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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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# 3.

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**2023 Milestones**

**3** new contracts signed

**14** connections made

**95%** 95% satisfaction in service quality rating according to customers

**Implementation of the Customer at the Center strategy**

**Implementation of ISO 5500 Asset Management System**

The new corporate strategy of the Company places the customer as a fundamental pillar of our management.

We are a key player in Chile's energy development: We own and operate most of the electric transmission facilities that make up the National Electric System, being part of the National, Zonal (both regulated) and Dedicated (unregulated) systems, providing continuous electricity to 98% of the population from Arica to Chiloé. As of December 31, 2023, the Company has an investment value of US\$4,656 million in transmission assets in Chile, both regulated and dedicated.

We are part of Chile's challenge to decarbonize and transition to the generation and use of clean energy. As a Company, our mission is to create social value by helping to bring new energy to all end users. We achieve this by participating in transmission expansion processes, promoting works and actively participating in regulated and dedicated tenders, with efficient and sustainable projects that increase the safety and quality of service to end customers. We also aim to contribute social value by promoting the efficient use of the national territory, using the existing transmission infrastructure and exploiting its full potential. We are an active participant in the development of electricity infrastructure and, in collaboration with other industry players, we seek to incorporate new technologies that improve the performance of the transmission system as a whole.

Because of its critical importance to the country's growth, the electricity industry is regulated by several regulatory bodies. These entities are responsible for, among other things, setting the legal framework for our operations and overseeing them:

**Energy Authorities**

- Chilean Ministry of Energy
- Chilean National Energy Commission
- Chilean National Power Grid Coordinator
- Chilean Superintendency of Electricity and Fuels
- Expert Committee of the General Law of Electric Services

**Environmental Authorities**

- Ministry of the Environment
- Superintendence of the Environment
- Environmental Evaluation Service
- General Directorate of Water
- Ministerial Secretary of the Environment
- Biodiversity and Protected Areas Service

**Economic Authorities**

- Free Competition Court
- Financial Market Commission
- Chilean Internal Revenue Service.

Our growth responds to the development or acquisition of regulated projects and assets, and our new strategy focuses on our efforts to grow in other specific customer segments (dedicated). Due to the regulated nature of the electricity industry in our country, the majority of our projects are regulated.

The regulatory scenario that governs us is therefore, a fundamental part of how we operate as a Company.

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## Projects and new business

(GRI 203-1; CMF 6.2. i, T8-1)

We are constantly improving, developing and promoting major transmission projects and implementing improvements to strengthen the electrical system. Among the different regulated projects implemented during 2023, the following works have been developed with the aim of providing security of supply to demand, allowing Open Access to generation projects in the area and reducing system operating costs:

- Expansion of the Laja substation
- Expansion of the Polpaico substation
- Sectioning of the 2x154 xV Alto Jahuel-Tinguiririca high voltage line in the Punta Cortés substation
- Replacement of the Coupling Bay Breaker in the Alto Jahuel 110 kV substation
- Circuit modification 1x154 kV Charrúa - Tap Chillán
- Circuit modification 1x154 kV Charrúa-Monterrico
- Expansion of Rahue 220 kV substation (BPS+BT)
- New 220 kV Los Notros sectioning substation (formerly JMA)
- New 500/220 kV Parinas sectioning substation

In 2023, Transelec signed additional contracts for US\$23.2 million.

The development of the “Polpaico - Lo Aguirre line capacity increase” project, in collaboration with Enel, Engie, Colbún and Generadora Metropolitana, stands out. This project is a fast and innovative solution aimed at reinforcing the electrical system, avoiding renewable energy dumping and promoting their injection. The solution consisted in modifying the infrastructure by changing some of the pylons' crossarms in the aforementioned line, which allowed increasing the thermal limit of operation and increasing the transmission capacity of the line. The increase in the line capacity to a maximum of 1,800 MW is equivalent to the capacity required to supply a quarter of the Metropolitan Region needs.

In addition, a new agreement entered into with SQM paves the way for us to provide transmission solutions to industrial customers, particularly in the non-metallic mining sector. The project allows the supply of energy from the National Electricity System to SQM's “Tente en el Aire TEA Agua de Mar” mining project, located in the Tarapacá region. This project is extremely important because it will allow to improve the yields and increase the country's annual production of iodine and nitrate.

On the other hand, the transmission solution for the country's largest mining project in recent years was commissioned in 2023: Quebrada Blanca Phase 2, for the client Compañía Minera TECK. The project consisted of the construction of two 220 kV substations: Puerto Patache and Geoglifos, as well as the Puerto Patache-Tarapacá TL and Lagunas-Puquios TL.

