



Sustainability Report / 2018

01

Introduction**03**

- In 2018 04
- Our General Manager's vision 05

02

Transelec at a glance**06**

- 10 years reporting sustainability 07
- Who are we? 08
- Where and how do we operate? 09
- The electricity route 11

03

Our sustainability focus**12**

- Context, challenges and our response 13
- Sustainability Policy 16
- Contribution to Sustainable Development Goals (SDGs) 17

04

Most important sustainability issues**18**

- A. Business management, innovation and service quality 19
- B. Governance and integrity 34
- C. People 45
- D. Our communities 54
- E. Environment 62

05

Annexes**71**

- About this report and material topics 72
- Sustainability performance summary 73
- GRI Content Index 77



01. Introduction

What inspires us?

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. We create sustainable value for our shareholders and communities, creating relationships of trust and operating sustainably with the environment and with society.

In 2018



Business management, innovation and service quality

- China Southern Power Grid International purchased a 27.8% interest in Transec from the Canadian fund Brookfield Infrastructure Partners in March.
- We commissioned the new 2 x 220 kV Lo Aguirre – Cerro Navia high voltage power transmission line in November in order to strengthen the power transmission system in central Chile.
- During the tender for the National Electricity System (SEN) Upgrade Plan, Transec was awarded the project for the new aerial crossing at Canal de Chacao, a project that includes a crossing spanning between the district of Llanquihue and Isla Grande de Chiloé, as well as a new substation at Ancud.
- The “2018 Connecting Conversations” cycle, which was hosted in Santiago, Concepción and Talca, addressed challenges and opportunities for the energy of the future.
- We achieved 40 initiatives in our innovation portfolio and we were incorporated as members of the UC Center for Innovation.
- We undertook seven digital transformation projects in order to strengthen safe and reliable management of our operation and we have continued to implement the Zero Failure Culture initiative, which aims to reduce the outages rate and consequently provide a better service to our customers.
- Public-private working tables, theft detection technology and a campaign for raising awareness regarding electrical risks for the community were the different initiatives we implemented in order to ensure power supply continuity and contribute to public safety in our surrounding area.



Governance and integrity

- We updated our Sustainability Policy and published our Cybersecurity Policy.
- We extended our Crime Prevention Model to the Transec Group operation in Peru.
- We hosted the first meeting between directors and collaborators. The Board of Directors explained how it works and its responsibilities to the different Committees and collaborators shared different projects of interest under way at the company.
- We continued with the training program for all collaborators regarding the Crime Prevention Model, Compliance Officer duties, use of the Ethics Hotline and guidelines for preventing corruption, among other issues.



People

- We made substantial headway with initiatives designed to consolidate our Safety Culture Model with OHS plans designed with a preventive focus and a focus on critical risks. We achieved the best accident index in the history of Transec.
- We implemented our internal recruitment portal in order to facilitate internal mobility at Transec.
- We implemented our diversity and inclusion policy and strategy and started our “Adding Energy” program.
- We successfully reached an agreement regarding a new collective contract with the Transec S.A. Workers Union (SITRAT), which represents 67.1% of all personnel employed by the Company.
- We conducted the fifth OHI (Organization Health Index) survey and our score came to 80 points, placing us in the upper tenth decile for this survey at a global level for the second time in a row.



Our Communities

- We renewed four Collaboration Agreements with the local communities of Rucaco, Nogales, Juan Huenchumil Quintupil and Polpaico.
- Our reputation with our communities reached a “Good” level based on the Reputation Institute scale.
- Thanks to an early citizen participation process with an indigenous focus, agreements were reached with three first nations communities during the Pichirropulli – Tineo project environmental evaluation in a period of six months. This was the fastest indigenous citizen participation process ever completed in Chile.
- Our “Ideas with Energy” education program celebrated its 10th anniversary. The program has benefited over 6,000 children, providing education about renewable energy and innovation.
- Seven social investment projects regarding access to energy and renewable energy helped us to move forward with our promise to “Unite Chile with Energy”.



Environment

- Even considering the fact that we are currently managing 15 projects in development stages, for the second consecutive year we had no incidents or fines due to non-compliance with environmental commitments. The same record holds true for our assets in operating stages.
- Our preventive focus prevented intervention in 23.7 hectares of native forest in the Pichirropulli-Tineo Project which reduced the original cutting surface area by 22%.
- The Innovation Program enabled us to develop an application to ensure environmental compliance at our operations.
- We launched the “ConSuma Conciencia” Environmental Responsibility Program to encourage collaborators to take care of energy and material resources while raising awareness regarding the impact of human activity on the environment.
- We have started to study the impacts of and vulnerability to climate change for our infrastructure, as well as appropriate mitigation and adaptation measures to ensure power supply security and continuity together with experts from Pontificia Universidad Católica de Chile.
- In a one-of-a-kind initiative for Chile, Transec, SURA and VTR created a carpooling system (Súbete) for its collaborators based on a smartphone application.



AWARDS AND DISTINCTIONS IN 2018

- **Chilean Engineers Association 2018 National Prize, Companies category.**
This award was presented to Transec for our contribution to the Chile’s development and its inhabitants’ quality of life.
- **Third place in the PROhumana Corporate Sustainability Ranking**
We were one of seven companies that received awards for their outstanding sustainable management performance.
- **Innovación Best Place to Innovate ranking**
We were ranked among the 50 most innovative companies in Chile. This award is presented by GFK Adimark and the Universidad Adolfo Ibáñez Center for Innovation, Entrepreneurship and Technology (CIET).

Our General Manager's Vision



Andrés Kuhlmann
Transelec General Manager

We know that an increasingly electricity-intensive future is in store, with all the advantages this entails in terms of costs for people and environmental care. This requires appropriate renewable energy development.

Ten years have gone by since Transelec published its first sustainability report. How has the company changed throughout this time period?

Ten years ago we were starting a lot of things and moving into a new ownership scheme. We were a fledgling company. We are now a consolidated company and run risk of falling prey to our own success.

Three government administrations have come and gone. Chile has matured and our shareholders have changed. Capital from the other side of the world was injected into the company. We are currently experiencing a deep-rooted transformation of the power market stemming from technological change and global electrification.

These are all opportunities, challenges different from what we faced ten years ago. All of this leads us to make a strong commitment to innovation. Ten years ago we had to build a high performance company in all areas. We are now becoming a competitive company that is able to innovate.

What do you think the main challenges for power and power transmission will be another ten years from now?

We know that an increasingly electricity-intensive future is in store, with all the advantages this entails in terms of costs for people and environmental care. This requires appropriate renewable energy development. The great challenge is therefore to facilitate connection to power transmission systems. This is no future challenge, but rather what we are currently working on.

In addition, we expect to see fundamental changes in business models used by power companies. This should lead to the massification of distributed power generation, batteries and other technologies we are not yet aware of.

This means we must have flexible legislation for the future in order to enable the development

of new business models, incorporating new stakeholders and allowing stakeholders currently operating in the sector to take on new roles.

At another level, digital transformation is now an imperative for us. It is the engine that will enable us to stay at the lead of the industry and to ensure our success in tomorrow's electricity markets.

Adapting to climate change is another major challenge. The impact of acute, chronic effects is increasingly evident and this affects the way we see the business and our current and future operations.

In addition, society is more and more demanding and citizenry is increasingly empowered. Transelec has therefore consolidated a mutually beneficial community relations model that considers early participation processes, collaboration through dialogue and participatory social investment projects.

Mankind is facing important economic, social and environmental challenges and in keeping with these challenges we have reaffirmed our commitment with the Global Compact and our contribution to meeting UN Sustainable Development Goals.

How is Transelec preparing for this future?

It is essential that the power of the future, together with everything technology will entail, new business models and opportunities

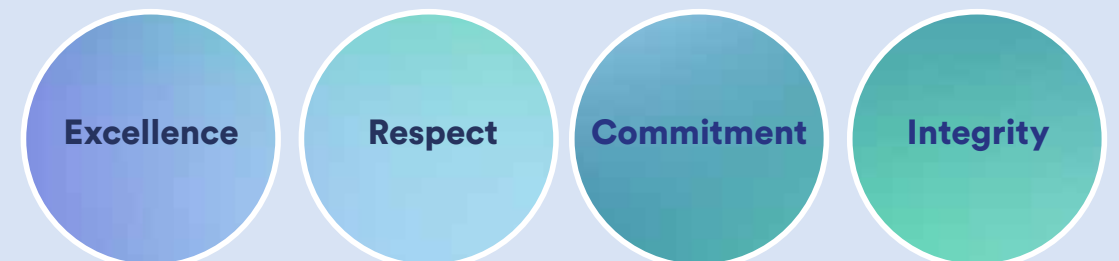
created by legislation, be developed in keeping with stringent safety and quality standards in order to satisfy customer expectations. Our commitment to research, innovation and development (R+I+D) is therefore absolute, in that our success and survival depend on it.

What are your priorities in terms of sustainability?

One priority in this area is service quality. This means providing uninterrupted service by means of a robust system, pillars for the sustainability of our business. Although Transelec has an extremely low interruption time record for power supply in Chile (3.3%), we hope to bring this level even lower in order to provide a better global standard, applying smart digital tools, better managing risk and further developing this focus in our organizational culture.

Another priority is to continue empowering associative work as our roadmap for sustainability. This means promoting and espousing processes and projects involving other companies, public institutions, communities and any important institution in general. Associativity is at the core of our stakeholder relations model. We are committed to associativity because it brings together diverse and complementary stakeholders while generating synergies and improving efficiency, and especially because results are generated faster with a greater impact for communities.

OUR VALUES



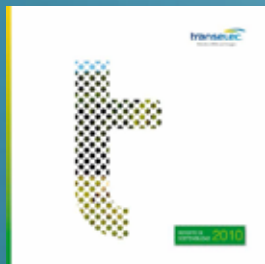
02. Transelec at a glance

We are the leading power transmission company in Chile. We transmit the power that lights the homes of 98% of Chile's population between Arica and Chiloé, with a 57% share in the National Power Grid.

10 years reporting sustainability



2009



2010



2011



2012



2013



2014



2015



2016



2017



2018

Who are we?¹

Our business is the transmission of electrical energy. Our company transmits power that lights the homes of 98% of Chile's population between Arica and Chiloé by means of 9,672 kilometers of transmission lines and 61¹ substations, spanning between power generation facilities and populated and industrial centers. We have also been operating in Peru as Conelsur since 2016.

We own and operate most power transmission facilities comprising the National Power Grid in Chile and play an essential role in the country's energy development. Our customers are users who withdraw or inject power into transmission systems, which is to say power generation and distribution companies and industrial and mining clients.

Transelec is owned by a consortium comprised by the Canadian funds Canadian Pension Plan Investment Board, British Columbia Investment Management Corp. and Public Sector Pension Investment Board, and by China Southern Power Grid International. The latter purchased an interest in the company in March, 2018.

POWER TRANSMISSION IN CHILE

Power is transmitted from power generation sources to cities, industrial and mining industry users by means of high-voltage transmission lines. Power is then connected to substations where it is converted to low-voltage power and distributed to end users.

The National Electricity System (SEN) was created in 2017 by interconnecting the Central Power Grid (SIC) to the Far North Power Grid (SING). The system currently spans 3,100 km, encompassing nearly all national territory from the city of Arica in northern Chile to the island of Chiloé in southern Chile. The SEN also independently operates the Aysén and Magallanes power grids.

The National Electricity Coordinator (CEN) controls system operation and implements new tasks indicated in the Power Transmission Law, such as monitoring competition and encouraging Research and Development (R+D), among other issues. It also plays key roles in upgrading power transmission, determining complementary services and incorporating new technologies for system operation security.

For additional information regarding ownership and legal status of the business we are involved in, power transmission system operation, regulation, markets, location and facility specifications, see www.transelec.cl and the 2018 Annual Report, which is also available at our website.

¹. This corresponds to electrical substations where Transelec S.A. is the owner, lessee, usufructuary, or exploits an important number of transmission facilities in any way.



Where and how do we operate?

Business Areas

Transelec power transmission services are provided in three business areas:



• National System

Interconnected and economically efficient lines and substations between Arica and Chiloé that are needed to enable all demand to be met under different power generation availability scenarios.



• Zone Systems

Facilities interconnected to the power system arranged to exclusively supply groups of free or regulated end users, which are generally around and in cities where power distribution companies operate.



• Exclusive Systems

Power transmission lines and equipment mainly used to supply electrical energy to non-regulated customers or to evacuate production from a power plant or a limited group of power plants. Transmission via these systems is regulated by private contracts between the parties.

2018² Figures

Business management, innovation and service quality

9,672 km

of power transmission lines.

57%

stake in the National Electricity System.

US\$ 474

million in revenue. 57% is from the National System; 23% from the Zone Systems; 17% from Exclusive Systems and 3% from Services.

US\$ 400

million in EBITDA.

7.9 system-minutes

of Equivalent Interruption Time (EIT) for the service³. The line outages rate for reasons attributable to Transelec was down 31% compared to 2017.

47 projects

in the innovation portfolio; 17 projects currently operating. 130 collaborators participating in innovation initiatives.

Governance and integrity

13 claims regarding ethics issues. 92% of claims settled in 2018.

0 claims stemming from discrimination.

2,750 residents

of neighboring communities were benefited by social investment and local development projects.

0 claims stemming from social impacts.

People

538

collaborators⁴ 96% of them have specialized technical or professional degrees.

3,084 contractors⁵ 18% of our employees are women.

0 fatalities.

26 years without strikes.

Environment

64%

of the renewable energy installed over the last five years has been connected by Transelec.

0 incidents

with significant environmental impact and 0 significant fines⁶ stemming from non-compliance with social or economic laws and regulations.



2. Information about Transelec S.A.
3. This measures service security as total power not supplied to free and regulated customers over a twelve-month period compared to maximum system demand.
4. Own workers as of 31 December 2018.
5. As of 31 December 2018.
6. Fines over US\$ 1,000,000 are considered to be "significant".

The electricity route

Power generation, transmission and distribution companies work together in interconnected systems in order to supply power to end users.

Power Generation

Energy sources used to generate electricity in Chile are water, natural gas, oil, wind, the sun and biomass, among others. This is the first rung of the electricity market.

Power Transmission System

The power transmission system transmits electrical energy via transmission lines, towers and substations that connect to power producers and end users throughout Chile. The position of National Electricity Coordinator (CEN) was created 1 January 2017. This position is responsible for coordinating different companies participating in the market and ensuring power supply for end consumers.

Power Distribution

The main function of the electricity distribution network is to transmit and supply power from distribution substations to end users. These companies operate under a public distribution service concession with mandatory service and regulated tariffs.



03. Our focus on sustainability

We transmit energy while contributing to the development of territories where we operate. Sustainability is our Company's guiding light and our collaborators are the key factor in this purpose.

Context, challenges and our response¹

Context and main challenges

The world is increasingly electrical and electricity is no longer the same as it used to be.

The national and international power business is changing from different angles, all of which will affect how we operate over the coming years. The challenge is to innovate and adapt in order to make consistent progress toward the energy of the future.

• **Digital transformation:** some companies were born digital, but Transelec has to change so as not to be left behind by the so-called “fourth industrial revolution”. This is currently an imperative, the engine that will keep us at the lead of the industry and ensure success in tomorrow’s electricity markets. The Company is consequently adapting, working at a cultural level and training human capital, incorporating technology and digital tools to processes, maintenance, asset management and operation, among other actions, in order to rise to this challenge that is also an opportunity. *Additional information on page 26.*

• **Increasing use of renewable energy:** a sharp reduction in power generation costs with renewable energy sources has led to intensive development of these technologies that depend on the sun, wind and other unlimited resources. However, these must be connected to the system in order to make them actually available, meaning that our role is to facilitate connection to power transmission systems and transmission of this energy to the most remote corners of Chile for subsequent distribution and consumption. This is not just a technical issue; it also leads us to think about new business models. *Additional information on page 69.*

• **Regulatory flexibility:** all these changes require flexible regulation in terms of what we are familiar with today and for the materialization of projects and initiatives we have not yet seen. This must also meet user expectations by complying with the most stringent quality and power supply security standards.

• **Increasingly demanding society:** the fact that citizenry is more and more empowered is no longer a novel issue and therefore we at Transelec have consolidated a mutually beneficial community relations model featuring early participation processes, collaboration based on dialogue and participatory social investment projects. Today’s value wager is also to make headway in terms of associativity, generating alliances with other organizations in order to accelerate results and enhance impacts. *Additional information on page 56.*

• **The effects of climate change:** the impact of acute, chronic effects of climate change is increasingly evident and therefore affects how we currently see the business and our operations. We are evaluating risks, vulnerabilities and the impact of climate change on our infrastructure, as well as mitigation and adaptation measures that will enable us to maintain service security and continuity while ensuring sustainability in all areas of our work while encouraging respect for the environment and environmental conservation. One of the main challenges is for the entire industry, not just Transelec, to adapt to the coming changes. *Additional information on page 68.*

• **Cable theft:** Although statistics indicate that conductor cable theft has gone down in recent years, this crime still affects the Company and communities. Six cases of cable theft were reported in 2018 (down from 21 in 2017), amounting to 2.5 tonnes of cable removed, serious damage to infrastructure and power supply outages affecting different localities, mainly in southern Chile. Transelec is committed to working to prevent cable theft and supporting the authorities in the capture of criminal bands by means of regional tables bringing together regional and local authorities, police forces and other power companies to prevent and react to these crimes in a timely manner. *Additional information on page 24.*



THE TRANSELEC CONNECTING CONVERSATIONS ADDRESSED CHALLENGES AND OPPORTUNITIES FOR THE ENERGY OF THE FUTURE

2018 Connecting Conversations brought together nearly 300 people who met in Santiago to discuss the energy of the future. How will the energy of the future affect our lives? How will current regulation adapt to challenges posed by the energy of the future? What new entrepreneurial opportunities will be created by the energy of the future? These were some of the questions asked by Energy Minister Susana Jiménez, international energy expert Gianni Kovacevic, academic and director of the Solar Energy Research Center Rodrigo Palma, and Transelec General Manager Andrés Kuhlmann.

