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We connect the energies of the future, illuminating paths towards efficiency and sustainability. We are Transelec

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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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Building Connections: Strengthening community through social value and protection of our planet

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People as the driving force behind the development of our Company

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Commitment to the future: Solid, long-term financial performance. Value generation.

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Appendices



## 2.

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

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**Milestones 2023**

**Zero lawsuits for unfair competition, monopolistic practices or against free competition**

**Zero cases of discrimination in 2022 and 2023**

**Strengthened the compliance function to meet the new Law on Economic Environmental Crimes requirements**

## Corporate Governance

**(GRI 2-12, 2-13, 2-23, 3-3, 206-1, 406-1, CMF 3.1 i, ii, vi, viii, 3.6 x)**

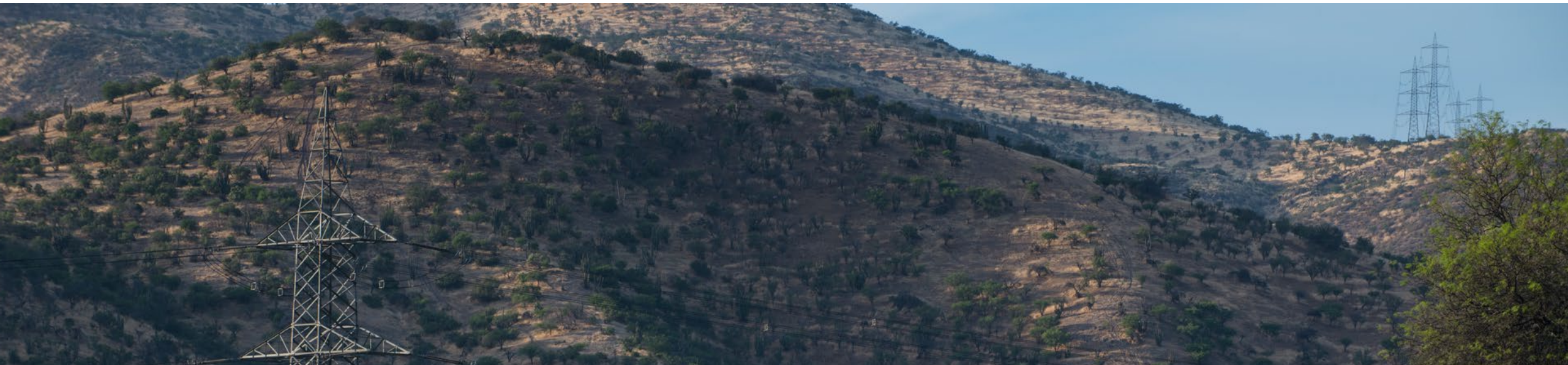
Strong corporate governance is a fundamental pillar for creating sustainable economic value and contributing to Chile's energy development. It is also a key factor in our response to current and future challenges.

Our Company is governed by the Financial Market Commission (CMF) and the laws in force in Chile. With this in mind, and taking into account the best practices in the market, we have developed the General Principles of Corporate Governance. These principles guide the actions of the Company's general management, as well as those of its subsidiaries and employees.

In order to ensure good operation, our organization has a Corporate Governance Manual that not only defines the guidelines for its operation, but also the by-laws of each of the committees that make up the Corporate Governance.

Each year, the Company's Corporate Governance Committee examines the succession plans for the CEO and the Vice Presidents and, with the Board of Directors' knowledge, draws up and lays the foundations for a succession plan for each position.

Regarding human rights, we carried out an assessment in 2023 that will allow us to identify the main actions to strengthen our management throughout our value chain.



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## Our Board of Directors

(GRI 2-10, 2-17, 2-18; CMF 3.2 iv, v, vi, vii, viii, ix a, b, x, xii a, b, d, 3.7 iii)

The Board of Directors is responsible for directing the Company's strategy and business plan for the short, medium and long term. The Board approves the strategy and its guidelines for the next five years. In addition, the Board of Directors is responsible for approving and annually monitoring compliance with the risk matrix established with its input and that of the Company's various departments.

