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Setting a solid course for a sustainable future: Corporate Governance, Ethics, Compliance and Risk Management

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Focused on our customers, we provide specialized and critical services with clear and long-term arrangements

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## The challenge of “connecting the energies of the future”

Climate change is one of the most important challenges of the next decade, and Chile is particularly exposed to the consequences of this change<sup>1</sup>.

The energy sector has been affected by changing climate conditions, but has also emerged as a key player in mitigating their effects. As a result, the transition to non-conventional renewable energy is imperative due to the growing awareness of the climate crisis and the need to minimize greenhouse gas emissions. In addition, these energies reduce dependence on non-renewable resources and stimulate innovation in companies.

These new energy sources are located in different parts of the country and are usually far from the

places of consumption. Therefore, transmission networks play a fundamental role in transporting these energies to move towards a future committed to the environment and energy transition. In addition to the challenges that climate change poses, it can also be approached from the perspective of the opportunities it presents. By 2030, the International Energy Agency (IEA) projects that clean energy jobs will increase by 14 million worldwide, while fossil fuel jobs will decrease by 5 million.

<sup>1</sup>Risks Report, World Economic Forum (2023).

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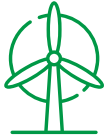
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## Transelec at a Glance

### Environmental Management



Sustainability Strategy Design



**268 MW**  
of renewable energy connected for the first time



Innovation to reduce water consumption in operations



"HuellaChile" certification

### Governance Management



**0**  
legal actions for unfair competition, antitrust or free



**0**  
business continuity incidents due to cyber-attacks



Implementation of ISO 55000 Asset Management System



Award for "Open Innovation" in the C<sup>3</sup> Creativity and Innovation Ranking

### Social Management



**Ch\$630**  
million invested in employee training



Over **Ch\$1**  
billion invested in social investment programs



**0**  
work-related ill health and fatalities



**95%**  
customer satisfaction rate

### Financial Management



International bond refinancing with a successful local bond issuance



Local risk rating upgraded to AA by Fitch Ratings



First tax strategy analysis



**US\$4,656**  
million investment in Chilean transmission assets

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## We are Transelec (CMF 6.1 i, 6.5.1.iii)

We are the leading energy transmission provider in Chile, transporting energy from generation sources through **10,049 kilometers\*** of transmission lines. We have a transformation capacity of **20,879 MVA** and **82 substations** throughout the country, reaching cities and large industrial and mining users.

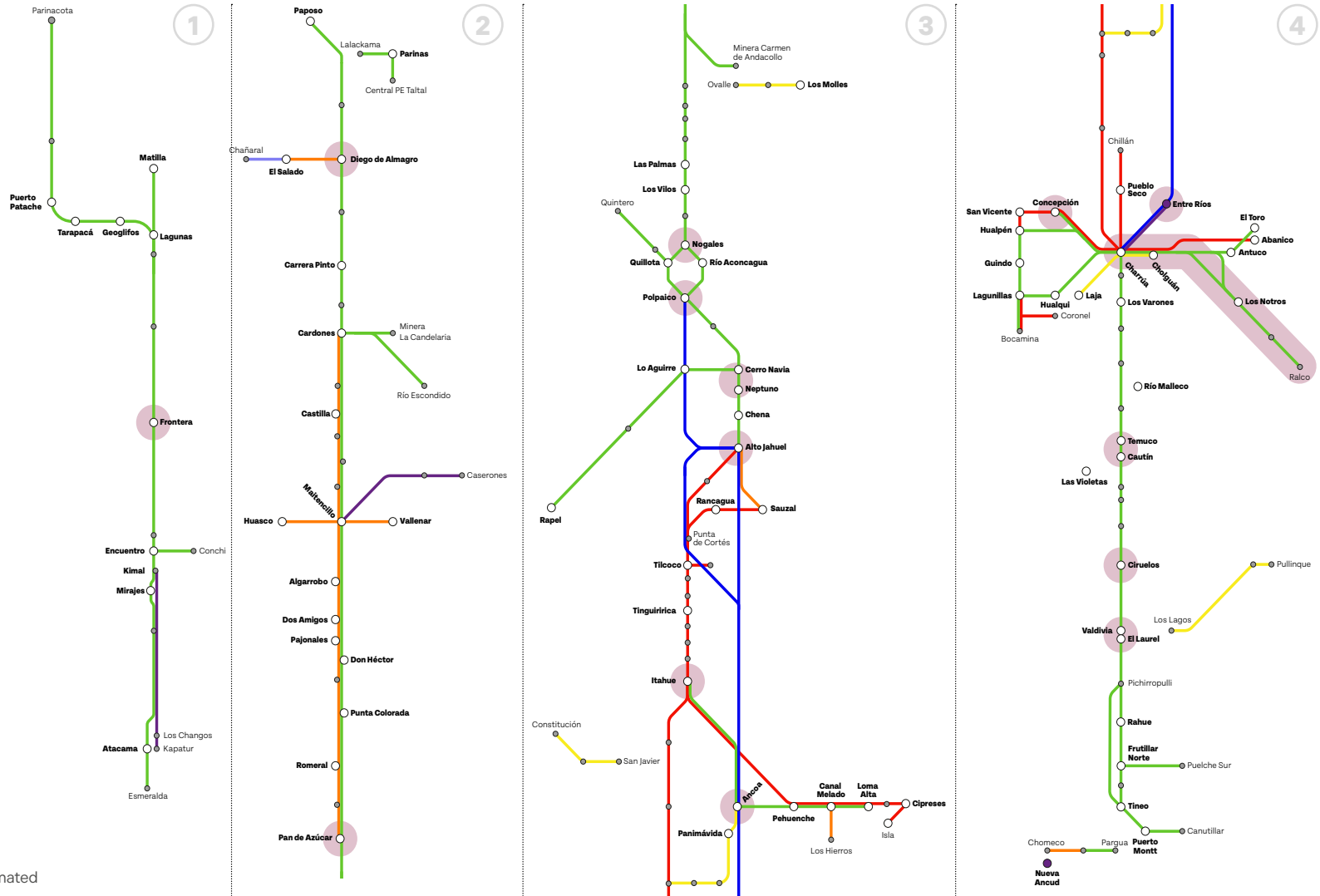
We are making a significant contribution to our country's development and improving its inhabitants' quality of life by providing continuous electricity to 98% of the population living between Arica and Chiloé. We also contribute to the development of our neighboring communities by designing and implementing sustainable projects that respect the environment and value local communities.