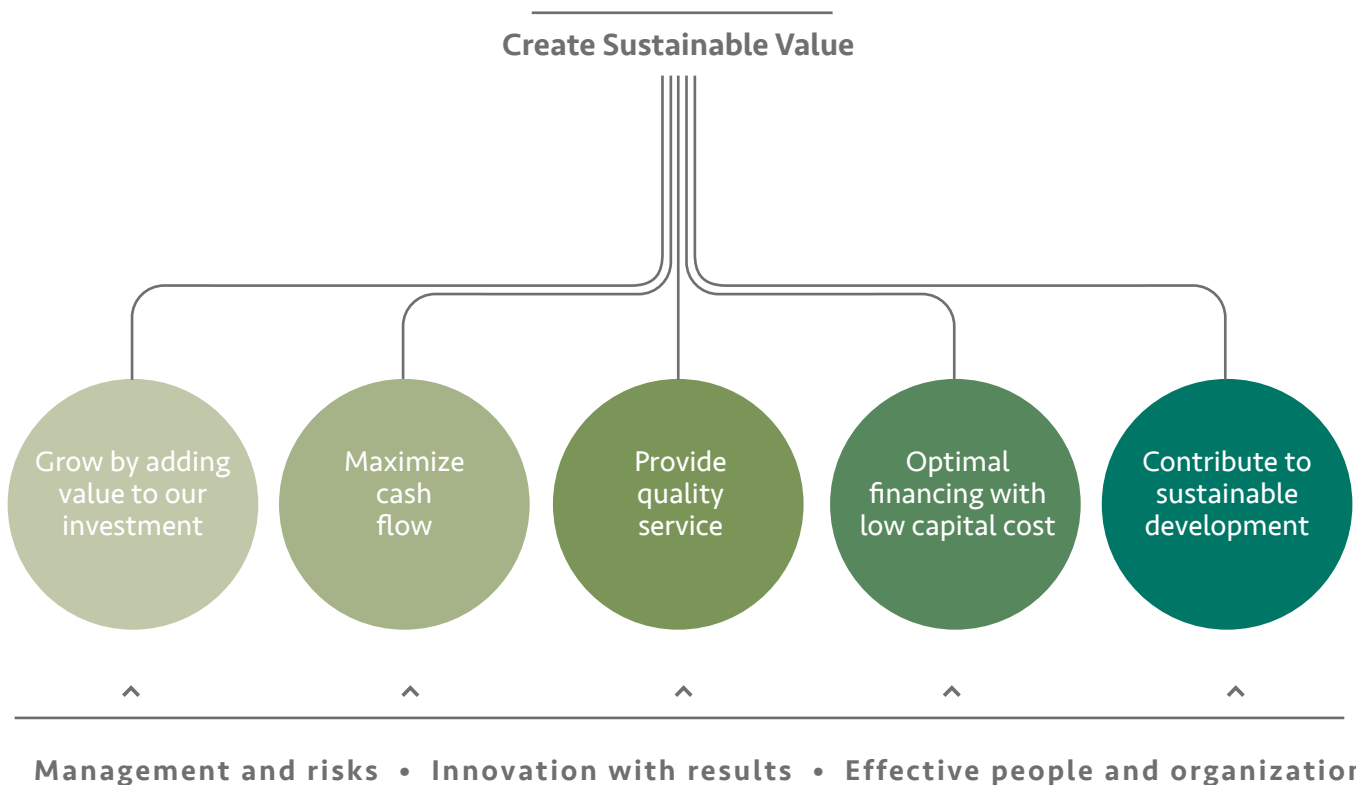
In Talca, experts and the audience discussed energy capacity in the Maule Region, a key region for working towards a more electrified country that will entail improved quality of life for its people. Speakers discussed the energy and cities of the future in Concepción, agreeing that enhanced electrification in cities will be provided using cheaper, clean energy that will entail benefits such as reduced pollution, and lower energy costs while mitigating climate change and generating social policies with a greater focus on and improved quality of the power supply.

Forums were organized by Transelec together with Congreso del Futuro and Diario La Tercera - Pulso, as part of a cycle that has been under way since 2016. Over the last three years we have been talking about integrity, sustainability, emergency resilience and this year we talked about the future of energy. Over 2,500 people have participated directly, together with another 1,000 people who have participated online.



Sustainable value creation strategy

Our sustainable value creation strategy incorporates sustainability as an integral part of the business. In fact, “contributing to sustainable development” is one of the five strategic pillars focusing on the creation of shared value with societies, communities and the surrounding environment where we operate.



Sustainability Policy¹

We updated our Sustainability Policy in 2018. It was approved by the Board of Directors and disseminated to all of our collaborators.

1



OUR PEOPLE

We value and protect the lives of each internal and external collaborator and member of the communities where we operate.

No operational goal or emergency justifies exposing a worker to uncontrolled risks. We are transversally committed to occupational health and safety.

2



THE ENVIRONMENT

We prioritize care of the environment while maintaining a preventive attitude.

We care for our natural and social environment and pursue the efficient use of natural resources in all of our activities.

3



COMMUNITIES

We create mutually beneficial relationships of trust with communities and local authorities.

We understand the social context where we operate, recognizing the wealth of diversity in each of these places.

4



INTEGRITY

We guarantee compliance with regulations related to our activities and commit to the highest ethical standards.

We act integrally and honor each of the commitments we have voluntarily taken on.

5



COLLABORATION

We promote collaboration and alliances for development and sustainable operation of the power transmission system.

We seek to constantly apply best practices together with our internal and external collaborators and all our stakeholders.

6



QUALITY

We reaffirm our commitment to service in order to meet our customers' requirements.

We innovate in order to continuously improve the quality – security and reliability – of our work.

Contribution to Sustainable Development Goals (SDG)

How do we contribute to Chile’s development and progress?

United Nations Sustainable Development Goals (SDG), also known as 2030 Agenda, are the roadmap for safeguarding sustainability of our planet and its inhabitants. This agenda consists of a series of 17 global objectives for eradicating poverty, protecting the planet and ensuring peace and prosperity for everyone. Specific goals have been set in order to achieve this and these goals must be achieved over the

next fifteen years while working together with multilateral agencies, governments, companies and civil society.

We at Transelec have committed to this agenda, which provides strategic guidelines for focusing our contribution on sustainable development in the territories where the Company operates.



- | | | | | | | | |
|--|--|---|--|--|---|--|--|
| <ul style="list-style-type: none">• Transversal access to energy: coverage in remote sectors and for vulnerable persons.• Working tables and community collaboration agreements for social project development (page 56). | <ul style="list-style-type: none">• Electricity risk prevention campaign (page 25).• Seminar on power transmission line security for personnel from municipalities (page 24).• O'Higgins Region Public/ Private Committee.• Safety training for wildland firefighters in the vicinity of high-voltage transmission lines (page 24). | <ul style="list-style-type: none">• “Ideas with energy” educational program (page 59).• Practicums and degree thesis programs with students from educational establishments (page 59). | <ul style="list-style-type: none">• Diversity and inclusion strategy (page 50).• “Adding Energy” Inclusion and Diversity Program. | <ul style="list-style-type: none">• Transversal access to energy: coverage in remote sectors and for vulnerable people by means of social investment projects (page 60).• Connecting Conversations Cycle: Challenges posed by the energy of the future (page 14).• Connecting renewable energy to the power transmission system (page 69). | <ul style="list-style-type: none">• Talent development (page 49).• Leadership training center (page 49).• Engagement (page 52).• OHI (Organization Health Index) health survey (page 52).• Bonus program (page 52). | <ul style="list-style-type: none">• Innova Program (page 26).• Innovation and digital transformation for reliable and sustainable power transmission (page 29).• Environmental innovation (page 65). | <ul style="list-style-type: none">• Community Relations and Social Investment Model (page 56). |
|--|--|---|--|--|---|--|--|



- | | | | | |
|---|--|---|---|--|
| <ul style="list-style-type: none">• Community Relations and Social Investment Model (page 56).• Citizen participation and indigenous citizen participation strategy for projects (page 57).• Early indigenous citizen participation, the Pichirropulli-Tineo Project.• Participation together with SURA and VTR in the “Súbete” carpooling initiative for collaborators (page 70). | <ul style="list-style-type: none">• Planning and design considering environmental impact (page 64).• Recycling goals and projects (page 67).• App for ensuring environmental compliance (page 65).• “ConSuma Conciencia” internal environmental responsibility program (page 64). | <ul style="list-style-type: none">• Participation together with SURA and VTR in the “Súbete” carpooling initiative for collaborators (page 70).• Experimental Ecological Restoration Unit at the Nonguén National Reserve (page 66).• Connecting renewable energy to the power transmission system (page 69).• Reducing SF6 gas stock (page 70).• Study to enhance resilience and adaptation to climate change at our operation and projects (page 69). | <ul style="list-style-type: none">• Experimental Ecological Remediation Unit at the Nonguén National Reserve (page 66).• Precautionary measures to prevent the felling of native forest in the Pichirropulli Project (page 65) | <ul style="list-style-type: none">• Crime Prevention Model (page 39).• Integrity and compliance (page 37).• Community relations and social investment model (page 56).• Citizen participation and indigenous citizen participation strategy for projects (page 57). |
|---|--|---|---|--|



04. The most important sustainability issues

Business management, innovation and service quality

Power supply security and reliability⁷

We reaffirm our commitment to service in order to meet our customers' requirements. We innovate in order to continuously improve the quality – security and reliability – of our work.

Context

The energy industry is changing due to three major global processes: digital disruption, decarbonization and energy decentralization. Digitization has entailed new development capacities through IoT (the Internet of things), big data analysis, asset digitization and robotization, among others, which will enable us to move toward an increasingly intelligent transmission system with improved reliability and power supply security. In terms of energy decentralization, the Chilean market is moving toward a model in which customers depend on a more autonomous and better informed market where more efficient management of power consumption for demand aggregators and block chain technology empower consumers. Finally, the decarbonization of energy matrices is moving ahead with giant steps, in hand with increasing power generation from renewable energy sources. Chile is a world leader for this type of energy: renewable energy generation increased by 20% in 2018.

In addition, this scenario is affected by the impact of acute, chronic climate change that is increasingly evident and consequently affects the way we see our business and operations. We are evaluating system risks and vulnerabilities in the case of extreme climate events. We will thus be able to formulate adaptation strategies, maintain power supply security and continuity and achieve sustainability in all areas of our work while encouraging respect for and protecting the environment. *Additional information on page 68.*



The Chilean energy market is regulated. The Superintendence of Electricity and Fuel (SEC) is responsible for supervision and enforcement.

Electricity system interruptions are measured in Chile and these surpass 15 hours as an annual average. The lowest rate over the last ten years was reported in 2018. The power distribution segment contributed 86% (as an average in recent years) and the power generation/transmission segment accounted for the remaining 14%. Unavailability reduction goals leading up to 2035 and 2050 were set in 2017. One hour of power supply unavailability should be achieved by 2050.

All stakeholders put forth their best efforts in order to make headway in this sense. The power transmission system is known to have critical points, with deficient service quality and this is due to two reasons: there is no feed redundancy and/or there is not enough local power generation. Investment and specific operating solutions are required in both cases. However, given the fact that the power transmission system is regulated, we have proposed new works for the upgrade plan corresponding to localities with the most vulnerable service to the corresponding authority – the National Energy Commission (CNE). 70% of these were approved and will be ready before 2023. We expect to work toward 100% coverage.

All of these changes require flexible regulation that not only conforms to what we know today, but is also able to adapt to realities we are not yet familiar with. In addition, this must meet user expectations by means of compliance with the most stringent power supply quality and security standards. *Additional information about power legislation on 2018 Annual Report, available at our website.*

Management

1. Reliable system

We are committed to providing a power transmission service meeting the most stringent quality and security standards. We have therefore designed a service quality strategy consisting of four pillars: risk-based management, cultural transformation, focus on end customers and digital transformation.

Service quality strategy



Transmitting energy more reliably and safely

- RISK-BASED MANAGEMENT
- DIGITAL TRANSFORMATION
- CULTURAL TRANSFORMATION FOCUSING ON “ZERO FAILURE”
- FOCUS ON END CUSTOMERS

• RISK-BASED MANAGEMENT

Four aspects are considered in order to minimize exposure to operational risk at Transelec: asset management, occupational health and safety (*see page 46*), emergency management (*see page 24*) and cybersecurity (*see page 29*). We developed a new criticality model for our assets in 2018 that will enable us to optimize priority ranking for our maintenance and asset replacement activities while strengthening emergency management in a focused manner. The new model will be increasingly important over the coming years, considering the 1,500 asset replacement works planned for execution leading up to 2025. In order to consolidate our asset management model, in 2018 we continued to develop a digitization strategy for our operations with support provided by the consulting company McKinsey. In addition, we have implemented a cybersecurity policy based on NERC-CIP⁷ standards, which constitutes substantial progress in terms of protecting our critical cyberassets from a physical access and IT perspective (*see page 28*).

• DIGITAL TRANSFORMATION

Enabling digital technologies have allowed us to radically improve our operating processes with a focus on three lines of work: monitoring asset condition, asset management intelligence and operational management tools. We have consequently been able to improve work execution, innovating and improving strategic decision making based on the systematic analysis of data. An example of this is a project currently in its design stage considering the use of advanced analytics to conduct predictive asset maintenance. *Additional information about digital transformation on page 28.*

• CULTURAL TRANSFORMATION

Our collaborators and contractors are highly qualified. However, in order to consolidate an organizational culture focused on making service quality to customers sustainable and increasing productivity for different operating processes, we created the “Zero Failure Culture” Program in 2016 (*see highlighted section*).

• FOCUS ON END CUSTOMERS

We work with a strong commitment to service quality at Transelec, understanding that the power transmission service we provide supplies 98% of Chile’s population. We consequently understand our service to be the country’s growth engine and as quality of life for an increasingly demanding and empowered society. Although National Electricity System infrastructure has improved substantially in recent years, which has enhanced service quality, there are still certain localities with greater vulnerability due to lack of redundancy or power supply alternatives in the event of simple contingencies.

We have therefore focused our resources and efforts on mitigating risk for these vulnerable service quality points, developing a focused strategy for each of these in terms of outage prevention by incorporating technology and asset renewal, as well as timely incident repair by means of emergency management.

⁷ NERC-CIP: cybersecurity standards for the electricity industry. NERC = North American Electric Reliability Corporation; CIP = Critical Infrastructure Protection.

Measuring service quality

We have three indicators for measuring service quality: EIT (Equivalent Interruption Time), SAIDI (System Average Interruption Duration Index) and the Disconnection Rate.

In 2018, the Equivalent Interruption Time (EIT) indicator that measures total power not supplied to free and regulated customers over a 12-month period, compared to maximum system demand was down compared to 2017, moving away from the upward trend over the last five years. There were 46 forced disconnections with power outages we were responsible for at our facilities in 2018. EIT consequently amounted to 7.9 system-minutes. This reduction was mainly due to an outage affecting the city of Arica in December 2018.

Although this outage is difficult to detect, we have taken immediate corrective measures such as using drones for detailed inspections, as well as the inspection of critical points in other transmission line sectors. In addition, we have implemented an initiative to analyze the integrity of our most critical facilities. We will conduct detailed reliability studies in 2019 at a transversal level for facilities that have affected end customers in order to revise our current service strategies and the detectability of hidden outages. We will also formulate action plans in order to optimize service time for the most critical events.



SAIDI is calculated by the Superintendence of Electricity and Fuel (SEC) in order to measure performance and behavior of power supply interruptions in three sectors of the Chilean power market: power generation, transmission and distribution. The power transmission sector is responsible for 3% of all disconnection time affecting end users. In addition, this indicator enables the monitoring of disconnection event duration, which improved in 2018 compared to 2017. In addition, SAIDI monitors service quality in vulnerable localities and allows us to manage prevention measures and actions taken in case of emergency.

The Disconnection Rate, which is formulated by the Transelec Disconnection Committee, measures the number of outages caused by the disconnection of facilities with respect to the number of facilities. The transmission line disconnection rate for internal causes was down by 29% in 2018 and the disconnection rate at substations was down 56% compared to 2017, thanks to improved performance in three areas: the line outage rate, the control and protection outage rate and the high-voltage asset outage rate. *Additional information about the Disconnection Rate indicator on 2018 Annual Report, available at our website.*



Reliability in 2018

7
initiatives

in digital transformation to improve our service quality.

84% increase

in vegetation management investment (vegetation cutting and pruning along the easement strip) compared to 2017, contributing to ensure power supply security and continuity.

31%
improvement

on disconnection rate.

HIGHLIGHTED INITIATIVES

- **ZERO FAILURE CULTURE:** a program that has enabled the consolidation of organizational culture designed to improve and make customer service quality sustainable. The working plan focused on three aspects: improving the learning cycle, consolidating change management entailed by the new asset management model and, finally, encouraging collaborative work at the Company.
- **DIGITAL TRANSFORMATION:** seven digital transformation initiatives directly address reliability and service quality aspects. Some examples are asset management 4.0, digital operation planning, risk management digitization, digital outage management ([see page 29](#)), and digital tools for our collaborators, such as augmented reality to provide remote support for outage resolution and spaces for co-creation of digital solutions for workers in the field.