With regard to the selection of directors, we have a procedure that takes into account a range of skills and abilities required for the position. Similarly, to ensure that our directors are well prepared and perform well, an induction process is carried out before their appointment, during which they study in depth the Company's regulations. This induction includes tools such as the Code of Ethics and Conduct, the Crime Prevention Model, the Integrated Report, the Corporate Risk Map, the Bylaws and the Internal Rules of Order, Hygiene and Safety, among others.

The Board of Directors is required by law and the Articles of Association to meet once a month. During the period under review, twelve ordinary and two extraordinary meetings were held

Directors conduct a self-assessment to diagnose their strengths and weaknesses and develop a plan to address these gaps with concrete actions and related indicators. To store Board information and facilitate communication, the Diligent platform is used to sign and secure relevant documents, and store the minutes after each meeting.

With regard to the training of Directors, the Corporate Governance Committee is consulted each year on the topics on which it considers it important to deepen the knowledge of the directors and they are trained on the selected topics.



The Board of Directors is also active in the field through visits to the various facilities. This includes an annual meeting that is held at a key location in the operation. This meeting is attended by the Executive Committee. Matters related to ESG risks and opportunities (criteria used to assess the Company's performance and impact on environmental, social and governance issues) are dealt with by various committees, each of which meets on a weekly to monthly basis. The Executive, Operations, Engineering, Occupational Health and Safety, and other committees address these issues.

### Involvement of the board of directors and senior management with management units and external auditors (CMF 3.2 vii)

#### Involvement of the board of directors and senior management with management and external auditors

#### Areas of Interaction

- Finance
- New Business
- Risk management
- Internal Audit
- Sustainability and Corporate Affairs
- External Audit of Financial Statements
- Operations, Engineering, Occupational Health and Safety
- Regulation and Legal

#### Participants

- CEO
- Executives of specific units
- Internal Audit Managers
- Independent external audit firm



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## Composition of the Board of Directors (GRI 2-9, 2-11; CMF 3.2 i, 6.5.1 iv)



**Alfredo Ergas**  
Chairman of the Board  
Non-independent  
Appointment date:  
06/27/2023  
Taxpayer ID  
No.: 9.574.296-3  
Nationality: Chilean  
Disabled person: No



**Richard Cacchione**  
Director  
Non-independent  
Appointment date:  
03/21/2019  
Taxpayer ID  
No.: Foreign  
Nationality: Foreign  
Disabled person: No



**Jordan Anderson**  
Director  
Non-independent  
Appointment date:  
09/30/2020  
Taxpayer ID  
No.: Foreign  
Nationality: Foreign  
Disabled person: No



**Tao He**  
Director  
Non-independent  
Appointment date:  
02/24/2021  
Taxpayer ID  
No.: Foreign  
Nationality: Foreign  
Disabled person: No



**Mario Valcarce**  
Director  
Independent  
Appointment date:  
08/24/2010  
Taxpayer ID  
No.: 5.850.972-8  
Nationality: Chilean  
Disabled person: No



**Blas Tomic**  
Director  
Independent  
Appointment date:  
08/24/2011  
Taxpayer ID  
No.: 5.390.891-8  
Nationality: Chilean  
Disabled person: No



**Andrea Butelmann**  
Director  
Independent  
Appointment date:  
03/11/2020  
Taxpayer ID  
No.: 6.383.159-K  
Nationality: Chilean  
Disabled person: No



**Juan Benabarre**  
Director  
Independent  
Appointment date:  
08/22/2018  
Taxpayer ID  
No.: 5.899.848-6  
Nationality: Chilean  
Disabled person: No



**Ximena Clark**  
Director  
Independent  
Appointment date:  
03/23/2022  
Taxpayer ID  
No.: 11.493.586-7  
Nationality: Chilean  
Disabled person: No

The Board of Directors was appointed in April 2023 and consists of 9 directors, none of whom hold executive positions in the organization.

In June 2023, the Chairman of the Board was replaced by Alfredo Ergas, who succeeded Scott Lawrence, who resigned that same year.