**+ 10.000 kms.** of transmission lines

**+ 20.000 MVA** of transformation capacity

**+80** substations

(\* Line kilometers reported in 2022 were overestimated)



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**Transelec's main competitors (CMF 6.1.ii)**

The industry's main competitors are the country's transmission companies, which are mainly present in the National Electric System.

In addition, all companies in the electricity sector that own transmission assets are potential competitors, as the **General Law of Electric Services (GLES)** also allows generation and distribution companies to participate in transmission (with certain restrictions). Based on public information published by the National Power Grid Coordinator, approximately 200 companies could be potential competitors.

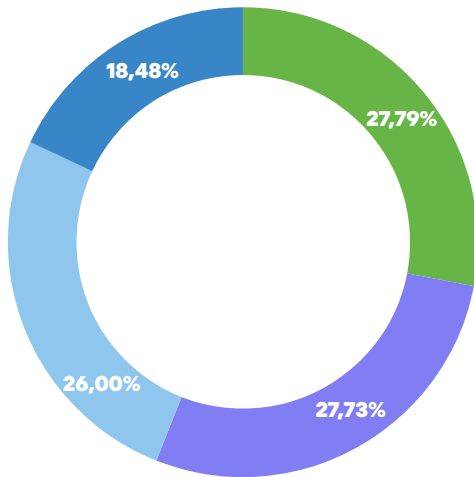
Construction companies which are part of a bidding process for new works could also be considered as competitors. On the other hand, since Chile is a country open to foreign investment, it is possible to consider investment funds specialized in infrastructure as potential competitors.

Similarly, if additional customers decide to carry out their transmission ventures, this may also be considered competition.

**Ownership and Organizational Structure (CMF 2.3.1, 2.3.2, 2.3.3, 2.3.4 iii c)**

Our Company's capital is divided into 1,000,000 ordinary shares with no par value, of which 999,900 are held by Transelec Holdings Rentas Limitada and 100 by Rentas Eléctricas I Limitada. We do not have a parent company as defined by Law 18.045. In addition, there were no material changes in ownership in 2023.

The ultimate shareholders of Transelec S.A. are China Southern Power Grid International (CSGI), Canada Pension Plan Investment Board (CPP), British Columbia Investment Management (BCI), and Public Sector Pension Investment Board (PSP).