2. Emergency preparedness and response

Fire and disasters caused by climate change have become an important risk for the company. Experience has taught us that preventive maintenance is essential when it comes to addressing this type of emergencies. We consequently have a Crisis Committee that takes action in cases of emergency and an Operational Continuity Plan (OCP) designed to prevent emergencies and promote emergency preparedness. The plan includes three main lines of work: appropriate maintenance of vegetation along the easement strip and minimization of risks at facilities in forest zones away from the easement strip, educating society regarding this type of emergencies and collaborative work actions with forestry companies in order to ensure appropriate forest management.

Educating society

We host training sessions and collaborative meetings in pursuit of better preparation of and coordination with different stakeholders that are essential during natural catastrophes, including authorities and firefighters. Firefighting training sessions with the participation of CONAF brigade members, the Chilean fire department, police officers and several public agencies, such as SEC and ONEMI, among others, are a good example of this. We have also conducted flyover

inspections with authorities in order to coordinate actions with the authority and showcase easement strip management performance (*see highlighted section*).

In addition, we provide ongoing fire monitoring during summer periods. We have implemented a plan that uses Conaf reports to control the risk of fires starting. In keeping with this plan, we have taken operational measures to limit transmission line reconnection in the event of outages and thus prevent events at our facilities from creating new wildfires. In addition, we have an operating plan for fire periods. This plan was designed to ensure personal safety in the vicinity of transmission lines affected by fires.

No significant natural events affected power transmission in 2018.

3. Facility Security

The lack of public safety is a constant concern, considering impacts on our facilities. Cable theft, acts of vandalism, accidents, terrorism and even cyberattacks jeopardize the electricity system, our infrastructure and consequently power transmission service continuity. In order to ensure appropriate actions in the event of these situations, we have protocols that are put into action in accordance with any cases of public safety affecting us.

Emergency preparedness in 2018

0 transmission lines

were damaged as a consequence of natural disasters.

500 people

participated in collaborative firefighting training sessions. (CONAF, Fire Department, Police Forces and other public agencies).

HIGHLIGHTED INITIATIVES

• FLYOVER INSPECTIONS WITH AUTHORITIES:

we invited representatives from the Superintendence of Electricity and Fuel to fly over high-voltage transmission lines in the Valparaíso and Los Lagos regions in order to inspect preventive maintenance work done along easement strips. This was done in order to be prepared for forest fires that could compromise power transmission.

• DIGITAL VEGETATION MANAGEMENT:

we are developing a Machine Learning based vegetation management model that features meteorological data, satellite images, LIDAR technology and transmission line condition and priority in order to reduce outages caused by vegetation.

Cable theft

The crime of cable theft has generated serious damage to infrastructure and has caused service power outages in recent years. Over 150 events of this type have taken place since 2014. Ten cases of cable theft were reported in 2018, down 13 compared to the year before. The 2.5 tonnes of cable extracted caused blackouts in southern Chile. We have implemented several actions to prevent theft, including communicational, operational and legal actions.

Operational actions include 24-hour surveillance patrols in sensitive zones, the incorporation of technological equipment for locating areas affected, and training and coordination with police forces for quick response in the event of theft. Measures are also taken to mitigate impact on our customers and to restore power supply as soon as possible.

Educational and coordination actions include three working tables to prevent cable theft in the O'Higgins, Maule and Biobío regions. We belong to the O'Higgins Region Public-Private Committee, which has started a series of actions, such as the regional plan with preventive measures and legal actions taken against those responsible for theft.

Safety for people interacting with transmission lines

We conduct an ongoing on site and online communications campaign to ensure that people interacting with high-voltage transmission lines will be safe. This campaign is focused on our collaborators, contractors and the owners of property crossed by our transmission lines, residents and communities in the vicinity of our facilities.



Security for our facilities in 2018

5 working tables

to prevent cable theft in the O'Higgins, Maule and Biobío regions.

2,5 tonnes

of copper were stolen in 2018.

500 people

participated in the electricity risk prevention campaign.

HIGHLIGHTED INITIATIVES

- **ELECTRICITY RISK PREVENTION CAMPAIGN:** to provide education regarding electricity risks and safety, power transmission system and easement strip operation, focused on preventive actions for and safety distances from high-voltage transmission lines.
- **NEW THEFT DETECTION TECHNOLOGIES:** we are developing a new technology to detect theft while it is being committed and to activate action plans with police forces

Business management, innovation and service quality

Innovation and digital transformation

Innovation, and digital transformation as a part of innovation, is at the core of our business strategy in order to guarantee competitive, efficient and sustainable power supply and create new value for the company and for society.

Context

Society is increasingly dependent on electricity and will be even more so in the future. Ensuring reliable and sustainable power transmission is therefore an economic, social and environmental imperative for countries around the world. This is coupled with increasing competitiveness in the power transmission segment and has led Transelec to conduct innovation and digital transformation at the company, thus incorporating new technologies, construction methods and smarter decision making in a methodical and disciplined manner.

Management

1. Continuing along the path of innovation

Encouraging pro-innovation culture is a strategic pillar for Transelec and this is reflected in the INNOVA Program. The program started in 2016 and is comprised of four focal points for action: growth, competitiveness, productivity and service quality. Based on these focal points, the Company started to manage an innovation projects portfolio and to support “intrapreneurs” during the process with supervision provided by a Committee especially created for this purpose. The system operates as a funnel, in which initiatives move forward simultaneously in different stages established in our innovation model: focus, detect, generate ideas, design, pilot and scale. The feasibility and impacts of these initiatives depend on whether the different projects pass technical and economic evaluations.

Innovation portfolio governance is also encouraged by the Innovation Center. All of the Company’s Vice-presidents and its General Manager

participate at the Innovation Center, together with the five Innovation Sub-committees at the Operations (Asset Management and Network Management), Business Development, Corporate Affairs, and Legal Affairs Vicepresidencies and the Prosecutor's Office, together with the participation of sponsors and leads for each initiative.

We joined the UC Innovation Center in 2018 as part of the INNOVA Program. The objective is to encourage a pro-innovation culture and environment at the university and in Chile. We have associated with 1,700 academics and researchers, as well as 1,000 regular PhD students, over 100 master's degree and PhD programs at UC, and access to different megatrend and educational workshop activities. In addition, we were ranked among the 50 most innovative companies in Chile in the Best Place to Innovate ranking for the second year in a row

INNOVA en 2018

47
initiatives

in the innovation portfolio, distributed into Conceptualization, Design, Pilot and Scaling stages.

Over 20 areas and 130 collaborators

are currently developing innovation initiatives at the Company's different Vice-presidencies.

20
initiatives

have already been scaled and have become Transelec standards.

18 months

is the average completion time for the entire innovation process.

HIGHLIGHTED INITIATIVES

Remote support with augmented reality:

Smart glasses and mobile devices enable virtual and remote collaboration in real time, solving the problems of distance or information centralization between two parties that are not at the same location.



2. Digital transformation

We have undertaken a digital transformation process at Transelec that is using different enabling digital technologies to radically improve the company's operating process performance. Automation of respective tasks, the use of robotics, augmented reality, big data and advanced data analysis are some of the technological tools enabling the improvement of work planning and execution while moving boldly toward strategic decision-making based on systematic data analysis.

Digital transformation at Transelec is based on three pillars: management and execution of digital projects; culture and capacities at the organization; and enabling digital technologies and data.

Digital transformation is an essential pillar for the future of the Transelec facilities maintenance strategy. The company continued to develop the operations digitization strategy in 2018 as a focal point for the consolidation and development of our asset management model. Work was jointly developed and executed with the consulting company McKinsey & Co.

In this context, we also designed a digital transformation roadmap in 2018 that was divided into three project implementation waves. As part of the first wave, kickoff was executed for 13 projects to be addressed. Each vice-presidency is responsible for at least one project and results expected for 2019 have already been determined.



DIGITAL TRANSFORMATION: HIGHLIGHTED INITIATIVES



Digital operational planning

A mathematical model optimizes the planning process for facility intervention during maintenance, equipment renewal, new connections and other procedures. This enables optimum planning of required intervention in a question of minutes, compared to former periods of 15 days. In addition, intervention is planned at the most appropriate time, which is to say with the least impact for our customers. A pilot project was successfully completed in 2018 and the project is currently in the scaling and implementation phase. Commissioning is scheduled for mid-2019.



Advanced analytics for asset management

This uses data about technical characteristics, performance indicators, operating conditions and the results of inspections and maintenance in order to determine asset condition and predict when it could fail over the short and medium term. This optimizes the planning of maintenance and/or asset replacement, improving power supply reliability and availability. The project is currently in the design stage and will soon move up to the pilot and scaling phase where it will be applied to Transelec assets.



Digitization of operational risk management

A digital tool that works based on a probabilistic model. This provides support for evaluating operational risk and decision making related to mitigation measures. By modelling all risks related to facilities and their association with relevant external information in real time -such as weather, fire, etc.- this tool aims to weigh each of these risks and to efficiently manage the implementation of effective mitigation measures. The project is currently in the prototype phase for short-term scaling.



Cybersecurity

Cybersecurity becomes essential in a scenario that is increasingly dependent on information technologies. Four years ago we created a Cybersecurity Committee and an action plan to prevent, protect and prosecute those responsible in the event of any cybersecurity event. In addition, we are working together with the Chilean Association of Electric Companies to share experiences and determine joint working methods with other companies in the sector. These issues should be addressed jointly because we are working in an interconnected system. Our Board of Directors approved a Cybersecurity Policy in 2018.



Digital construction of substations and facilities

This corresponds to the development of virtual models for substations and transmission lines before these facilities are physically built, thus enabling the early detection of opportunities, risks, interference and/or disruptions in project development. These models also enable the mitigation and optimization of variables affecting the environment (minimizing the use of paper, optimizing resources and reducing waste), as well as variables affecting communities (presenting virtual models of facilities to communities prior to construction) and personal safety (developing construction sequences with minimum risk for people). The initiative is currently in an initial pilot phase that includes collaborative project management methodology training for collaborating companies. The next phases consider the development of 3D (3-dimensional) virtual models and 4D conceptual models.

Business management, innovation and service quality

Financial responsibility and the value footprint⁷

Generating value for our stakeholders is a key objective for Transelec. Ensuring sufficient liquidity for project development is one of our most important tasks at hand, together with honoring the trust of financial institutions and investors. Risk monitoring and control has provided stability and certainty for Transelec's business.

Context

We participate in the regulated power transmission business in Chile (National and Zone Systems) and by means of bilateral contracts with large customers (Exclusive System). The Ministry of Energy sets tariffs and regulates a universal open access regime under non-discriminatory conditions for the National and Zone systems. In addition, current legislation sets the criteria and formulates procedures to determine compensation the owners of power transmission facilities are entitled to receive. Our revenue from these systems is consequently received as profitability over installed capacity.

The power transmission business requires substantial financial resources to fund current and potential fixed asset investment projects and working capital, purchase transmission lines and possible debt refinancing, among others. Although risk is controlled because revenue mainly stems from the regulated business, return on investment is generated over a long-term timeframe. These factors mean that responsible financial and risk management are a critical aspect for the power transmission business, especially if we consider that Transelec S.A. develops power transmission projects in Chile and operates assets appraised at US\$ 3.98 billion as of 31 December 2018.

Management

1. Financial responsibility

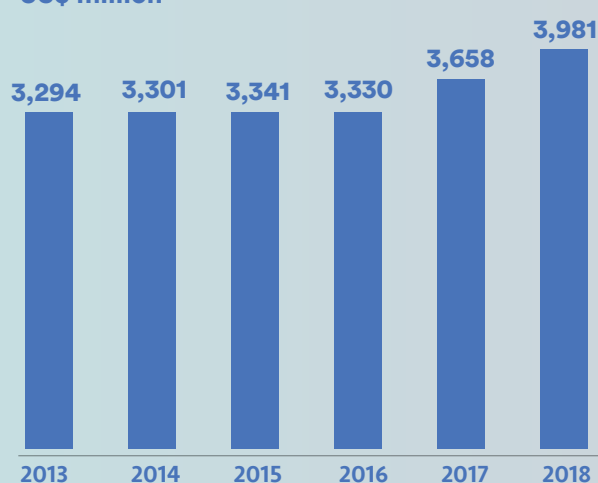
One of our main objectives is to ensure permanent access to capital markets and banks in order to always have funds required for acquisitions and project development. This means that investor confidence in our Company is essential when it comes to addressing business that drives our development.

Additional understanding of our Company enables investors to evaluate the business and potential risks in the future. Appropriate credit quality evaluation allows Transelec to finance its endeavors at competitive interest rates.

An appropriately safeguarded take or pay revenue structure, market conditions, legislation and the current regulatory framework, together with the quality and financial solvency of our customers and shareholders have ensured stable results over time. Costs, which are also stable, are mainly constituted by personnel and maintenance items and enable us to constantly keep our Ebitda margin over 80%.

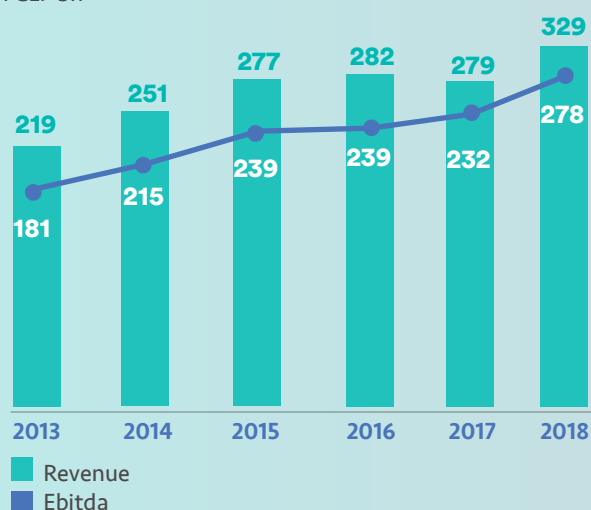
INVESTMENT VALUE (TRANSELEC S.A.)

US\$ million



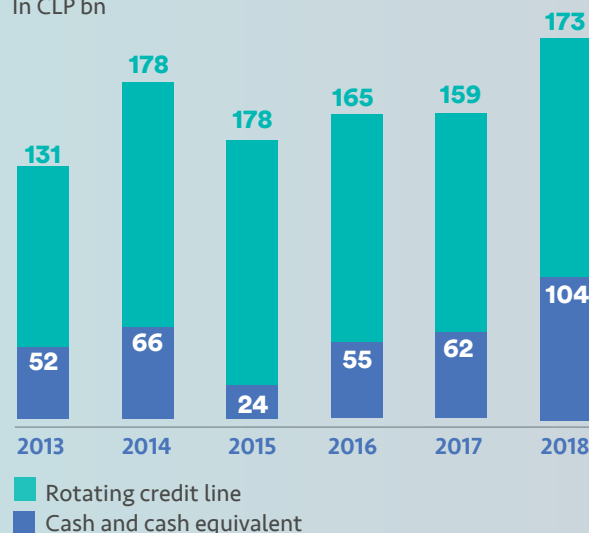
REVENUE AND EBITDA (TRANSELEC S.A.)

In CLP bn



LIQUIDITY (TRANSELEC S.A.)

In CLP bn



For additional information about financial performance, see the 2018 Annual Report available at www.transelec.cl



2. Risk Management

Our Company is not exposed to significant risks while conducting its main business. This is due to the characteristics of the Chilean electricity market and strict legislation regulating the sector.

The role of the board of directors

The Board of Directors is responsible for ensuring appropriate risk identification and management while implementing control measures and responsibilities in order to prevent and/or mitigate these risks. It regularly revises the corporate risk matrix together with Company management and delegates action plan monitoring to the risk management area in order to control and mitigate risks and update the risk matrix.

Information is regularly pooled from different areas in order to determine the main business risks, including sustainability risks. The objective is for these to identify and describe the most important risk factors and to determine corresponding mitigation measures.

In keeping with recent years, we hosted risk workshops in 2018 in order to analyze whether these risks are appropriately identified in the risk matrix, determine how effective control (mitigation) measures have been and determine whether additional control measures are

required. In addition, we formulate a Board of Directors report on a quarterly basis. This report indicates the effectiveness of control measures for the main risks, potential changes in risk level for the most important risk factors, and how the administration is acting and reacting to emerging risks.

Main risks

The main risk factors our Company is facing are related to possible changes in the regulatory framework, increasing competition, technological changes, service quality (power supply outages and cable theft, as well as impacts on power supply) and facility security (easement strip, fire and other natural disasters). The latter factors are managed by ongoing maintenance work at our facilities, coordination with competent authorities and the creation of relationships of trust with communities living near our facilities. *Additional information about risk factors is provided in the 2018 Annual Report, which is available at www.transelec.cl*

Issues such as electricity regulation, the impact of natural disasters on our operation and cybersecurity have become increasingly important in recent years. *Additional information on cybersecurity is provided on page 29.*

3. Value footprint

The value footprint shows the economic value we generate and how it is distributed between our main stakeholders. This is measured as the difference between revenue and operating costs. We generated economic value amounting to US\$ 535 million in 2018. US\$ 350 million of this value is distributed between different stakeholders and US\$ 185 million was retained by the Company and mainly used for reinvestment.