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### Diversity on the Board Of Directors (GRI 405-1; CMF 3.2 xiii a, b, c, d, e, f)

No pay gap is reported for our Board of Directors in this edition of the Annual Report.

Segment	Board of Directors	N	%
Gender	Men	7	78%
	Women	2	22%
Nationality	Chilean	6	67%
	Foreign	3	33%
Age group	>30 years old	0	0%
	30 to 40 years old	0	0%
	41 to 50 years old	2	22%
	51 to 60 years old	2	22%
	61 to 70 years old	2	22%
	70< years of age	3	33%
Years of service	>3 years	3	33%
	3 to 6 years	4	44%
	6 to 9 years	0	0%
	9 to 12 years	0	0%
	12 or more years	2	22%
Disability	Men	0	0%
	Women	0	0%

### Remuneration of the Board of Directors (GRI 2-19, 2-20; CMF 3.2 ii)

Directors Alfredo Ergas, Jordan Anderson, Tao He and Richard Cacchione waived their retainers for fiscal year 2023.

The Directors' remuneration for the year 2023 include the following:

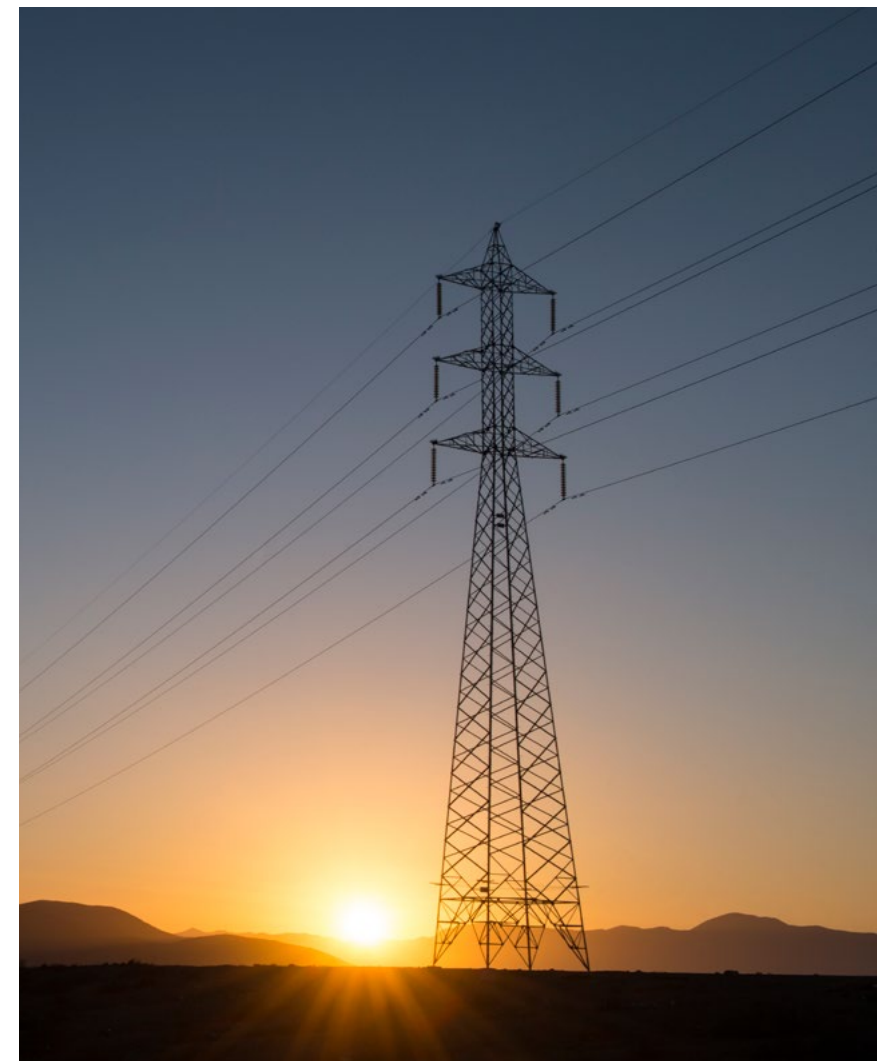
- i. Fixed pay and variable pay
- ii. Sign-on bonuses or recruitment incentive payments Termination payments
- iii. Clawbacks and retirement benefits

Please note that there is no written remuneration policy for the Board of Directors regarding the definition of remuneration policies and the determination of the remuneration of the members of the Board of Directors. However, the remuneration of the Board members is determined at an annual ordinary shareholders' meeting.

