting plan, where the most significant specimens are selected (and in each area this selection criterion is variable and is evaluated on a case-by-case basis).

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