The financial value we generate is distributed to:

- The company itself, by reinvesting value annually retained as earnings.
- Shareholders, in terms of the amount they actually receive that is taken from each year's income.
- Financiers, in terms of interest accrued throughout each year, which is used to finance operations and infrastructure.
- Collaborators, in terms of the value they receive as salary and benefits.
- The Chilean government, in terms of money accrued as taxation.
- The community and the environment, by means of financial items associated with actions directly benefiting the environment, people and society as a whole.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (TRANSELEC S.A.)*

US\$ 535**
million

Chilean government	US\$ 114 million	in taxes
Workers	US\$ 50 million	in salaries and benefits
Service providers	US\$ 35 million	in payment to suppliers
Shareholders and financiers	US\$ 148 million	in payment to shareholders
Community and environment	US\$ 3 million	in environmental and social projects, as well as donations
Reinvestment in the company	US\$ 185 million	reinvested in the company

* Exchange rate used US\$ 1 = CLP 694.7

** Includes revenue from ordinary activities (US\$ 474 million), additional revenue and net VAT (US\$ 61 million).



Governance and integrity

Corporate government⁷

A solid corporate government is fundamental when it comes to addressing the challenges of the future and ensuring that the interests of different stakeholders are considered when creating value for our company.

Context

Transelec is an open stock corporation. Its shares are not traded on the stock market, but it complies with Financial Market Commission (CMF) guidelines, as well as corporate governance laws and regulations currently in force in Chile. In addition, the company complies with the incorporation of good practices indicated in Standard N° 385 in this regard.

An ongoing challenge in terms of integrity and compliance is for our values to permeate all of our actions and decisions and for all of our collaborators to be aligned with our corporate purpose and objectives, ensuring full compliance with internal guidelines and different laws and regulations in Chile and Peru.



(*) :Paul Dufresne, who served as director at Transelec up until January 2019, is absent in this picture.

Management

1. Board of Directors

Our Board of Directors establishes general company management guidelines, such as formulating annual, medium- and long-term goals, the business plan and the strategic plan. In general terms, it is responsible for strategic direction of the Company, determining its fundamental principles, mission, values, policies, strategies and priorities, monitoring value creation and the efficient use of resources, supervision of performance, risks and management control systems, including sustainability.

The Board of Directors is assisted by committees in these efforts: Corporate Governance, Audit, Human Resources, Regulatory and Corporate Reputation, Finance and Investment.

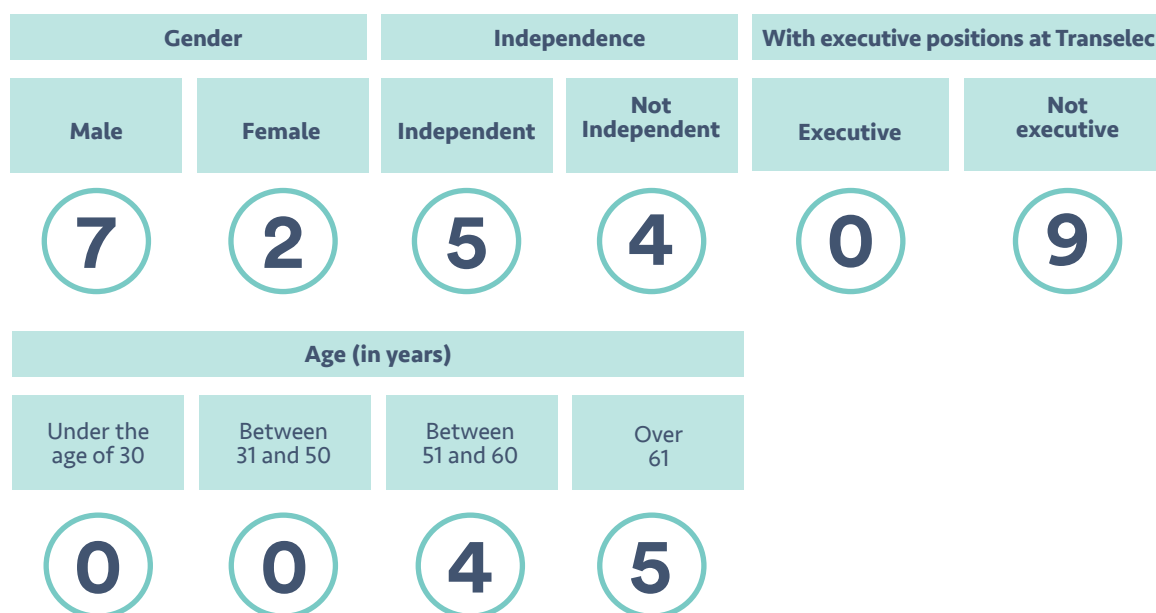
Our Board of Directors is made up of nine members who fill their positions for two years and are eligible for re-election. No director fills executive positions at the company. The Board is comprised of two Canadians, six Chileans and one Chinese director. Two of the directors are women. Five directors are independent⁸.

Guidelines and procedures: In order to improve corporate governance standards, Transelec has had guidelines for Board of Directors member induction and training processes since late 2016. These guidelines consist of specific procedures for visits to Company facilities and several opportunities for addressing issues related to teamwork, crisis management, etc.

Delegation to the General Manager: corporate management and administration is delegated by the Board of Directors to the General Manager, who is responsible for all company operations and the different business and support units also report to the General Manager.

Training and induction: in order to develop and empower collective know-how for the Board of Directors, we hosted a training session about corporate governance and international best practices in 2018. In addition, we hosted the First Directors and Collaborators Meeting to explain duties and responsibilities of the Board of Directors and the different committees. In addition, collaborators presented some strategic initiatives that are being implemented at the Company.

Board of Directors Structure



⁸ "Independence", in the case of Transelec, does not refer to its definition in the Corporations Law, because it does not meet the requirements and therefore does not apply to the Company. This refers to the fact that these directors are "independent" of the Corporation's shareholders.

2. Sustainability governance

We have committees on the Board of Directors and executive level mechanisms for discussing issues related to sustainability, setting priorities, determining action plans and monitoring progress. The **Corporate Governance Committee** was created in 2016 and it meets twice per year to propose and nominate members of the Board of Directors and to evaluate their management. In addition, its mandate includes examining and evaluating Transelec corporate government guidelines and making recommendations to the Board of Directors.

In turn, the **Investment Advisory Committee** is responsible for consolidating and formulating information to be submitted to the Board of Directors regarding different Transelec projects and thus facilitating decision making. The Committee also oversees the identification and management of economic, social and environmental issues, as well as the impacts, risks and opportunities associated to these issues (including the application of due diligence processes).

The **Audit Committee** revises annual internal and external audit plans, as well as progress and reports, and supervises the application, operation and certification of the Company's Crime Prevention Model. In turn, the **Operations Committee** is responsible for supervising health and safety programs indicated in Transelec recommendations regarding health, safety and operational KPIs. In addition, this committee discusses operational issues in detail with members of the Board of Directors either before or after Board meetings.

The **Regulatory and Corporate Reputation Committee** is responsible for revising the Regulatory and Corporate Reputation Strategy to be implemented and for monitoring the main legal and regulatory modifications of the power and environmental sector, and for leading tariff setting processes in the national and zone transmission systems. This Committee monitors the results of the Corporate Reputation Survey conducted by the company every other year. In turn, a five-year outlook analyzing issues that could have impacts at regulatory and corporate levels is presented the Regulatory and Corporate Reputation Committee on a quarterly basis. In addition, the **Human Resources Committee** meets at least once per year to revise issues related to collaborators belonging to the Transelec team.



Additional information about the role of these Committees and a description of other administrative committees is provided at <http://www.transelec.cl/quienes-somos/#q-gobierno-corporativo>

SUSTAINABILITY KPI's

We have determined ten key variables to be monitored and all of these are consolidated in the Integrated Management System (IMS) dashboard. Each of these indicators is revised at IMS Committee meetings and job safety, operations, certification upkeep, community relations, social investment program impact evaluation with communities, and environmental, labor and social compliance issues are addressed.

We submit a monthly Flash Report to the Board of Directors. The report includes different issues related to sustainability and important issues in other areas: labor security, Ethics Hotline claims, environment, community relations, etc.



Governance and integrity

Ethics and compliance⁷

We guarantee compliance with regulations related to our activities and commit to the highest ethical standards.

We act integrally and honor each of the commitments we have voluntarily taken on.

Context

One million Chileans are depending on us for the energy they need in their daily lives. Trust is therefore essential in our business. This trust is earned by the exemplary service we provide and our integrity while providing it. We work to ensure that our values and principles are reflected in our actions and take great pains to ensure that our collaborators comply with high ethical standards and come through on their commitments.

We are a company in constant renewal that employs different generations of collaborators. A constant challenge is to ensure that our outstanding values permeate and are reflected by the daily actions of all our workers.

In addition, we know that cases of corruption and other crimes have heightened public scrutiny, leading to legislation designed to guarantee corporate integrity. We have consequently implemented a series of internal measures to safeguard our own integrity.

Management

Our Integrity Model installs two focal points for action: prevention and early detection of unethical conduct.

GOVERNANCE



1. Integrity governance

- a. Corporate Government Committee:** this committee is responsible for leading the organization with regard to the prevention of illicit or unethical conduct.
- b. Compliance Officer:** we have had a Compliance Officer since 2016. The compliance officer's duties go beyond legal compliance because this officer evaluates whether conduct is in line with the company's values and promotes cultural change required at the organization.
- c. Audit Committee:** this committee revises audit reports, balance sheets and other financial statements and is responsible for revising the annual audit plan (internal and external), its progress and reports, and for supervising application, operation and certification of our Crime Prevention Model.



2. Code of Conduct and Ethics Hotline

We have a Code of Ethics that is applicable to directors and executives, as well as a Code of Conduct that applies to all of our collaborators. In addition, we have implemented an Ethics Hotline –by means of a web-based platform– to handle questions and claims regarding the breaking of laws, values, the company’s Code of Conduct or other offenses. This hotline can be used by collaborators and persons not employed by the Company and it features a query mechanism. It is a simple and safe system that guarantees anonymous grievances to be filed.

Thirteen grievances regarding ethics issues were filed in 2018 (up from 11 grievances in 2017). 92% of these grievances were settled in 2018.

Claim Investigation Protocol: we have this compliance investigation protocol since the end of 2016. This protocol explains how to settle uncertainty regarding possible cases of ethical conflicts, actions constituting a claim, available claim channels, the investigation process and sanctions.



3. Crime prevention

Crime Prevention Model: we have a Crime Prevention Model to prevent bribery, the handling of stolen goods, asset laundering and the financing of terrorism in accordance with the provisions of Chilean Law N° 20,393 since 2013. A semi-annual and annual audit plan is used to verify appropriate design and operation. This model was recertified for two years in March 2017.

In 2018 we implemented the model in Peru, adjusting it to local conditions and training collaborators regarding the model and use of the ethics hotline.

Politically Exposed Persons: we have had a policy for regulating relations with Politically Exposed Persons (PEPs) since 2016. The policy provides a clear and accurate definition of this issue and states the obligation to report persons in said category by means of a declaration. Transactions with PEPs must be approved by the company’s general manager. A new monitoring procedure including PEP analysis was implemented for suppliers that same year.

Conflicts of interest: we have guidelines and procedures for preventing and managing conflicts of interest. The Code of Ethics includes a chapter on “Conflicts of interest and operations with stakeholders”, which mentions articles 146 and following articles of the Corporations Law in order to understand when a conflict of interest arises. The Code of Conduct, which is applicable to all employees, also includes guidelines regarding conflicts of interest.

Free Competition: we have guidelines to ensure respect for free competition in all our commercial actions. A free competition evaluation was conducted by the law firm Ferrada & Nehme in 2018.



4. Audits

We have an Internal Audit Department created by the Board of Directors that reports to the Audit Committee. Its purpose is to ensure that all operations are executed in compliance with the highest standards by exercising an independent and objective function. The department consequently conducts revisions at different levels, which are approved by the Audit Committee, based on the analysis of strategic risks. These are executed on an annual basis and aim to improve the efficiency of management, control and governance processes.

The 2018 internal audit encompassed revisions related to cybersecurity; transparency for goods and services purchasing processes at zone divisions; accuracy of operating, maintenance and administration cost calculation for projects; implementation of administrative and operating processes at Conelsur (Peru); and the design and operation of controls associated to the Crime Prevention Model, among other essential aspects. These audits have led to improvements in the configuration and operation of control systems related to these processes. In addition, an audit of conflict of interest declarations and PEPs was added near the end of 2018.

In addition, Transelec employs external auditors to issue independent opinions regarding the Company's financial status and results, among other issues.



5. Training collaborators

Crime Prevention Model and Corporate Governance training has been provided for all collaborators joining the Company since 2014.

We annually host a cycle of talks at all of our operations regarding the model and duties of the compliance officer, use of the Ethics Hotline and other issues in 2017. We also developed online "ethics dilemma games" by means of an Intranet platform. The idea is for our collaborators to understand the role played by and the importance of ethics and values in their day-to-day decisions.

Ethics claims

13

received in
2018

92%

settled in
2018

0

discrimination
claims

0

cases of
corruption

100%

of all directors and 59% of all
collaborators trained regarding
anti-corruption procedures in 2018

Compliance

0

significant fines⁹
stemming from non-
compliance with social
or economic laws or
regulations

0

environmental
fines¹⁰

⁹ Fines over US\$ 1,000,000 are considered to be "significant".

¹⁰ Sanctioned by the Chilean Environmental Superintendence and sectorial agencies in 2018.



6. Responsible supply

Our suppliers and contractors are essential for our ability to provide an excellent, reliable and sustainable power transmission service. We therefore place emphasis on developing mutually beneficial relationships of trust with them while ensuring that they are aligned with our Company's policies and standards.

We consequently put special emphasis on the timely supply of equipment, replacement parts and services together with cost and quality management, identification and management of risks for the supply chain and the incorporation of sustainability standards at Transelec, especially between our suppliers and contractors.

Scope: 1,110 companies providing supplies and services¹¹ comprised our supply chain in 2018 and these companies were paid a total US\$ 117 million. In turn, workers employed by companies providing services (contractors) came to a total 3,083 people, which account for 85% of the overall workforce, also considering the company's own employees (538 people).

Compliance: risks associated to the supply chain are part of our risk management system and audits conducted to monitor compliance with control measures we have implemented. Contracts with suppliers consequently contain provisions regarding crime prevention and the hiring of minors. We monitor our contractors' compliance with labor legislation and the company's strict operating and occupational policies. In addition, contractors are required to comply with the Transelec Sustainability Policy.

We provide training for our suppliers regarding our Code of Conduct, the Ethics

Hotline and the Crime Prevention Model, which was also applied to our suppliers in Peru in 2018. In addition, we participate in the Responsible Provisioning Program coordinated by Acción Empresas. This program focuses on timely payment, transparency and greenhouse gas management.

Communication and claims: we encourage our suppliers and contractors to use the Ethics Hotline and other communication and relations mechanisms to discuss any problems they may have regarding their relations with Transelec or its contracts. *Additional information on page 39 and 43.*

Critical services and supplies: service providers (contractors) for engineering, supply and construction services are critical in the project design and construction stage, specifically when integrated (non-EPC) projects are addressed and each process stage is executed by a different stakeholder. Complexity is due to the fact that engineering development requires input from the equipment supplier and the construction company needs engineering in order to obtain permits and execute work on site. Transelec's role in this value chain is to ensure quality standards are met within execution deadlines committed to with end customers while maintaining cost control for each project at all times.

Service providers are crucial in the operating and maintenance stage for transmission lines and substations in order to provide preventive and corrective maintenance for power transmission lines, electrical substations, telecommunications and SCADA (Supervision, Control and Data Acquisition).

¹¹. Suppliers with purchase orders created in 2018 (released, open and closed).

Governance and integrity

Collaboration with our stakeholders⁷











We promote collaboration and alliances for development and sustainable operation of the power transmission system. We challenge ourselves to constantly apply best practices together with our internal and external collaborators and all our stakeholders.

Open, ongoing and proactive relations with our stakeholders enable the evaluation and improved formulation of our business strategy and priorities. Building and maintaining fluent relationships of trust with these groups while providing clear and timely information about our operations is essential for Transelec.

We have determined that our priority stakeholders are those that could be significantly affected by our activities, products and/or services, as well as those whose actions could affect our capacity to successfully execute the strategies and objectives we have formulated and set.

We conducted a fourth Corporate Reputation Survey in 2018. Over 300 persons were surveyed and we interviewed 30 of these persons in depth, including collaborators, customers, the financial world, regulators, legislators, informed leaders, communities, landowners and contractors. This instrument enables us to evaluate their opinions regarding Transelec's performance in different dimensions of the business (Supply, Innovation, Labor, Integrity, Citizenry, Leadership and Finance), in order to subsequently identify gaps and formulate action plans.