Mario Valcarce Durán	US\$90,000
Blas Tomic Errázuriz	US\$90,000
Ximena Clark Núñez	US\$90,000
Juan Benabarre Benaiges	US\$90,000
Andrea Butelmann Peisajoff	US\$90,000

Directors who are members of the Audit Committee receive an additional US\$10,000 per year

During 2023, no training was provided to the Board of Directors. In addition, the Board incurred Ch\$110 million in travel, speaking engagements, etc. in 2023.



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## Expert committees (GRI 2-1, 2-24; CMF 3.2. vii, 3.3 i, ii, iii, vi, vii, xii, 3.7 i)

Corporate Governance comprises six committees, all of which, with the exception of the Ethics Committee, include members of the Board of Directors and meet regularly. Extraordinary meetings are held from time to time to address relevant stakeholder concerns.

In the past year, the Board of Directors focused on Chile’s economic trend, adjusted the Company’s development strategy, and supported the business development goals. Additionally, they paid attention to service quality and, operation and maintenance contractors. Finally, in a high-inflation economic environment, a more prudent financial model was adopted to ensure the implementation of future projects.

In 2023, we worked on climate change, which was discussed in depth in the Operations Committee, with the aim of strengthening adaptation and resilience to the risks posed by climate change. This exercise also included an action plan to implement the strategic decision and thus initiate the necessary studies to estimate short and medium term budget.

In addition, we have updated the corporate risk matrix, where climate change risks are becoming a priority for our sustainability.

### Audit

- OBJECTIVES:**
- To evaluate the matters related to the selection of external auditors.
  - To review the financial statements.
  - To review the internal audit plan and compliance-related matters.

**FREQUENCY OF MEETINGS**  
Quarterly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS:**  
4

**MAIN ACTIVITIES:**  
Reviewing the financial statements, external auditors, internal audit, and compliance.

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Quarterly

### Finance

- OBJECTIVES:**
- To review decisions on dividends, financing, taxes, cash management, budgeting, among others.

**FREQUENCY OF MEETINGS**  
Quarterly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS::**  
4 or more, depending on related issues that arise during the year or that a Board member wishes to analyze.

**MAIN ACTIVITIES:**  
Proposing dividends, seeking optimal financing, tax supervision, presenting the company’s plans from a financial point of view in the Business Plan, etc.

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Quarterly

### Corporate Governance

- OBJECTIVES:**
- To review the general corporate governance guidelines.
  - To propose, nominate, evaluate and review the remuneration of the members of the Board of Directors.
  - To review transactions with related parties.
  - To review the Crime Prevention Model.
  - To approve codes, policies, manuals and their modifications.
  - To review the performance, members and mandates of the Board Committees.

**FREQUENCY OF MEETINGS**  
Quarterly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS:**  
4 or more

**MAIN ACTIVITIES:**  
Annual evaluation of the Board of Directors, Crime Prevention Model, Corporate Governance Guidelines and reviewing related party transactions.

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Quarterly

### Investment

- OBJECTIVES:**
- To review and evaluate the Company’s main investment options and business opportunities.

**FREQUENCY OF MEETINGS**  
Monthly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS:**  
12 or more

**MAIN ACTIVITIES:**  
Recommending the approval of new business and investment opportunities.

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Monthly

### Human Resources

- OBJECTIVES:**
- To review executive compensation and goals (KPIs) and collective bargaining strategy.

**FREQUENCY OF MEETINGS**  
Quarterly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS:**  
4 or more

**MAIN ACTIVITIES:**  
Reviewing compensation, executive compensation, and collective bargaining strategy.

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Quarterly

### Operations

- OBJECTIVES:**
- To monitor and review the health and safety of the Company’s employees
  - To review matters related to the operation of the Company’s assets.