-  **中国南方电网**  
CHINA SOUTHERN POWER GRID  
China Southern Power Grid International (CSGI)
-  **CPP INVESTMENT BOARD**  
Canada Pension Plan Investment Board (CPP)
-  **BCI**  
British Columbia Investment Management (BCI)
-  **PSP**  
Public Sector Pension Investment Board (PSP)

For more information, please refer to Chapter 07. Commitment to the future: Solid, long-term financial performance. 



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## History (CMF 2.2)

### 1943

The Chilean Economic Development Agency (CORFO) creates the National Electricity Company (ENDESA).

### 1993

ENDESA's Power Transmission Division became a subsidiary of Compañía Nacional de Transmisión Eléctrica S.A., which subsequently became Transelec S.A.

### 1996

Transelec built its first 220 kV line between Charrúa and Ancoa to connect the Pangué power plant (460 MW), which was later extended to connect the Ralco power plant.

### 2000

All Transelec shares were purchased by the Canadian company Hydro-Québec.

### 2003

Transelec joined the Far North Interconnected System, SING, with the purchase of 924 kilometers of 220 kV transmission lines.

### 2006

All Transelec ownership was acquired by a Canadian consortium formed by Brookfield Asset Management (BAM), Canada Pension Plan Investment Board (CPP), British Columbia Investment Management Corporation (bcIMC) and Public Sector Pension Investments (PSP).

### 2008

Transelec made progress in the construction of a 500 kV ring around Santiago with the 500 kV energization of the Alto Jahuel-Polpaico double circuit line, ending the saturation of the network in northern Chile.

### 2010

The purchase of the Punta Colorada substation from Barrick Gold allows us to continue the consolidation of energy services to the mining sector. In addition, the Las Palmas wind energy substation, the main source of wind energy contributions to the Central Interconnected System (SIC, was put in operation.

### 2014

Opening of the National Transmission Operation Center (CNOT), which centralizes Transelec's facilities with the highest standards.

### 2015

Transelec opens the Lo Aguirre substation (1,000 MVA capacity), which provides the Metropolitan Region of Santiago with a new power supply, as well as the connection of possible future direct current lines.

### 2018

China Southern Power Grid International (CSGI) acquires the shares of BAM (Brookfield Asset Management) and becomes a shareholder of Transelec (27.78%). In addition, our Company energizes the new 2x220 kV Lo Aguirre-Cerro Navia line, being the only line with an urban underground section.

### 2019

Transelec achieves the lowest accident and injuries rate in the last 10 years.

### 2020

Through two projects, our Company helped connecting the Atacama Solar Photovoltaic Farm (nominal capacity of 250 MW) to the National Electricity System, as well as connecting the Malleco Wind Farm (nominal capacity of 273 MW) to the same system.

### 2021

Commissioning of transmission solutions for renewable energy projects, such as Atacama Solar, Río Escondido and Puelche Sur Wind Farm.

### 2023

Commissioning of the Quebrada Blanca 2 mine transmission solution, bringing us closer again to the mining sector and diversifying our business.

In addition, we deepened our focus on putting the customer at the center and on sustainability by developing specific strategies around these priorities.

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# Strategy

## (CMF 2.1)

Since 2022, we have had a corporate purpose that calls for **“Connecting the energies of the future”**. To achieve this, we strive to be customer-focused, provide excellent service, be a leader in knowledge and technology, and be socially and environmentally responsible. Our focus on continuous innovation and efficiency, our concern for the well-being of our employees, and a solid commitment to creating value and making a positive impact on society remain at the heart of our decisions.

### Mission

To be the leader in the electric power transmission business in Chile, adequately meeting the needs of the country and the requirements of our customers, through the development of efficient and quality solutions, the correct operation of the system and the maintenance of high standards of occupational health and safety.

We aim to create sustainable value for our shareholders, build trusting relationships with our communities, and act with integrity and sustainability towards the environment.

### Vision

To be recognized as a leader in knowledge and technology, with operational excellence and high-performing professionals, socially and environmentally responsible, helping the country and its customers to meet their transmission needs efficiently and creating value through new businesses.

### Purpose

“Connecting the energies of the future” through service excellence, continuous innovation, and a solid commitment to making a positive impact on society. Caring for the environment and the well-being of our communities and employees is an important part of our decision-making process.

### Our Values

**Excellence** inspires Transelec every day to be Chile’s leading power transmission company.

**Commitment** to the Company’s achievements makes them our achievements as well.

**Respect** for the people, the community and the environment is the foundation of all our personal and professional relationships.