Snapshot of our shareholders

Who they are?	 Shareholders	 Authorities and regulatory entities	 Customers	 Collaborators and contractors	 Communities	 Landowners	 Informed leaders	 Corporate and financial sector
	<p>72.3% of Transelec's shares belong to the Canadian consortium comprised by Canadian Pension Plan Investment Board (CPP), British Columbia Investment Management Corp (bcIMC) and Public Sector Pension Investment Board (PSP). The Asian company China Southern Power Grid purchased the 27.7% interest owned by Brookfield Asset Management (BAM) in March 2018.</p>	<p>The Company mainly relates with the following regulatory entities: Ministry of Energy, Ministry of the Environment, National Energy Commission (CNE), Superintendence of Electricity and Fuel (SEC), and the National Electricity Coordinator (CEN).</p> <p>At a political level, Transelec relates with the Ministry of Internal Affairs and members of the Senate and Chamber of Deputies Mining and Energy Commission, as well as regional governors and intendents.</p>	<p>These are mainly non-regulated customers (such as mining companies), that require a transmission line for project development and companies generating different types of energy needing to connect to the power transmission system. Non-conventional renewable energies (NCRE) that usually have little time to connect to the system have become increasingly important in recent years.</p>	<p>Our collaborators are all workers directly employed by Transelec. Their management is essential in order to achieve the company's goals. We currently have 538 collaborators.</p> <p>Contractors are all workers indirectly employed by Transelec and they work in four areas. These amount to 3,084 people.</p>	<p>Transelec has nearly 10,000 kilometers of transmission lines. For Transelec, communities are the inhabitants of towns, settlements and cities neighboring our facilities. We have prioritized over 20 communities with which we relate directly on an ongoing basis. Communities also include neighborhood or district authorities.</p>	<p>These are the owners of land crossed by Transelec transmission lines. Landowners are stakeholders that we had not explicitly addressed in the past.</p>	<p>These are all persons whose expertise or position means that they have extensive knowledge and important opinions about what is happening in the power sector and how it can influence Chile. Most are related to think tanks, the academic world and specialized external consultants.</p>	<p>The corporate sector is comprised by all industry associations (SOFOFA, CPC and power companies, among others) that promote growth and discussion of country issues.</p> <p>The financial sector is comprised by national and international banking institutions, risk classification agencies and insurance companies.</p>
How do we relate?	<p>Telephone meetings and live meetings in Chile and in Canada every month, scheduled videoconferences, reports and the Annual Report.</p>	<p>Live meetings when required, information regarding the Company's operations provided by means of the monthly corporate newsletter, Annual Report, Sustainability Report and corporate website. Relations are forged when the company is invited to explain its position when hearings are requested by means of the transparency law.</p>	<p>Meetings with each customer when necessary; breakfast meetings to discuss solutions and matters of interest; Company information disseminated by means of our corporate newsletter; the Annual Report; our website; Transelec attends important events for the power sector; and publications in the national and regional media.</p>	<ul style="list-style-type: none"> • We communicate with collaborators by means of workshops, working sessions, breakfast meetings with the general manager, zonal newsletters, newsletters, the El Trasmisor magazine, Transelec TV, Intranet and our website, among others. • We communicate with contractors by means of training workshops, working sessions, issue-specific pamphlets and direct relations via corresponding ITOMS with the Transelec Projects Area. 	<p>Working tables with neighborhood leaders and local authorities, social investment programs and projects, early and formal citizen participation activities for projects, distribution of zonal newsletters featuring important information, airplay on local radio stations, community visits to substations and media publications, among others.</p>	<p>Directly through maintenance activities and educational campaigns, such as Electricity Risk Prevention, as well as information about the Company and landowner rights and duties. We implemented a Landowner Relations Model in 2018. The model explains communication mechanisms and incorporates relation quality assessment mechanisms.</p>	<p>One-on-one meetings, the corporate newsletter, Annual Report, Sustainability Report, our website, social networks and media publications.</p> <p>We have been hosting a "Connecting Conversations" seminar cycle since 2016. These conversations feature participation of representatives from different levels of local society in different zones of Chile.</p>	<p>Meetings, breakfast meetings, corporate newsletter, Annual Report, Investor Day, Quarterly Income Reports, Sustainability Report, our website, media publications and different seminars hosted by the company.</p>
Main interests and concerns	<ul style="list-style-type: none"> • Generation of sustainable value based on the 5 pillars of the company's strategy • Contributing to Chile's development 	<ul style="list-style-type: none"> • Citizenry • Service quality • Ensuring that Transelec is a good citizen 	<ul style="list-style-type: none"> • Response time • Transparency • Leadership • Service quality 	<ul style="list-style-type: none"> • Employment quality • Safety • Leadership at the company 	<ul style="list-style-type: none"> • Contribution to local development • Access to information about the company's socio-environmental impacts, as well as mitigation and compensation measures if applicable 	<ul style="list-style-type: none"> • Personal safety • Ensuring that Transelec is a good citizen 	<ul style="list-style-type: none"> • Service's quality • Good corporate citizen 	<ul style="list-style-type: none"> • Solidity • Leadership



Organizations and agencies we participate in

In order to contribute to developing society and the energy sector, we participate in the following organizations and initiatives:

Corporate:

- SOFOFA
- AMCHAM
- Power Companies Association AG
- International Council on Large Electric Systems (CIGRE)
- Industrial Suppliers Association of Mining (APRIMIN)
- International Transmission Operations & Maintenance Survey (ITOMS)
- Chilean-Canadian Chamber of Commerce AG

Sustainability and integrity:

- Global Compact
- Fundación Acción Empresas
- Fundación PROhumana
- Fundación Generación Empresarial

Innovation:

- UC Innovation Center

People

Health and safety⁷

We value and protect the lives of each internal and external collaborator and member of the communities where we operate. No operational goal or emergency justifies exposing a worker to uncontrolled risks. We are transversally committed to occupational health and safety.



Context

Transelec has renewed its commitment to unrestricted compliance with Occupational Health and Safety (OHS) legislation together with the ongoing improvement of its legal updating mechanisms and regular monitoring of these commitments.

As is the case with many other companies in the industry, our organization has been affected by changes in its operating context, which has required the creation of and participation in different spaces for cooperation, such as the Industry Association of Power Companies (EEAG), a space promoting the exchange of OHS know-how and best management practices.

Management

Safety standards

We have continued to make headway in the implementation and continuous improvement of our Safety Culture Model that features OHS plans focused on prevention and critical risks. Its goal is "Zero Incidents" during high-risk activities. High risk activities for Transelec are altitude work, vehicle circulation and work with energized systems.

OHSAS 18001 certification backs our daily activities and we will work to update the ISO 45001 standard in 2019.

In addition, we have set annual Occupational Health and Safety (OHS) goals (*see highlighted section*).

Preventive actions

We have been furthering initiatives to improve safety management and accident prevention since 2017. These initiatives have four main objectives:

IMPROVING HIGH RISK ACTIVITY MANAGEMENT

- Creation of safety culture indicators.
- Learning management and lessons learned.
- Improvement of the reportability process and the ReportaTranselec platform.
- Recognition and Sanction Plan implementation.

IMPROVING HIGH RISK ACTIVITY MANAGEMENT

- Strengthening measures to prevent high risk incidents that have occurred over the last five years, serious accidents in our company's history and those that have occurred in the market, making headway toward a solid safety culture for reportability, and worker training at a fair organization.
- Revise and strengthen high risk activity control measures considering the personal risk matrix and relations with contracting companies.
- Strict control of equipment used by contractors.

CONSOLIDATING CONTRACTOR MANAGEMENT PLATFORMS

- Supplier qualification during the tendering process according to OHS performance.
- OHS validation process for contracting company personnel.
- OHS regulations for contracting companies.

STRENGTHENING OCCUPATIONAL HEALTH RISK CONTROL MEASURES

- Ergonomic assessment of new or modified work stations.
- National UV radiation risk campaigns.
- Occupational exam management.

2018 OHS GOALS

- Reduce the accident rate to 0.6
- Reduce the claims rate to level 18
- Maintain zero fatalities, as we have over the last ten years



Occupational health

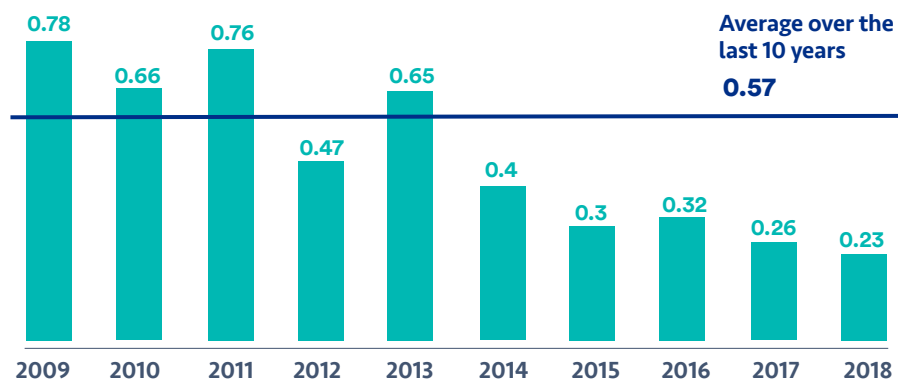
We have identified Occupational Health risks that can affect our workers. We have consequently been able to comply with legal requirements and implement protocols designed to protect our workers' occupational health, monitoring results or any deviations that may arise.

OHS Results

Efforts put forth by everyone working at Transelec led to our lowest accident rate in history: a rate of 0.2 in 2018. We were also happy that we do not have to regret any fatalities or work-related illnesses in 2018. 2018 marked to the lowest accident rate over the last ten years.

ACCIDENT RATE

Lost time accidents /workers average



Over the last
15 years
 we have not had
 to regret any
 collaborator or
 contractor fatality.



People

Human capital development¹

Sustainability is our aspiration as a company and our collaborators are essential for achieving it.

We are transversally committed to encouraging a good working environment to enable the integral development of those belonging to our working teams.

538

own
collaboratorss

18%

women

1%

persons with
disabilities

3,083

contractors

Context

Society is constantly changing: technological disruption and collaborative work constitute an essential part of new generations, which must face changes that will continue to affect the power transmission business. These changes will lead to new types of work. Different capacities will be required and workplaces will have to adapt. New generations, specifically Millennials, are trying to make contributions to companies and find meaningful work. Job flexibility and the use of new technology are essential for these people when it comes to choosing a place to work at. New generations seek happiness before economic benefits and want more teamwork instead of vertical, hierarchical relations. These generations see new technologies as a motivating challenge and not as a problem.

We at Transelec are moving into the future and have consequently created a Digital Transformation area that is preparing us to take a leading role in what is to come. This process will essentially require flexible, tolerant and open leaders. We are creating working communities to share knowledge and experience and to transmit new strengths to new generations, such as doing things right the first time, interpersonal relations based on respect and work focused on excellence and the commitment each of us feels as part of a company that transmits energy to over 80% of Chile.

Management

1. Talent development

Operation of the power transmission system and new projects that have been developed is a source of pride for the Company and an opportunity to train our collaborators. We consequently implemented changes to improve the attraction and selection of new talent in 2018, as well as development for people working at Transelec.

- **Talent attraction and selection:** we redefined corporate and soft skills in order to search for and select the best candidates, incorporating new competencies such as innovation, alliance development, networking and flexibility, among others. Our goal is to attract young talent. We accept 40 future professionals who complete their practicums at the Company each year. We have developed over 100 strategic problem theses for the industry over the last 10 years. 40% of these thesis writers have worked at or currently work at Transelec.

- **Internal mobility:** the new recruitment portal has streamlined mobility, providing easy access for our collaborators to position openings at the Company. Fourteen collaborators were promoted to management positions thanks to internal mobility promotion in 2018.

- **Training:** considering technical expertise and professional qualification required in our market, we have been working hard to train our professionals. We hosted different training programs in 2018 related to technical skills, administration, languages, safety and sustainability, among others. Total training time came to 35,000 hours in 2018, equivalent to an average 5.5 hours per collaborator and annual investment amounting to US\$ 1,590/collaborator.

Our 2019 objectives include improving access to knowledge by incorporating new learning technologies. We have consequently started to develop an online training platform, which will enable us to create and store internal knowledge and make courses available to the entire organization.

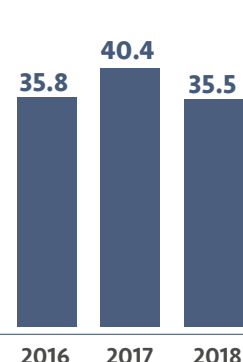
COLLABORATORS

Number in December



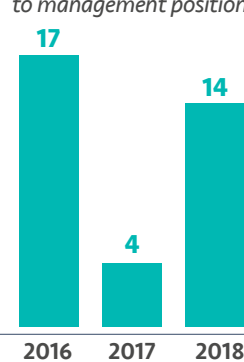
TRAINING

Total hours in thousands



PROMOTION TO MANAGEMENT POSITIONS

Number of collaborators promoted to management positions



We implemented an internal recruitment portal in 2018

CENTER FOR LEADERSHIP TRAINING

The training of leaders is essential for any organization's success. We want these leaders to promote the creation of flexible and outstanding working teams. Our Center for Leadership Training has continued to develop competencies. Change management and the creation of agile, high performing teams were the central issues, mainly addressing working teams working on strategic initiatives for the Company. In addition, the program provided training for young managers: 22 new managers graduated in 2018 and we will maintain this focus in 2019 together with the development of outstanding talent in order to model possible successors at the Company.

2. Diversity and inclusion

Having a diverse team of professionals contributes value to the organization and also helps us work toward a more open and diverse culture. Diversity and inclusion were therefore an important focus for our daily activities in 2018.

Chile is currently in the midst of a process of change: more and more women are joining the workforce and life expectancy is increasing, together the universe of senior citizens who have chosen to remain professionally active. In addition, immigration has increased considerably, which has become more evident as foreigners join the workforce. This context requires a business strategy that will attract a wide range of talent, contribute to innovation and make way for new perspectives and creative solutions.

In keeping with this business strategy, we formulated our Diversity and Inclusion Principles in 2017. This strategy commits to include groups that have occasionally been excluded from the workforce, such as: persons with disabilities, senior citizens, women and persons with cultural diversity (i.e. immigrants and first nations, among others). We designed a management model to incorporate this strategy that includes transversal commitments at all levels of the company.

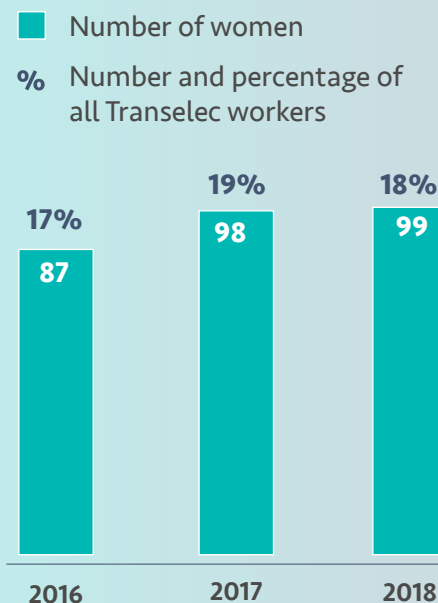
We implemented our “Adding Energies” Diversity and Inclusion Program in 2018. Its design was based on the results of a diversity and inclusion perception survey and diagnostic involving collaborators in 2017. Program implementation permeates different aspects, such as the hiring process, culture, accessibility and safety, among others.

- **Hiring:** we have decided that we will not make any positive discrimination when it comes to recruiting personnel, but simply choose the best candidate. Therefore, we will choose people from the aforementioned four vulnerable groups under equal conditions.

- **Accessibility and safety:** we have made structural changes in quality of life aspects. For example, we designed a new evacuation plan that incorporates persons with disabilities, senior citizens and pregnant women. We are creating new access points, rest rooms and evacuation structures, among others.

- **Culture:** we are making progress to encourage a more diverse culture. We hosted 8 workshops for raising awareness in 2018. 99 women belong to our team, accounting for 18% of the workforce. Although we now employ one more woman than in 2017, this percentage is down because the total number of collaborators has increased. 1% of our employees are persons with some type of disability¹⁰, 4% are foreigners and 21% are collaborators over the age of 50. In 2019 we will work to formulate management indicators in order to implement compliance metrics for the four focus areas considered in our program. In turn, the company will work on new programs and initiatives to complete what has been designed and thus make the cultural change to be driven by this project throughout the entire organization.

WOMEN



¹² Law 21,015 requires the hiring of 1% persons with disabilities for companies with over 200 workers..



CLAUDIA CARRASCO

My experience at Transelec has been very good from the perspective of a woman at Transelec. I have never experienced any different treatment or discrimination from my workmates or while interacting with other companies and authorities from the sector since I joined the Company in late 2011.

Women's participation in the workplace is an issue that merits development in order to effectively provide the equality we all deserve. I therefore wish to highlight that the company is concerned about responsibly addressing diversity issues because changes don't always happen by themselves. Diverse people with different skills are able to see tasks differently and having a working team that has differences that are complemented is valuable for that team and consequently for the company.

ENYER MACERO

As a Venezuelan, I feel grateful to God and to the Chilean people for welcoming me in and especially to Transelec for giving me the chance to become a part of this big family, to keep growing from a professional perspective and to contribute my knowledge toward driving the growth of this organization.

My colleagues have made me feel very comfortable while respecting and appreciating my technical expertise.

GERMAN CORTES

I personally believe that I've had a very good experience in terms of accessibility where I can go anywhere in the main office without having to ask for assistance, as well as the human team I've been working with every day and sharing with different areas. They have been so approachable and kind when it comes to providing guidance and teaching, and they've been willing to get to know people with some type of disability. I think that's the most important thing when it comes to growing as professionals and peers. Inclusion means that we first have to see each other as equals and that's what I have experienced so positively at Transelec.

I only wish to add that the inclusion program has been wonderful, but I think the next step is to do this in the field, which is to say in situations where physical accessibility aspects are harder to adapt.