**FREQUENCY OF MEETINGS**  
Quarterly

**MEMBERS:**  
Board members and Management

**No. OF MEETINGS:**  
4 or more

**MAIN ACTIVITIES:**  
Reviewing the operational strategy and matters related to accidents, health, and safety

**FREQUENCY WITH WHICH IT REPORTS TO THE BOARD:**  
Quarterly

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## Executive team (CMF 3.4 i, iv, 6.5.1 vii)



### 1. Arturo Le Blanc

Chief Executive Officer  
Lawyer  
Taxpayer ID No.: 10.601.441-8  
Date of appointment: 05.01.2022  
Date of hire: 04.01.2012

**COMMITTEES ON WHICH HE SERVES:**  
Audit/Investments/HR/Corporate Governance/Operations/Finance

### 2. Francisco Castro

Chief Financial Officer (CFO)  
Civil Industrial Engineer  
Taxpayer ID No.: 9.963.957-1  
Date of appointment: 10.01.2009  
Date of hire: 10.01.2009

**COMMITTEES ON WHICH HE SERVES:**  
Audit/Investments/Finance

### 3. Eduardo Tagle\*

General Counsel  
Attorney  
Taxpayer ID No.: 16.210.817-4  
Date of appointment: 03.23.2022  
Date of hire: 04.01.2014

**COMMITTEES ON WHICH HE SERVES:**  
Audit/Investments/Corporate Governance/Operations/Finance

### 4. Olivia Heuts

Vice President of Business Development  
Economist  
Taxpayer ID No.: 14.727.025-9  
Date of appointment: 06.01.2022  
Date of hire: 06.01.2022

**COMMITTEES ON WHICH SHE SERVES:**  
Investments

### 5. Bernardo Canales

Vice President of Engineering  
Mechanical Engineering degree  
Taxpayer ID No.: 11.565.097-1  
Date of appointment: 11.01.2020  
Date of hire: 11.01.2020

**COMMITTEES ON WHICH HE SERVES:**  
Investments

### 6. Paola Basaure\*

Vice President of Corporate Affairs and Sustainability  
Civil Hydraulic Engineer  
Taxpayer ID No.: 13.673.891-7  
Date of appointment: 01.01.2023  
Date of hire: 01.01.2023

**COMMITTEES ON WHICH SHE SERVES:**  
Investments

### 7. Claudio Aravena

Vice President of Human Resources and Organizational Development  
Business Administrator  
Taxpayer ID No.: 9.580.875-1  
Date of appointment: 04.15.2019  
Date of hire: 08.01.2007

**COMMITTEES ON WHICH HE SERVES:**  
Investments/HR

### 8. Jorge Vargas

Vice President of Operations  
Civil Engineer  
Taxpayer ID No.: 12.691.972-7  
Date of appointment: 07.01.2022  
Date of hire: 04.01.2003

**COMMITTEES ON WHICH HE SERVES:**  
Operations

### 9. Claudia Carrasco\*

Revenue and Regulation Manager  
Electrical Civil Engineer  
Taxpayer ID No.: 10.508.896-5  
Date of appointment: 05.01.2022  
Date of hire: 12.01.2011

**COMMITTEES ON WHICH SHE SERVES:**  
Investments

### 10. Alejandro Rehbein\*

Technology and Innovation Manager  
Civil Industrial and Systems Engineer  
Taxpayer ID No.: 12.307.972-8  
Date of appointment: 12.01.2022  
Date of hire: 12.01.2022

**COMMITTEES ON WHICH HE SERVES:**  
Investments

(\* Effective January 1, 2024, these managers will become vice presidents of their respective areas.

No percentage of ownership is held by directors and executive officers.