**Integrity** is the basis of all our actions and decisions.

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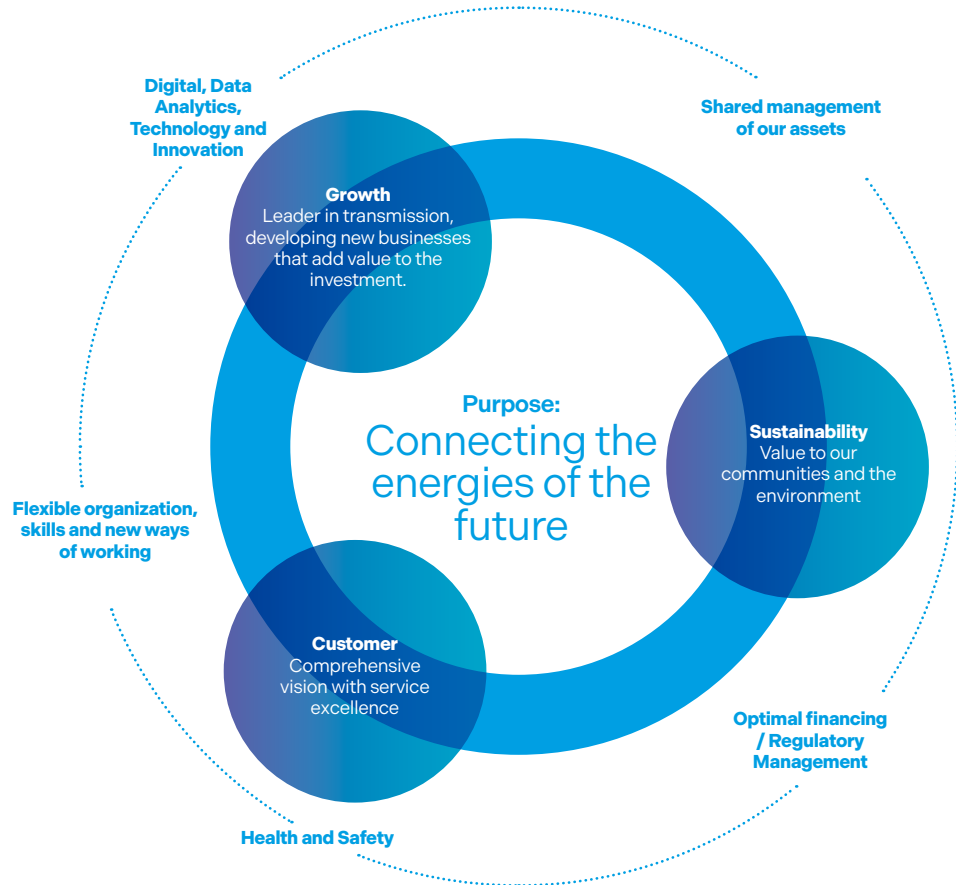
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The Corporate Strategy, updated in 2022 and implemented in 2023, guides our corporate journey to integrate sustainability into the core of the business with a clear perspective on the future. This strategy includes a purpose, three key pillars (customer, growth and sustainability) and five cross-cutting enablers.

## 2023 Strategic Initiatives



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<b>Competitiveness</b>	<b>Socio-environmental legitimacy of projects</b>	<b>The customer at the center</b>	<b>Transmission valorization study</b>	<b>All aligned</b>	<b>Digital Twin</b>



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## Infrastructure and networks

(GRI 3-3)

Managing the care, maintenance and reengineering of the Company's key assets, such as our networks and infrastructure, is critical to our business. They play a strategic role for the Company as well as for the national electricity system, users, customers and the country.

The quality of service to our customers is one of our main focuses. Therefore, ensuring the condition of our assets and networks is an essential part of our day-to-day operations. A well-maintained infrastructure contributes to the system's resilience in the face of adverse weather events, emergencies or other contingencies, ensuring continuity of service. This, in turn, impacts the electric system's stability, reliability and efficiency

## 2023 Milestones

A number of important milestones for our Company marked 2023. We implemented an internal strategic exercise performed in 2022 that resulted in the developing, publishing and implementing our Corporate Strategy, which is our new roadmap. It challenges us to be better managers of power transmission in a sustainable way across the country, to put our customers at the center of what we do, and to grow to continue creating value.

In addition, and thanks to the efforts of all who work at Transelec, in 2023 we have been working on various strategies that are important to us:

- Corporate Sustainability Strategy
- Community Relations Strategy
- Customer Strategy

In addition, at the level of the Transelec Group (through sister companies of Transelec S.A.), the diversification strategy towards other projects such as water transport (and desalination) has been consolidated.