ELIAS VALENCIA

I personally believe that I've had a very good experience in terms of accessibility where I can go anywhere in the main office without having to ask for assistance, as well as the human team I've been working with every day and sharing with different areas. They have been so approachable and kind when it comes to providing guidance and teaching, and they've been willing to get to know people with some type of disability. I think that's the most important thing when it comes to growing as professionals and peers. Inclusion means that we first have to see each other as equals and that's what I have experienced so positively at Transelec.

I only wish to add that the inclusion program has been wonderful, but I think the next step is to do this in the field, which is to say in situations where physical accessibility aspects are harder to adapt.

3. Engagement with our collaborators

The fact that our collaborators feel proud to belong to Transelec is the end result of years of work in which we have built an organization based on our corporate values: respect, integrity, commitment and excellence. As part of this process, we have made progress in terms of making each manager a leader and strengthening our working relationships.

Uniting Chile with Energy is our core purpose and it is essential that this mobilize those working at the company. *Additional information regarding impact on the country on page 16.*

Work climate

We have focused on keeping people at the core of our strategy. In addition to a good benefits structure, this has produced an outstanding work climate, which is assessed every other year.

Competitive benefits

We at Transelec have competitive salaries and benefits compared to the market. We have a bonus program aligned with meeting the objectives of our business strategy. Performance is assessed for 100% of our collaborators.

Quality of life

We have several initiatives at Transelec that have been designed to improve quality of life for those working at the company. The most popular are the shortened workday on Fridays and the current incorporation of bridge days in the event that a legal holiday falls on Tuesday or Thursday. Another highly appreciated benefit is the Pause Gymnastics Program started in 2011 in Santiago and in Chile's regions. We also wish to highlight Club Transelec, which hosts recreational, sports and cultural activities by matching employee contributions on a basis.



Our values:

Excellence

Respect

Commitment

Integrity

WE CONTINUE TO IMPROVE OUR ORGANIZATIONAL HEALTH

We understand that putting people at the core of our strategy and ensuring good organizational health means that we need empowered leaders and a good work climate.

Since organizational health depends on several factors, such as leadership, innovation and motivation, among others, we have been addressing its assessment systematically by applying a world class tool over the last 10 years. In 2018, and for the fifth time, we assessed OHI (Organization Health Index) using a health survey conducted by the consulting company McKinsey at different companies around the world. We are proud of our score of 80 points in that it positions us in the upper tenth for this evaluation at a global level for the second time in a row and this result reaffirms that we have placed the right emphasis on our Leadership Program: innovation, organizational culture and flexibility.



As part of our goal to include our employees' families at the company, we hosted "Open Day" in Santiago and in Chile's regions for the eighth year in a row. This is a session in which Transelec opens its office doors so that our collaborators' children can visit the place where their parents work and understand the contribution they make at the company. Along the same lines, we celebrated our traditional Christmas party that was attended by our workers and their families.

Labor relations

Empowering good labor relations and building trust with all collaborators and their union leaders is a long and painstaking task. We have consequently continued our open house policy with the company's two unions (SITRAT-SINATRAN) and we address different working issues at regular meetings. In 2018 the Company successfully reached a new Collective Agreement with SITRAT, the Transelec S.A. Workers Union (which represents 67% of our workers). The process was executed within the deadlines set in the Labor Code and an agreement was reached for the maximum legal period of three years, satisfying all parties involved.

	2016	2017	2018
Working climate			
OHI Score	81	**	80
Unionization			
Percentage	65%	69%	74%

** . A survey conducted every other year by the international consulting company McKinsey.



Our communities

Local engagement⁷

We create mutually beneficial relationships of trust with communities and local authorities. We understand the social context where we operate, recognizing the wealth of diversity in each of these places.

Context

Our experience has shown that the creation of relationships of trust with communities is based on always being there for them, staying in one place, listening and answering their questions, committing to people and coming through on our commitments. Distrust of companies and institutions has been increasing throughout Chile in recent years. There has been an increasing number of investment project conflicts with communities in the areas of influence for these projects, leading to increasingly more common project judicialization due to socio-environmental conflicts in different territories. According to the National Institute for Human Rights Map of Socio-environmental Conflicts in Chile¹³, there are currently 116 conflicts with communities, 38% of which correspond to the energy sector. This sounds a voice of alert regarding the importance of maintaining constructive, long-term relationships with communities where we operate and building projects in such a way that we do not become part of the aforementioned list. We take special care when operating and building in indigenous territory, a sector that accounts for 33% of the reported conflicts in Chile according to this study.

¹³. The National Institute of Human Rights Map of Socio-environmental Conflicts in Chile can be found at the following website: <https://mapaconflictoN.I.ndh.cl/#/>

Communication and dialogue with communities are essential for approval and processing time when it comes to presenting new projects. Environmental institutionalism currently considers citizen participation processes¹⁴ in the environmental evaluation framework. Anticipating this process enables us to reduce points of conflict and distrust. In this sense, actions such as voluntary early citizen participation and voluntary early indigenous citizen participation in keeping with ILO Convention 169 are actions implemented by the company that go beyond the provisions of the law, as do voluntary social investment agreements including a series of actions and projects developed to favor communities in pursuit of strengthening local development.

Management

We developed an engagement strategy with the community, which is mainly based on the creation of relationships of trust by means of dialogue, in order to contribute to local development and safe management of our facilities. We have essential tools, such as a community relations and social investment model, a citizen participation and indigenous citizen participation strategy for projects, and a model to ensure reliability for our operation. *Additional information about aspects of operational reliability on page 20.*

ENGAGEMENT STRATEGY WITH THE COMMUNITY

Operation (10,000 km)



New Projects



¹⁴ Formal citizen participation processes are mandatory for investment projects, according to Law 19,300 (Environmental Bases), Law 19,253 (Law on Indigenous Promotion and Protection and Development) and Law 20,500 (Law on Associations and Citizen Participation in Public Administration).

1. Community relations and social investment model

This model prioritizes communities where we develop community relations process and social investment projects based on criteria such as proximity to our current or future facilities, the strategic importance of a substation for the national electricity system, or the territory's track record in terms of investment projects, among others. The model classifies communities into three types: base, priority or strategic, thus determining the program or type of intervention to be made in the zone. In addition, the model sets objectives and formulates opportunities for dialogue, local development programs and a formal relations model with local leaders. We developed eight Community Relations Principles in 2016, which provide clear guidelines regarding how to proceed when operating or building projects. These principles are listed as follows:

Community Relations Principles

Principle 1. Ongoing learning and innovation

Principle 2. Competitiveness

Principle 3. Coherence and clarity

Principle 4. Early relations

Principle 5. Clear dialogue

Principle 6. Strengthening capacities

Principle 7. Knowledge of the surrounding area

Principle 8. Involvement and collaboration

Considering that transparency and communication are essential for creating trust, the model considers a series of formal milestones to announce commitments we have made with communities to the public, which is documented in the "Social Investment and Collaboration Agreements". These documents are signed by community leaders and Transelec. These agreements determine social investment projects to be implemented, formal mechanisms for dialogue with communities, the creation of work tables with social leaders and regular community assemblies.

We renewed four of ten Collaboration Agreements in 2018, updating agreements with the communities of Rucaco (Los Ríos Region), Nogales (Valparaíso Region), Juan Huenchumil Quintupil (Araucanía Region) and Polpaico (Metropolitan Region) and signing six new agreements in different areas throughout Chile. We are still involved in ten work tables (bilateral Community-Transelec relations) and four associative work tables (multilateral relations: community, authorities, other companies).

Social investment initiatives we are involved in with the communities are the result of our community relations model. *Additional information about social investment projects is found on page 58.*

Community evaluation using the Corporate Reputation Survey

The impact of community relations model application for Transelec's corporate reputation is measured every other year by means of a Corporate Reputation Survey. This instrument monitors stakeholder approval level and is conducted by a neutral and independent third party. Our efforts are focused on concrete results: preventing conflict with the community in order to operate smoothly and developing upgrade projects required by the electricity system within appropriate deadlines. We were happy to see the results of the 2018 survey: approval by the local communities consulted came to 80%, up 23% compared to 57% in 2016.

80% 

approval by our
communities



2. Citizen participation and indigenous citizen participation strategy for projects

We work to incorporate concerns and opinions from the social environment starting from the design phase of power transmission projects in order to gain social approval of our actions, thus determining routes that will generate the least possible social and environmental impacts.

Experience has shown that formal implementation of early citizen participation processes generates larger spaces for dialogue and transparency for the communities, as well as benefits for our business. One of these is compliance with planned deadlines and starting investment projects featuring good relations with our neighbors.

In 2018 we were able to achieve successful community participation in flagship projects for the company such as: the Pichirropulli – Tineo transmission line (in the Los Lagos Region and Los Ríos Region), the Frontera Substation (Antofagasta Region), the Valdivia Substation and Ciruelos Substation upgrade (Los Ríos Region), and at the Frutillar Substation.



We conduct early citizen participation and early indigenous citizen participation processes (if applicable) and voluntary social investment for all of our projects with communities in their areas of influence, three measures that go beyond the scope of the law.

EARLY INDIGENOUS CITIZEN PARTICIPATION FOR THE PICHIRROPULLI - TINEO PROJECT

Early citizen participation for Environmental Impact Study (EIA) approval of the Pichirropulli-Tineo power transmission line (Los Ríos Region and Los Lagos Region) involved dialogue processes with 72 communities, including two indigenous communities and one indigenous family. Since our strategy included completion of an early indigenous citizen participation process in keeping with the provisions of ILO

Convention 169 (prior to formal consultation required by law), this project featured the fastest indigenous citizen participation process in Chile, which was approved in only six months. A US\$ 500,000 social investment program including multiple initiatives for indigenous and non-indigenous communities was formulated as a voluntary measure for project development



Our communities

Contribution to development⁷

We transmit energy while contributing to the development of territories where we operate. We understand that a country does not make progress unless this economic growth is balanced with environmental care and the welfare of its inhabitants.

Context

We aim to ensure that Transelec operations in a territory constitute a real opportunity for the development and welfare of surrounding communities. We know that quality of life is deficient in many of our neighboring communities and that there are problems with basic services such as health, education and even access restrictions for electrical energy and unsafe conditions in public spaces.

Management

Our community actions are reflected in the contributions to and distribution of economic value that we make. In 2018 we contributed US\$ 3.4 million to communities and the environment, which comes to 1 % of our distributed value. This amount includes financial items related to actions directly benefitting local communities and society as a whole. In addition, we distributed US\$ 114.7 million in payment to the Chilean Government, which amounts to 21% of our value.

1. Social investment in communities

Participatory social investment projects

A model promoting associativity and the creation of work tables at each location is used to support the development of social investment projects that are jointly designed with communities. These agreements aim to create mutually beneficial relationships of trust and dialogue with communities where we interact. We worked with 20 communities in 2018, reaching over 3,300 residents. Because these initiatives are formulated in conjunction with communities, a wide range of activities are executed depending on each location. However, in recent years these have focused on energy access and the use of non-conventional renewable energy in public spaces, among other issues related to energy (*see highlighted section*). A plan will be formulated in the future in order to improve access to energy for our neighboring communities.

We contributed to a series of initiatives not related to energy access in 2018. These included support for the Rucaco Traditional Fair in the town of San José de la Mariquina for the fifth consecutive year (Los Ríos Region), neighboring our Ciruelos substation for the fourth year in a row; recovery of the El Encuentro public square neighboring the Transelec Neptuno substation in the Lo Prado community and construction of the first public square in the Nogales community neighboring the Nogales substation; as well as funding for sports activities and training neighborhood leaders, among others. We also led a public-private table supporting living conditions problem resolution for squatter settlements in Antofagasta.

Ideas with Energy

This program was designed to provide educational support for children from communities neighboring our substations. The program teaches about renewable energy and innovation, including technical assistance and equipment provision for rural schools. In addition, the program addresses the culture of first nations at schools with indigenous students in schools throughout the La Araucanía Region. In 2018 we joined forces with Universidad Católica de Temuco to host ceramics and jewelry making workshops taught by expert artisans who master traditional Mapuche techniques.

15 schools from 13 districts participated in this program in 2018. Students of all ages got involved. Annual activities finished with a project exhibition for each educational community. Educational visits to substations were hosted as part of the program in order to learn about energy and power transmission, further disseminating our actions and the importance of power transmission and safety. Over 500 students from all over Chile visited our substations in 2018.



10 years

has been running our
“Ideas with Energy”
program that has
benefited over
6,000 children.

Social investment projects designed to unite Chile with energy



SOLAR PANELS AT RINCÓN DE PATAGUAS



24-HOUR ELECTRIFICATION IN QUILLAGUA



LED LIGHTING COMMUNITY PROJECT IN CHARRÚA



SOLAR LIGHTING FOR THE "LOS OLIVITOS" PUBLIC SQUARE IN NOGALES



SOLAR PANELS FOR HOUSING UNITS IN ENSENADA COMMUNITY

COMMUNITY LED LIGHTING PROJECT IN CHARRÚA

This project provided LED technology lighting. This is the result of work with the Charrúa Associative Table comprised by the Ministry of Energy, the Cabrero Municipality, the sector's Neighbors Association and the companies Transelec, Orazul Energy, Generadora Metropolitana, GGO Los Guindos and Colbún.

"Young people traveling to school in Los Ángeles and Concepción and people going to work elsewhere get off at the Yungay crossing and then walk to Charrúa. This has substantially improved safety for all of our residents".

Olga Flores,
President of the Neighbors Association

10 years as part of the Community⁷

We have made progress in terms of contributing to the development and well-being of our surrounding communities over the last ten years.



"Ideas with Energy", originally known as "Juega+" focused on healthy living and sports education.



"Growing Together", focused on training for employability.



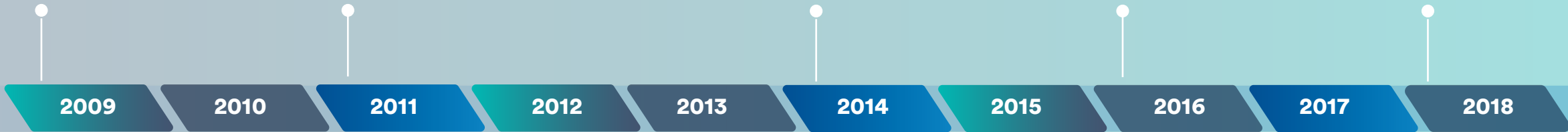
"Juega+" was expanded to "Juega +, First Nations" focused on rescuing Mapuche culture and traditions.



Social investment agreements were signed with communities in order to seal formal agreements with communities.



The fastest indigenous citizen participation in Chile's history in keeping with ILO Convention 169, reaching agreements with the indigenous community. "Landowner Relations Strategy".



The Transec "Sustainable House" traveled throughout Transec teaching about renewable energy and energy efficiency.



The "Growing Together" program was expanded to production development, entrepreneurship and employability.



"Community relations and social investment strategy" with a strategic communities model. Social impact mitigation starting with project design. The first project applied was Lo Aguirre - Cerro Navia.



Social investment processes in over 20 communities, benefiting over 2,700 people. Early citizen participation processes for all investment projects.





Environment

Environmental management⁷

We prioritize care of the environment while maintaining a preventive attitude. We care for our natural and social environment and pursue the efficient use of natural resources in all of our activities.

Context

World leaders adopted a set of global objectives to eradicate poverty, protect the planet and ensure prosperity for everyone as part of a new sustainable development agenda in 2015. We espoused these challenges at Transelec, aligning our sustainability Policy and Strategy with SDGs.

Our business is power transmission. It plays an essential role for society and can potentially generate impacts on surrounding areas during construction and operation stages. Given the fact that our high-voltage transmission lines cross different ecosystems -desert in the north and forests in the south, inhabited zones and spaces with high cultural or heritage value- installing a preventive culture is essential when it comes to minimizing our socio-environmental impacts.

Chilean environmental legislation has general¹⁵ and specific application regulating sector operation. The Environmental Impact Evaluation System (SEIA) oversees project development stages. This agency issues specific authorization for large-scale projects known as an Environmental

¹⁵ Law 19,300 on General Environmental Bases, Law N° 20,283 on the Recovery of Native Forest and Forestry Development, archaeology and paleontology legislation.

Qualification Resolution that determines environmental commitments for the project. Considering the fact that our power facilities are located throughout Chile, there are different specific standards that may apply depending on territorial characteristics. These may include territory in some conservation category, leading to the submittal and execution of a management plan to care for and protect the aforementioned areas.

Management

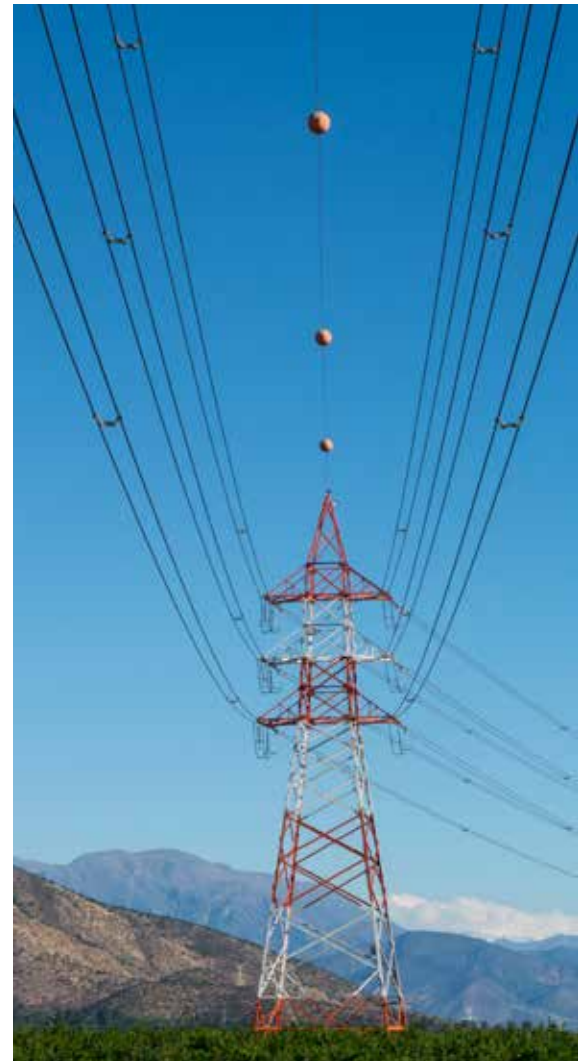
Sustainability and environmental issues are at the core of our management. One of the Company's five pillars is to "contribute to sustainable development". We have consequently implemented sustainable development into all stages, ranging from design and construction to transmission system operation, with a multidisciplinary and preventive outlook that goes beyond legal provisions. This focus enables the identification and timely evaluation of possible environmental impacts, the analysis of route alternatives, verification of standards and the design of appropriate mitigation, compensation and/or restitution measures as required.