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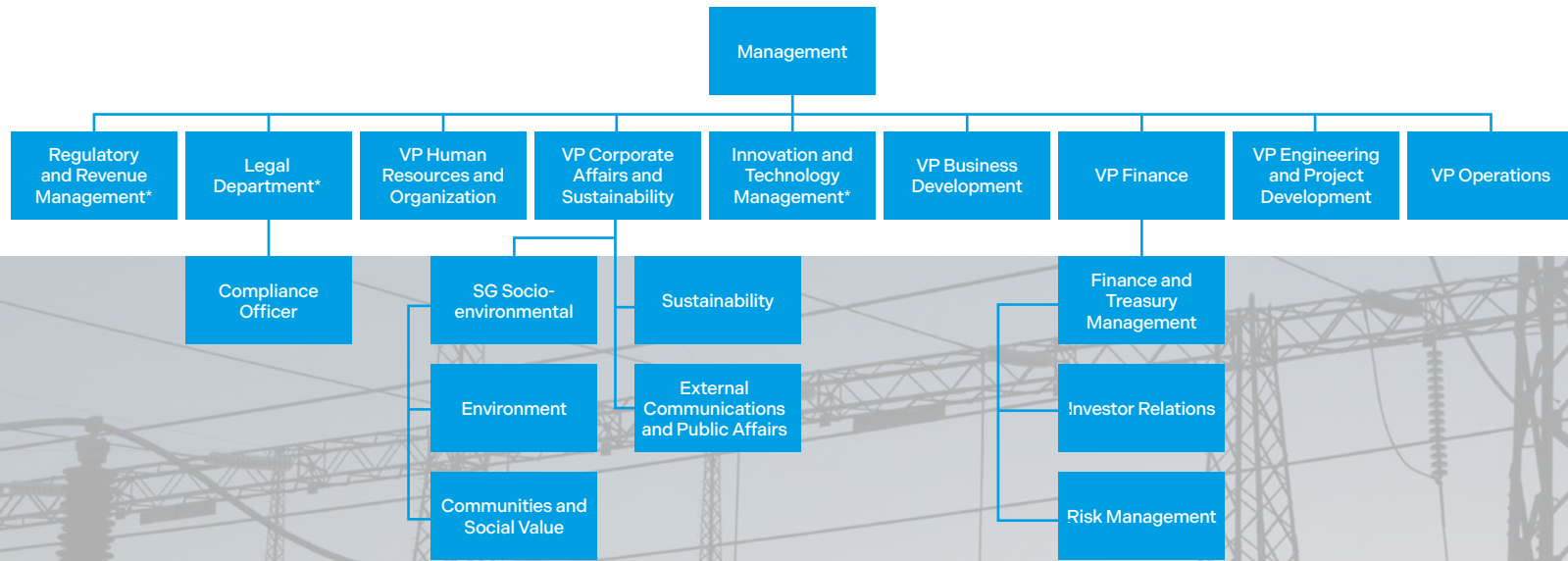
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## Organizational Chart (CMF 3.1)

Organizational structure, highlighting some of the key areas of our Company.



\*These managements will be established as Vice Presidencies effective January 1, 2024.

## Executive Committee Remuneration (CMF 3.4 ii, 3.6 xi)

Members of the Executive Committee received remuneration of Ch\$3,993 million in 2023 and Ch\$5,829 million in 2022.

Incentive plans: In our Company, personnel are part of an incentive program linked to the achievement of objectives that are in line with the Company's strategy. These objectives are developed according to the level of detail and responsibility in the Company's hierarchy.

Note that in the case of senior executives, remuneration is linked to management indicators through KPIs that determine their variable pay.



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## Ethics management and compliance

(GRI 2-15, 2-26, 205-1, 205-2, 206-1; CMF 3.1 iii, 3.2 i, xi, 3.6 vi, vii, viii, ix, xiii)

Operating and developing our business under the highest regulatory and compliance standards is part of our DNA. As participants of a regulated industry, we are committed to working with the authorities and regulators to ensure uninterrupted power to all our customers. We are also aware of the strategic role we play in Chile. That is why it is essential for our Company to act with integrity.

To ensure our compliance, we have an Integrity Model that aims to provide all employees with a clear framework that provides guidance and guidelines for the correct actions of each employee.