Potential environmental impacts of our activity vary depending on business stages and many of our potential impacts can be minimized or avoided during the design stage. One example of this is route deviation in order to minimize the alteration of natural landscapes and/or ecosystems of biodiversity value while reducing the loss of farmland.

Our Environmental Management System, constitutes part of our Integral Management System (IMS), encompasses all operations, including engineering, construction and operating stages. We have designed an Environmental Plan aligned with our sustainability strategy developed in 2018 in order to address our most important environmental issues.

We have an online monitoring and management system (m-Risk platform) for environmental conditions and requirements corresponding to projects that have been indicated in Environmental Qualification Resolutions. We had 73 Environmental Qualification Resolutions (RCAs) in 2018 and these contained nearly 1,300 current commitments and a large number of permits we will be required to monitor.

Environmental aspects related to our activities during the construction, operation and closure of transmission systems are identified and control measures have been implemented in order to prevent and mitigate potential environmental impacts.



0
significant
environmental impacts
in 2018.

Environmental leadership

Considering the fact that environmental issues are transversal for the entire organization, we designed an organizational model in 2018. Environmental leaders were trained in different areas in order to provide additional flexibility and more timely response to these issues. We trained leaders with integral capacities and the ability to manage and take responsibility for different environmental challenges.

“CONSUMA CONCIENCIA” ENVIRONMENTAL RESPONSIBILITY PROGRAM

Consuma Conciencia initially aimed to generate a cultural change for our collaborators and contractors. In 2018, in hand with our Sustainability Strategy, it moved toward an environmental management program for efficient resource use, integral waste management and carbon footprint reduction. It includes education and awareness raising campaigns, as well as action plans for the entire Company to work with in order to meet these three objectives in coming years.



#yoCuido: caring for energy and water resources

#yoReciclo: integral waste management, recycling and waste reutilization

#yoMeMuevo: sustainable transport

Additional information about sustainable transport initiatives has been provided on page 70.

1. Planning and design considering environmental impact

Chile's growth and development require new power transmission infrastructure that implements a precautionary focus starting from the planning and design stages, and which incorporates all environmental aspects from the very start. In addition, thanks to our early community relations and early indigenous citizen participation strategy, we have implemented a system that improves decision making for project analysis and incorporates aspects such as the existence of critical natural resources, spaces of high social value and/or that are highly sensitive from a social perspective and inclusion of communities' opinions in design stages. *Additional information about early relations during projects on page 57.*



220 hectares

has been reforested by
Transelec over the last
ten years.

Our infrastructure can potentially generate negative impacts on biodiversity, cultural and historical heritage and visual aspects, among others. Our strategy focuses on early detection of these potential impacts, placing emphasis on prevention during the project engineering stage. A good example of how to make project engineering compatible with the surrounding area was the Pichirropulli – Tineo Project¹⁶, which featured special vegetation conditions in southern Chile (*see highlighted section*).

In cases of sites with high archaeological value, cultural or historical heritage, early identification makes way for starting mitigation actions, such as route changes or archaeological rescue that requires the intervention of specialists in order to prevent the loss of heritage value.

In terms of visual impact, considering that current projects require the design of large-scale or highly complex structures considering transmission distance and capacity required, we have made headway in terms of determining routes that generate the least impact, which are also discussed with the community ahead of time.

2. Environmental innovation

Innovation is a core issue for our business strategy and this has been incorporated into all company areas, including the environmental area. This enables us to add value for the company and for society, transforming information into key data for decision making and process adaptation and improvement. One example is the app known as “Application - APP - for environmental compliance at our facilities” (*see highlighted section*), which is part of the first wave of innovation project implementation at Transelec and the first environmental initiative that went into a pilot phase in 2018. In addition, we developed other innovative initiatives, which are currently in different innovation process phases. *Additional information about our innovation focus and initiatives on page 26.*

¹⁶ “2x220 kV Pichirropulli-Tineo Power Transmission Line” construction.

PREVENTING IMPACTS ON NATIVE FOREST: THE PICHIRROPULLI - TINEO PROJECT

Prevention is the best ally for protecting natural resources and we apply this focus to our transmission projects at Transelec. Early modelling of the native forest surface area consequently reduced the surface area of native forest to be cleared¹ by 22% in the case of the Pichirropulli Project. A model was formulated that only required trees jeopardizing transmission line operation to be felled. The surface area to be cleared initially calculated at 107 Ha of native forest was consequently reduced to 83 Ha.

1: Reforestation generally considers a ratio of 1:1 between felled and reforested species.

APPLICATION -APP- TO ENSURE ENVIRONMENTAL COMPLIANCE AT OUR FACILITIES

This application is a clear example of how innovation and sustainability go hand in hand. It is focused on improving environmental compliance checklist management and thus making progress in terms of traceability of information pooled on site, managing deviations and providing information in real time to enable timely decision making. This also generates benefits such as reducing risk associated to the occurrence of environmental incidents and/or personnel accidents while minimizing the risk of legal non-compliance. Several tests designed to make progress with the application pilot program were executed in 2018 and the app will be tested, commissioned and incorporated into the Integral Management System in 2019, with subsequent training for site personnel and the support area to ensure appropriate operation.

3. Generation of knowledge and public-private alliances



We understand that we need to work together with others in order to have an environmentally sustainable transmission system.

We have different public-private alliances to address environmental issues such as protecting biodiversity (flora and wildlife) or climate change, among others. Alliances with Universidad de Concepción and CONAF for ecological remediation issues (*see highlighted section*) and the alliance with Aves Chile to study the interaction between birds and power transmission lines are two noteworthy cases.

In addition, in order to contribute to the protection of biodiversity, Transelec has undertaken a series of dissemination, research and protection initiatives. One of these was the publication of “Lonquén, life reserve” and “Biological value, ecosystem services and a plan indicative plan for the for the Lonquén hill and Chena hill priority sites”, developed between 2012 and 2015.

As for climate change, we participated in a study conducted by Acción Empresas, which is working to identify and analyze measures implemented by different companies participating in the “Actions for addressing climate change” initiative, a research project being conducted by the UC Global Change Center. *Additional information about our alliances is provided on page 44.*

ALLIANCE FOR ECOLOGICAL RESTORATION WITH ACADEMIA AND THE PUBLIC SECTOR

This alliance between Transelec, Universidad de Concepción and Conaf was forged in 2011 in order to conduct pioneering ecological remediation at the Nonguén National Reserve, Concepción Province. This reserve protects the last important remains of the deciduous forest in the coastal zone of Concepción, which was almost entirely replaced by agricultural and forestry production.

A second stage (2017-2019) started in 2017. This stage includes indicator monitoring, updating the native plant inventory, expanding the remediation area by two hectares and planting 100 copihue specimens, together with another 8,000 native plants. The first stage (2011 – 2012) consisted of removing invasive species and planting over 3,000 seedlings of 14 different native species.

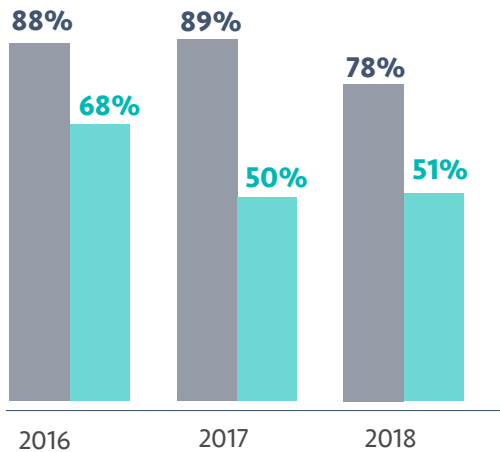
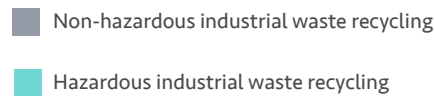
“This project’s results indicate that pioneering results for restoration are produced when academia joins a private company. In this case these contribute to recovering important natural heritage in the Nonguén National Reserve”, stated Juan Carlos Hinojosa, Regional Director of Conaf Biobío.

4. Waste

We are focusing on minimizing waste generation, ensuring responsible waste management and providing value for waste. We have consequently set hazardous and non-hazardous waste recycling goals for all operation and project areas.

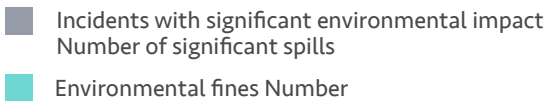
We are especially careful during the construction of new infrastructure, since much of the waste generated can be used for new purposes at other companies. For example, wood, steel, scarified material or surplus soil material from excavation are easily reused. In addition, we have recycled 52 tonnes of hazardous industrial waste at the operation, which has slightly improved our recycling index: this came to 51% in 2018, up from 50% in 2017.

ENVIRONMENTAL MANAGEMENT



77%
of non-hazardous industrial waste
recycled by operations in 2018

ENVIRONMENTAL INCIDENTS AND FINES





Environment

Climate change⁷

We play an active role in connecting renewable energy sources to the system and we commit to mitigate and adapt to climate change.

Context

Climate change is a natural phenomenon. However, the latest international studies indicate that global warming is caused by human activity and catastrophic effects have been predicted as a consequence¹⁷, such as melting ice mass at the poles, which in turn causes sea level to rise, causes flooding and threatens coastlines. The acute and chronic effects of climate change can potentially affect power transmission systems. According to WBCSD¹⁸, those posing the greatest risk are storms, flooding, intense wind, swells and rising sea level, as well as heat waves. Power transmission is a regulated activity and therefore we must urgently address this reality at a national level in order to ensure that electricity systems will be better prepared for (or adapted to) the different potential impacts of climate change.

Chile signed the Paris Agreement in 2016. The purpose of this agreement is to reduce global emissions. Since 2016, Chile has been promoting a decarbonization strategy, bringing the country to the forefront of global rankings¹⁹ for its steady expansion in the use of renewable energy for power generation.

¹⁷. Report issued in 2018 by the Intergovernmental Panel on Climate Change at <https://archive.ipcc.ch/report/sr15/>

¹⁸. https://docs.wbcsd.org/2014/03/Building_A_Resilient_Power_Sector.pdf

¹⁹. Emerging Markets Outlook 2018, BloombergNEF Global Climatescope. See the complete report at <http://global-climatescope.org/assets/data/reports/climatescope-2018-report-en.pdf>

Management

Climate change poses risks and opportunities for our business. It is part of our new Sustainability Policy and we are moving toward systematic management of this issue. We are designing a corporate strategy focused on two perspectives in order to address risks: mitigation and adaptation at existing operations, as well as adaptation at new projects. In addition, there are new opportunities for our role in the connection and transmission of renewable energy sources into the electricity system, thus contributing to Chile's efforts to mitigate climate change. *Additional information about our role in the connection of renewable energy on page 24.*

We created a Climate Change Committee comprised by the Vice-presidencies of Corporate Affairs and Sustainability, Engineering, Operations and Business in 2018 in order to assess the effects of climate change on our business. The Committee submitted the "Evaluation of vulnerability, impacts of and adaptation to climate change for Transelec S.A. energy infrastructure" to the UC Global Change Center, to the UC Energy Center and to the Research Center for Integral Risk and Disaster Management. Among other aspects and in order to support implementation of the upcoming climate change strategy, in 2019 we will create a transversal Climate Change Committee comprised of different Vice-presidencies that will address the issue. In addition, we will promote innovation as an ally for solutions that must be found for adapting to and mitigating climate change that will affect our business.



THE INCREASING USE OF RENEWABLE ENERGY

Steep power generation cost reductions stemming from the incorporation of renewable energy sources have enabled widespread development of these technologies that depend on the sun, wind and other unlimited resources. However, these must be connected to the system in order to make them available. Our role is to facilitate connection to power transmission systems and to transmit this energy to the most remote corners of Chile for subsequent distribution and consumption. This is not just a technical issue, it also means that we are thinking about new business models. We connected 33% of NCRE in 2018, bringing the total up to 64% over the last 5 years.



1. Adaptation to climate change

We are studying how to strengthen adaptation capacity and resilience to risks related to climate and natural disasters at our operation and projects. We are consequently making headway with a climate change study being conducted by UC Global Change Center in which we will analyze our risks and subsequently formulate adaptation measures required for our new projects.

2. Climate change mitigation

We have a mitigation plan that is focused on four aspects: reducing the use of goods with high emission rates, boosting energy use efficiency, increasing the use of low emission technologies and reducing fuel emissions.

We have been measuring our carbon footprint for scopes 1 and 2 at our operation and projects since 2013. We consequently know that our highest potential for reduction lies in reducing eventual sulfur hexafluoride (SF6) gas leaks (not continuous emissions) by reducing our stock of this gas used as an insulator. We have set a goal to reduce SF6 gas and this has been associated to a working plan. In addition, we will work to create and execute a working plan for quantifying our corporate carbon footprint considering scopes 1, 2 and 3 in 2019 in order to subsequently study opportunities for reducing this footprint.



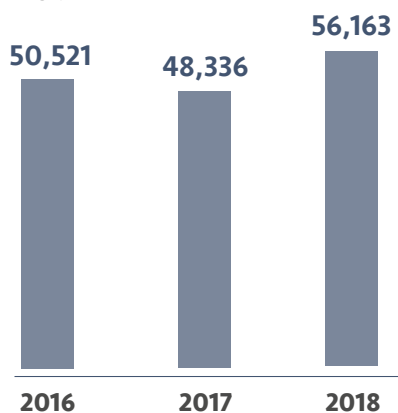
MORE THAN HALF A TONNE OF CO₂ IS NO LONGER EMITTED THANKS TO SÚBETE

Súbete, a car pooling initiative with companies neighboring our corporate center (VTR, SURA Asset Management and Transelec), led to over 265 car pools, reducing CO₂ emissions by 0.6 tonnes, the equivalent amount of CO₂ fixed by 27 trees in one year.

Climate change

ELECTRICAL ENERGY CONSUMPTION

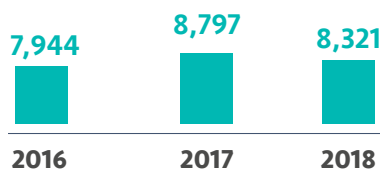
Gigajoules




GREENHOUSE GAS EMISSIONS

Tonnes of CO₂ equivalents.

Total scope 1 and 2 emissions





05. Annexes

ABOUT THIS REPORT

Transelec formulated its tenth Sustainability Report in order to report on its strategy, priorities and performance regarding the most important sustainability issues for its operations.

This report has been prepared in accordance with the GRI Standards: Core option. The focus is on the most important issues for Transelec and its stakeholders, which have been determined in keeping with GRI Standard guidelines.

Information presented herein addresses the Company's management in 2018. Data from previous years has also been included in order to provide additional context. The main events that have taken place up to the date when this document was published have also been included. The report encompasses all Transelec operations.

A transversal working team was involved in the formulation of this document and consultancy was provided by external experts. The team provided oversight for GRI principle compliance and was responsible for pooling and validating information reported.

THE MOST IMPORTANT ISSUES TO BE REPORTED

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

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

- **Strategic and priority issues for Transelec:** interviews with the Company's Senior Management and issues stemming from the Sustainable Value Creation Strategy, Sustainability Policy and Risk Matrix.
- **Important issues for the external audience:** issues mentioned in the media regarding Transelec, the energy sector and other companies; the Corporate Reputation Strategy and Engagement Strategy applied by Transelec for its stakeholders.
- **Emerging issues for the energy sector:** DJSI (Electric Utilities Sector and Terna Group global leader practices); GRI Sustainability Topics by Sector; State of Sustainable

Business (BSR/Globescan); Global Risk Report (World Economic Forum); B Impact Assessment and Corporate Governance Standard 385.

The issues identified were analyzed and ranked by the company's Senior Management according to Importance for Stakeholders and Scope of Impact. This was how the most important issues to be included in this report were determined. In addition, audiences the report was to be directed to and its main features were determined at a working meeting with the general manager. Workshops were then scheduled to address each material issue and to provide a detailed description of the company's management focus, core aspects to be reported and highlighted initiatives and indicators. These workshops were attended by the company's Vice-presidents and key executives for issue management.

The most important issues are listed as follows:

BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY

- Development and adaptation of the business to the energy scenario of the future: Development Strategy, Innovation and Digital Transformation.
- Service security and reliability.
- Financial liability and value footprint.

GOVERNANCE AND INTEGRITY

- Corporate governance
- Ethics and compliance
- Collaboration and engagement with our stakeholders

PEOPLE

- Health and safety
- Human capital development

OUR COMMUNITIES

- Local engagement
- Contribution to development

ENVIRONMENT

- Environmental management
- Climate change

SUSTAINABILITY PERFORMANCE SUMMARY

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY					
Reliability					
Service Safety Index – EIT (equivalent interruption time)	Minutes of equivalent interruption time	EU12	3.9	4.1	7.9
Disconnection rate – Transmission lines ¹	Number of outages for each 1,000 kilometers		16.1	16.7	7.9
Disconnection rate – Transmission lines (for reasons attributed to the company) ²	Number of outages for each 1,000 kilometers		6.4	6.1	4.3
Disconnection rate – Substations ³	Number of outages for every 1,000 circuit ends		101.7	189.6	83.5
Investment in vegetation management for power supply safety	Percentage compared to last year		-1%	43%	84%
Theft from Transelec facilities	Number of events		60	21	6
	Tonnes of conductor cable removed		43	18	3
Prevented theft	Number of events		3	2	4
Public security alliances for the prevention of cable theft	Number of working tables		5	5	5
Customer satisfaction	Percentage, measured as connection customers		68%	73%	93%
Innovation					
Projects in the innovation portfolio	Number. In all process stages		N.I.	35	47
Projects in operating stage	Number		N.I.	13	17
Digital transformation projects	Number		N.I.	16	13
Collaborators developing innovation initiatives	Number		N.I.	100	130
Financial responsibility and value footprint					
Revenue	US\$ million	102-7	421	445	474
Revenue from the National System	Percentage	102-7	64%	63%	57%
Revenue from Zone Systems	Percentage	102-7	15%	16%	23%
Revenue from Exclusive Systems	Percentage	102-7	19%	18%	17%
Revenue from Services	Percentage	102-7	2%	3%	3%
EBITDA	US\$ million	102-7	358	378	400
Economic value generated and distributed	US\$ million	201-1	470	518	535
Transmission lines	Kilometers	102-7	9,609	9,648	9,672

N.I. no information

1. corresponds to disconnections stemming from and outages and force majeure, considering total own causes and force majeure based on ITOMS

2. corresponds to disconnections stemming from and outages and force majeure, considering only own causes based on ITOMS

3. 2016 and 2017 figures do not coincide with those published in previous reports due to changes in rate calculation that is now adjusted to how this is measured by ITOMS

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
CORPORATE GOVERNANCE AND INTEGRITY					
Board structure					
Directors	Number	102-22	9	9	9
Women directors	Number	102-22; 405-1	1	1	2
Directors with executive positions at the company	Number	102-22	0	0	0
Independent directors	Number	102-22	5	5	5
Directors under 30	Number	102-22; 405-1	0	0	0
Directors between 31 and 50	Number	102-22; 405-1	1	1	0
Directors over 51	Number	102-22; 405-1	8	8	9
Code of Ethics					
Claims filed	Total number of claims received throughout the year	102-17	11	11	13
Claims settled	Total claims settled throughout the period	102-17	100%	100%	92%
Corruption					
Members of the Board of Directors who have been informed and trained regarding anti-corruption procedures and policies	Percentage	205-2	100%	100%	100%
Employees who have been informed and trained regarding anti-corruption procedures and policies	Percentage trained and reported during the year	205-2	0%	66%	59%
Confirmed cases of corruption	Number	205-3	0	0	0
Incidentes por discriminación	Number	406-1	0	0	0
Cases of unloyal competition	Number of pending or completed legal actions stemming from disloyal competition, monopolistic practices or practices contrary to free competition that have been identified in which the organization participated	206-1	0	0	0
Compliance					
Amount fined	Monetary value of significant ⁴ fines stemming from non-compliance with social or economic laws or regulations. US\$ millions	419-1	N.I.	0	0
Number of non-monetary sanctions	Number of non-monetary sanctions stemming from non-compliance with social or economic laws or regulations	419-1	N.I.	0	0
Number of cases	Number of cases subjected to social or economic dispute settlement mechanisms	419-1	N.I.	2	0
Environmental fines	Number of fines sanctioned by the SMA and sectorial agencies throughout the period	307-1	0	0	0
Environmental fine amounts	Amounts fined by the SMA and sectorial agencies in US dollars throughout the period	307-1	0	0	0

4. We consider fines over US\$ 1,000,000 to be "significant".

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
PEOPLE					
Occupational health and safety					
Accident rate	(Number of lost time accidents/ worker average)*100	403-9	0.3	0.26	0.2
Claims rate	(Number of days lost/ collaborator average)*100	403-9	5.6	16.1	11.1
Fatalities	Number	403-9	0	0	0
High risk incidents	Number	403-2	0	2	2
Work-related illnesses	Number	403-10	0	0	0
Contractors and subcontractors with occupational health and safety training	Percentage	403-5	100%	100%	100%
Own worker breakdown					
Permanent full-time workers	Number as of 31 December each year	102-8	509	529	538
Men	Number as of 31 December each year	102-8	422	431	439
Women	Number as of 31 December each year	102-8	87	98	99
Workers by age range					
Women under 30	Number as of 31 December each year	405-1	22	25	18
Women between 30 and 50	Number as of 31 December each year	405-1	58	65	73
Women over 50	Number as of 31 December each year	405-1	7	8	8
Labor relations					
Unionization	Percentage compared to total collaborators	405-1	65%	69%	74%
Strikes	Number		0	0	0
Years without strikes	Number		24	25	26
Working climate index	OHI Score		81	*5	80
Training					
Training hours	Thousands of hours	404-1	35.8	40.4	35.7
	hours/collaborator	404-1	70.4	76.4	66.4
Amount invested in training	US\$ invested in training		854,371	926,977	846,354
Amount invested per worker	US\$/collaborator		1,679	1,752	1,573
Workers with performance evaluation	Percentage compared to total number of workers	404-3	100%	100%	100%

5. Survey conducted by the international consulting company McKinsey every other year.

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
OUR COMMUNITIES					
Social relations					
Social incidents	Number	413-1	1	0	0
Grievances filed regarding social impacts	Number. Only includes those submitted by means of formal grievance mechanisms	413-1	1	0	0
Communities displaced by company projects	Number	EU22	0	0	0
Communities with participation programs	Number	413-1	16	20	20
Communities with impact evaluation	Number	413-1	6	8	14
Social contribution					
Communities with development programs	Number	413-1	6	8	10
Social investment	Amount in US\$ thousands	413-1	N.I.	1,024	943
Persons benefited	Number	413-1	2,139	2,706	3,300
ENVIRONMENT AND SURROUNDING AREA					
Environmental incidents and fines					
Incidents with environmental impact	Number of significant spills	306-3	2	0	0
	Volume in m ³ of significant spills	306-3	0.4	0	0
Environmental fines	Number of fines	307-1	0	0	0
	Amount in US\$	307-1	0	0	0
Electrical energy consumed	Gigajoules	302-1	50,521	48,336	56,163
Greenhouse gases	Tonnes of CO ₂ eq. Total scope 1 and 2 emissions	305-1; 305-2	7,944	8,797	8,321
Waste and recycling⁶					
Hazardous Industrial Waste	Tonnes	306-2	521 ⁷	137	227
	Percentage recycled		68%	50%	51%
NON-hazardous Industrial Waste	Tonnes	306-2	6,189	3,222	6,331
	Percentage recycled		88%	89%	78%
Biodiversity					
Reduced felling of native trees	Hectares left unfelled	304-3	N.I.	N.I.	24
New areas reforested by Transelec	Hectares	304-3	0	28	23
Projects with noise measurement	Number		N.I.	N.I.	3
Renewable energy connected by Transelec	MW		1,022	347	227
	Percentage compared to the total connected to the system		78%	22%	33%

N.I. No information

6. Figures only include operations..

7. six transformers that generated a high volume of hazardous waste (272 tonnes), or approximately 52% of total hazardous waste generated by Transelec in 2016, were removed in 2016

GRI Content Index

Standards. Core Option 2018 Sustainability Report - Transelec

GRI Standard	Disclosures	Page number or URL	Omission
GRI 101: 2016 FUNDAMENTALS		[GRI 101 does not include disclosures]	
GENERAL CONTENTS			
GRI 102: General Disclosures 2016	102-1 Name of the organization	Title page	
	102-2 Activities, brands, products and services	8, 9	
	102-3 Location of headquarters	Our main headquarters are located in the city of Santiago, Chile.	
	102-4 Location of operations	8	
	102-5 Ownership and legal form	8, 34	
	102-6 Markets served	8, 9	
	102-7 Scale of the organization	10, 31, 48, 73, 75	
	102-8 Information on employees and other workers	10, 48, 75	Information about employees and other workers is not presented by region because these are grouped together for the entire operation in Chile.
	102-9 Supply chain	10, 41, 48, 75	
	102-10 Significant changes to the organization and its supply chain	8	
	102-11 Precautionary principle or approach	Transelec’s Sustainability Policy safeguards application of a precautionary approach for the Company’s actions.	
	102-12 External initiatives	17, 44	
	102-13 Membership of associations	44	
	102-14 Statement from senior decision-maker	5	
	102-15 Key impacts, risks, and opportunities	5, 13, 14, 32	
	102-16 Values, principles, standards and norms of behavior	3, 5, 16, 39	
	102-17 Mechanisms for advice and concerns about ethics	39, 74	
	102-18 Governance structure	35, 36	
	102-19 Delegating authority	36	
	102-20 Executive-level responsibility for economic, environmental and social topics	36	
	102-22 Composition of the highest governance body and its committees	35, 74	Composition information is not available according to the number of significant positions held and commitments made by each person and the nature of these commitments; affiliation to under-represented social groups and stakeholder group representation.
	102-23 Chair of the highest governance body	The Chairman of the Board of Directors does not hold any executive positions at the company.	
	102-26 Role of highest governance body in setting purpose, values, and strategy	35	
	102-27 Collective knowledge of highest governance body	35	
	102-29 Identifying and managing economic, environmental, and social impacts	35, 36	

(Continues on next page)

GRI Standard	Disclosures	Page number or URL	Omission
GRI 102: General Disclosures 2016	102-30 Effectiveness of risk management processes	32	
	102-31 Review of economic, environmental, and social topics	36, 40	
	102-32 Highest governance body's role in sustainability reporting	The Board of Directors is responsible for evaluation and formal approval of the Sustainability Report and for ensuring that all material issues are discussed. The Board of Directors approved this report at its April 2019 meeting.	
	102-40 List of stakeholder groups	43	
	102-41 Collective bargaining agreements	53	
	102-42 Identifying and selecting stakeholders	42	
	102-43 Approach to stakeholder engagement	42, 43	Information is not available for engagement frequency by type and by stakeholder group.
	102-44 Key topics and concerns raised	43	
	102-45 Entities included in the consolidated financial statements	This report covers the same entity as the Annual Report: Transelec S.A.	
	102-46 Defining report content and topic Boundaries	72	
	102-47 List of material topics	72	
	102-48 Restatements of information	Any restatement of information regarding previous reports and the reasons for said restatement are specified as footnotes in the respective indicators where information has been restated.	
	102-49 Changes in reporting (Continues on next page)	Significant changes regarding the reporting of issues are specified as footnotes when this information is presented.	
	102-50 Reporting period	72	
	102-51 Date of most recent report	2017 Sustainability Report published in April 2018.	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding this report	82	
	102-54 Claims for reporting in accordance with the GRI standards	72	
	102-55 GRI content index	77	
	102-56 External assurance	This report has not been subjected to external verification.	

MATERIAL ISSUES

BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY

Development and adaptation of the business to the energy scenario of the future: Development Strategy; Innovation and Digital Transformation

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	13, 14, 26	
	103-2 The management approach and its components	13 - 16, 26 - 29	
	103-3 Evaluation of the management approach	27	
	Number of projects in the Innovation portfolio	27, 73	
	Number of innovation projects in operating stage	27, 73	
	Number of digital transformation projects	73	
	Collaborators developing innovation initiatives	27, 73	

(Continues on next page)

GRI Standard	Disclosures	Page number or URL	Omission
Service security and reliability			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	19, 20	
	103-2 The management approach and its components	19, 21, 24-25	
	103-3 Evaluation of the management approach	4, 22 -25	
	G4-EU12 Power transmission and distribution losses	22 - 23, 73	
	Disconnection indices	22 - 23, 73	
	Conductor cable theft	25, 73	
	Customer satisfaction	73	
	Public security alliances	25, 73	
Financial responsibility and value footprint			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	30	
	103-2 The management approach and its components	31 - 33	
	103-3 Evaluation of the management approach	31, 33	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	33, 73	
	Revenue variation	31, 73	
	Ebitda variation	31, 73	
	Investment value	31	
	Liquidity	31	
GOVERNANCE AND INTEGRITY			
Corporate governance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	34	
	103-2 The management approach and its components	35, 36	
	103-3 Evaluation of the management approach	36	
GRI 405: Diversity and equal opportunity 2016	405-1 Number of female directors	35, 74	
	405-1 Directors under the age of 30	35, 74	
	405-1 Directors between the age of 31 and 50	35, 74	
	405-1 Directors over the age of 51	35, 74	
Ethics and compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	37	
	103-2 The management approach and its components	38 - 40	
	103-3 Evaluation of the management approach	38 - 40	
GRI 205: Anti-corruption 2016	205-2 Board members trained in anti-corruption procedures	40, 74	Information not available: total number and percentage of business partners with whom Transelec anti-corruption policies and procedures have been shared; and the total number of percentage of the members of the Board of Directors and workers who have received anti-corruption training, listed by region.
	205-2 Employees trained in anti-corruption procedures	40, 74	
	205-3 Confirmed incidents of corruption	40, 74	
GRI 206: Anti-competitive behavior 2016	206-1 Cases of anti-competitive behavior	40, 74	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination	40, 74	

(Continues on next page)

GRI Standard	Disclosures	Page number or URL	Omission
GRI 419: Socioeconomic compliance 2016	419-1 Fines for non-compliance with laws and/or regulations in the social and economic area	40, 74	
	419-1 Number of fines for non-compliance with laws and/or regulations in the social and economic area	40, 74	
	419-1 Number of cases of non-compliance with laws and/or regulations in the social and economic area	40, 74	
	Percentage of employees covered by the Code of Ethics	100% of our employees. The Code covers all of the company's operations.	
	Number of grievances filed using the Whistleblower Hotline	40, 74	
	Percentage of grievances settled during the period compared to total grievances filed	40, 74	
Collaboration and engagement with our stakeholder groups			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	42	
	103-2 The management approach and its components	42, 43	
	103-3 Evaluation of the management approach	42, 43	
PEOPLE			
Health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	45	
	103-2 The management approach and its components	45-46	
	103-3 Evaluation of the management approach	4, 47	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	46	
	403-2 Hazard identification, risk assessment, and incident investigation	46, 75	
	403-3 Occupational health services	46-47	
	403-5 Worker training on occupational health and safety	75	
	403-6 Promotion of worker health	47	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-47	
	403-9 Work-related injuries	10, 47, 75	Safety indicators are not presented by region because they are grouped together for the entire operation in Chile. Information not available: listed by gender and employee type. Registration rules determined by Chilean legislation by means of SUSESO are used for each indicator.
	403-10 Work-related ill health	75	
Human capital development			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	48	
	103-2 The management approach and its components	48-53	
	103-3 Evaluation of the management approach	4, 47-53	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	49, 75	Information not available: average hours of training listed by gender and job category
	404-2 Programs for upgrading employee skills and transition assistance programs	49	Information not available: transition assistance programs for professionals leaving the company
	404-3 Percentage of employees receiving regular performance and career development reviews	75	Information not available: breakdown by gender and job category

(Continues on next page)

GRI Standard	Disclosures	Page number or URL	Omission
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of employees	10, 48-50, 75	
	Labor relations: unionization, strikes, work climate index	10, 53, 75	
OUR COMMUNITIES			
Local engagement			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	54	
	103-2 The management approach and its components	54-57	
	103-3 Evaluation of the management approach	4, 10, 57	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	10, 76	
	G4-EU22 Persons displaced by company projects	76	
Contribution to development			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	58	
	103-2 The management approach and its components	58-59; 61	
	103-3 Evaluation of the management approach	4, 59-60	
	413-1 Operations with local community engagement, impact assessments, and development programs	58-59, 76	
ENVIRONMENT			
Environmental management			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	62	
	103-2 The management approach and its components	62-67	
	103-3 Evaluation of the management approach	4, 63- 67	
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	67, 76	
	306-3 Significant spills	9, 63, 76	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	64, 76	
GRI 307: Environmental compliance 2016	307-1 Fines for non-compliance with environmental laws	10, 67, 76	
	307-1 Number of fines for non-compliance with environmental laws	10, 67, 76	
Climate change			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	68	
	103-2 The management approach and its components	68-70	
	103-3 Evaluation of the management approach	4, 69-70	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	70, 76	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	70, 76	
	305-2 Energy indirect (Scope 2) GHG emissions	70, 76	
	Renewable energies connected by Transelec	10, 69	

TRANSELEC

Sustainability Report 2018

General Management:

Transelec Vice-Presidency of Corporate Affairs and Sustainability

Content Development:

Kodama & Mex

Design:

Grupo Oxígeno

Abril 2019

Contact

For additional information about this report please contact:

Mireya Leyton

External Communications Manager, Vice-Presidency of
Corporate Affairs and Sustainability

mleyton@transelec.cl



TRANSELEC S.A.

Orinoco 90, 14th floor, Las Condes, Santiago, Chile

www.transelec.cl