Seeking commitment in leadership, the Integrity Model is reviewed by our Board's Corporate Governance Committee, which performs the following activities:

### Compliance Responsible for:

- Writing and revising manuals and procedures
- Conducting training
- Preparing internal reports



### Legal Department Responsible for:

- Providing legal support to all areas of the Company

Overseeing the implementation and certification of the Crime Prevention Model, in addition to reviewing and monitoring compliance with the annual audit plan.

Leading the organization in the prevention of unethical and illegal conduct. Responsible for the training of the Board of Directors and the election of its members.

Note that our model is implemented from a proactive perspective, with a focus on prevention and detection.



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### Prevention and Detection



- Prevention: In charge of the Compliance Officer
- Detection: In charge of Internal Audit
- Development of the Corporate Compliance Program
- Development and review of policies
- Create training programs
- Report of investigations to the Audit Committee

This Integrity Model is structured around six documents and actions that give life to the Company's ethical culture.

- Protocol for Compliance Investigations (2016)
- Crime Prevention Model (2020)
- Code of Ethics and Conduct (2021)
- Antitrust Manual (2022)
- Crime Prevention Policy (2022)
- Antitrust Policy (2022)

We promote a set of values and principles that govern the working and professional relationships of everyone who interacts with us as directors, executives and employees. They also guide our relationships with customers and suppliers.

Similarly, there are procedures for resolving ethical conflicts, raising complaints, training in relevant matters, orienting new employees, investigating and conducting due diligence on suppliers and various counterparties with whom the Company intends to enter into contracts or business relationships. This includes service relationships, relationships with donees, issuance of reports, among others. The ultimate goal is to promote high ethical standards.

As Transelec, we state that from 2021 to 2023, we received only one complaint before the Antitrust Court for alleged anticompetitive practices, dated June 3, 2022. At the end of 2023, this case was still pending.



### Code of Ethics

Applicable to all Transelec employees.



### Code of Conduct

Applicable to all Transelec employees.

This code includes the procedure to be followed in case of a conflict of interest.



### Whistleblower Hotline

Anonymous web space is available to employees, contractors, customers, shareholders and external persons to report any fact that may violate our ethical guidelines and/or the law.



### Training

Designed for all people who are part of the company.

They are conducted online and in person.



### Relevant Guidelines and Policies

Complaint Investigation Protocol

Antitrust Policy

Criminal Risk Policy

To promote an ethical culture, during 2023 we have been working hard to prepare ourselves to be up to date and in compliance with the new Law No. 21.595 on Economic Crimes and Offense against the Environment. This law modifies specific rules regarding the determination of criminal sanctions and creates a new category of economic crimes. Accordingly, we have updated our Crime Prevention Model, incorporating the above into the risk matrix and strengthening the compliance area.

### Whistleblower hotline (GRI 418-1; CMF 3.2 xii c)

We are committed to maintaining transparency and objectivity in everything we do. For this reason, we have an anonymous whistleblower hotline, managed by an independent external body, which is responsible for receiving complaints and informing the Company so that it can deal with them. Internally, we use ongoing communication through emails and training to raise awareness of this hotline.

We are proud to say that in the last four years, we have not received any complaints about customer privacy violations or loss of customer data.

### Intended to:

- Customers
- Suppliers
- Contractors
- [Access the channel here](#)

[Access the Whistleblower Hotline here](#)

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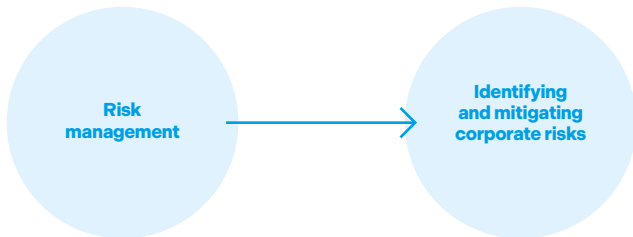
## Risk Management at Transelec

(CMF 3.1. iii, 3.6 i, iii, iv, v, vi, T1-1)

Because of its importance to the Company, we have a team focused on risk management. This is developed by our Risk Management department, which works on identifying of business risks and their mitigation, sharing with the entire company a risk matrix that includes approximately 100 risk factors with their probability and impact. The matrix includes controls to mitigate their impact and “champions” or individuals responsible for implementing action plans based on the controls. Risk management is a company-wide issue, so there are corporate policies, and all areas are involved in identifying and mitigating risks. The same happens in the different stages of project development through the different Stages and Decisions.

The Internal Audit Department performs regular internal process audits based on the Risk Matrix. The Compliance Officer also develops the Corporate Compliance Program, prepares and reviews policies, establishes training programs, remains independent and reports investigations to the Audit Committee. All areas of the Company perform a risk management review in relation to their scope of activities.

The Risk Management area receives information from all Company areas, including Management and the Board of Directors. It also reports regularly to the Board of Directors, the CEO and the Vice Presidents on key risks, the progress of action plans and other related issues, which they pass on to their teams.



The Company has adopted the principles contained in COSO ERM and ISO 31000 as its risk management methodology, together with other existing models.

For several years, the risk matrix analysis has been supplemented with information on the causes and consequences of each risk factor. This is to provide a more complete view of the causes and effects of the identified risks. The impact and quantification of the risks are determined based on expert criteria, i.e. what has happened in the past and what is gathered in multidisciplinary workshops held within the Company.

### Transelec’s main risks

1. Electrical discharges generated by the Company
2. Forest fires caused by third parties
3. Cybersecurity
4. Business environment and new business lines
5. Climate change
6. Violent events / terrorism
7. Regulatory and legal changes

For more information, please refer to the Appendices on page 98.



1

We connect the energies of the future, illuminating paths towards efficiency and sustainability. We are Transelec

2

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

3

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

4

Building Connections: Strengthening community through social value and protection of our planet

5

People as the driving force behind the development of our Company

6

Commitment to the future: Solid, long-term financial performance. Value generation.

7

Transelec Group: Growth through business diversification

8

Preparing our 2023 Integrated Annual Report

Appendices



**2023 Risk Management Initiatives**

**Commissioning:**

As part of the project lifecycle monitoring and Stages and Decisions process, and with a focus on the strategic pillar of Growth and the enabler of Managing Our Assets, we have updated and improved the processes related to the development of projects and their commissioning phase.

The Stages and Decisions process has been in place at the Company for more than a decade and is designed to mitigate risk and provide decision-makers with all the necessary information to decide whether to proceed to the next stage, from the birth of a business idea (Stage 1), through approval to submit a bid (Stage 2), continuing with the project (Stage 3) and construction (Stage 4), and ending with commissioning and start of operations. It is in this last stage (4) that in 2023, we analyzed the gaps, optimizing its activities and related tasks, and incorporating a better definition of those responsible to facilitate the follow-up of pending issues. The objective is to anticipate the commitments for the commissioning of the projects and to meet internal and external commitments in time and quality, in order to carry out the commissioning quickly and efficiently. These improvements will be implemented in 2024.

**Risk register during the life of the projects:**

Another initiative that was applied in 2023, focusing on the Growth strategic pillar, was the unification of the Risk Register of each of the Company's investment projects, throughout its life (from Planning to Operation). This process, which is transversal to the Company, integrates the participation of all areas in terms of risk identification, mitigation and follow-up, which makes it possible to add value by sharing relevant information and making decisions that generate synergies, while optimizing the resources allocated to realize the value committed to each project, with the aim of mitigating risks and their impact, treating them in a multidisciplinary manner and ensuring a correct follow-up throughout the life of the project.

Socialized information, together with clear processes and clearly identified responsibilities, contribute to the leveraging of the Growth strategic pillar, with the aim of maintaining the level of excellence in our management and, at the same time, allowing the Company to increase its level of competitiveness in a complex business environment.

**Training**

New employees joining the Company, those changing areas, and those involved in the development of projects receive training to learn about the processes they will support.

This training includes:

- Stages and Decisions
- Protocols for making informed decisions about investments that will generate new revenue for the Company.
- Integrated Risk Management throughout the life of the investment project.

Communications are also disseminated to gain general knowledge of corporate and project risks.

No general risk management training was conducted in 2023. We will train all areas in 2024, based on the initiative "Risk Register during the Life of Projects", which was in progress in 2023.