(CMF 4.1, 4.2 a\*, b, 4.3, T2-3)

Number of projects and associated investment in millions of US\$		National System		Zonal System	
		No.	Investment	No.	Investment
New works	Award date	0	0	6	86.95
	Project Development	2	140.24	5	53.81
	Commissioning	2	88.98	3	29.24
<b>Total New Works</b>		<b>4</b>	<b>229.22</b>	<b>14</b>	<b>170.01</b>
Expansion works	Award date	4	42.92	3	15,79
	Project Development	13	147.42	9	57,19
	Commissioning	3	4.42	3	20,90
<b>Total Expansion Works</b>		<b>20</b>	<b>194.76</b>	<b>15</b>	<b>93.88</b>
<b>Total Projects</b>		<b>24</b>	<b>423.97</b>	<b>29</b>	<b>263.89</b>
No. of projects and associated investment in millions of US\$		Dedicated			
		No.	Investment		
Award date				1	18
Project Development				3	19
Commissioning				-	-
<b>Total Dedicated System Works</b>				<b>4</b>	<b>36</b>
Upcoming Transelec S.A. power projects and related investments 2024- 2027 (*)					
		2024	2025	2026	2027
Investment in millions of US\$		165	333	40	16
No. of projects		21	16	2	2

\*The main strategic objectives for the development of regulated projects are defined by the authority. Once we are awarded a project, its relationship to ESG issues is within the scope of the authority's requirements and the internal policies we have defined in this area.

On the other hand, initiatives to optimize commissioning and operational processes, such as electrical protection management, have allowed us not only to meet the scopes and deadlines committed for the execution of projects, but also to achieve the year with the lowest incidence of failures due to errors in the behavior of protection systems. This is an improvement of 27% compared to the average of the last five years.

In terms of project development in the Transelec Group, which includes various companies in addition to Transelec S.A., we have completed, through the company Aguas Horizontes Spa, an important project for the development of water transport and desalination infrastructure for the world's leading copper producer, Codelco. In addition, through CTNP in Peru, the Group is developing the “Nueva Raura Complementary Transmission System” project for the Raura mining company. In this way, our ultimate shareholders are able to develop projects in new businesses and new markets through other Group companies (for more information on the Group's projects, see chapter 7).

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## Transmission systems in Chile

### (CMF 6.2 ii, v)

Our service consists of transporting energy throughout the country from generation points to consumption centers. We make our facilities and assets available to the Chilean electricity system. The following four systems are the channels through which we provide our service:

#### National system

Substations and interconnections from Arica to Chiloé, which allow the development of this market through the interconnection of the other transmission segments, and which are essential to allow the supply of different types of electricity transmission requirements..

#### Zonal systems

Located close to where the distribution companies operate, they are facilities interconnected to the electrical system, essentially arranged for the supply of final consumers, whether unregulated or regulated.

#### Dedicated systems

Transmission lines and equipment that are essentially designed to supply electricity to unregulated customers or to inject the output of generating plants into the electric system, in addition to other operations. Transportation over these systems is governed by private contracts.

#### Transmission systems for development poles

Power lines and substations designed to transport electricity generated in the same development pole to the transmission system. This design optimizes the use of available space and ensures an efficient distribution of national energy.

Our main brand for the commercialization of services is Transelec.



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## Regulatory framework (CMF 6.1.iii, iv)

Regarding Chile's regulatory framework for the electricity industry, it is important to note that energy and electricity are the only products of the electricity market that end users receive. The latter identifies generation companies as product suppliers and transmission and distribution companies as service providers, as well as companies that provide complementary services and storage systems.

### Objectives of electricity regulation in Chile:

Create a competitive market

Achieve price reduction

Increase efficiency

### Institutional framework of the electricity sector

#### Policy

- Chilean Ministry of Energy

#### Regulator

- Chilean National Energy Commission (CNE)

#### Overseeing / Sanctioning Body

- Superintendency of Electricity and Fuels (SEC)

#### Coordinator

- Chilean National Power Grid Coordinator

#### Dispute Resolution

- Expert Panel

The regulatory framework that governs the operation of the transmission segment in Chile is based on the Decree with Force of Law No. 4, of 2006, of the Ministry of Economy, Development and Reconstruction. This Decree establishes the consolidated, coordinated and systematized text of the Decree with Force of Law No. 1 on Mining of 1982, of the General Law of Electric Services, hereinafter and indistinctly referred to as the "General Law of Electricity Services" or "GLES". The GLES and its complementary regulations establish the norms for the proper operation of the electricity sector, which regulate the technical, safety, coordination, quality, informational and economic aspects of the operation that must be followed by any electric installation in the country, whether it be generating, transmitting or distributing.

In 2004, Law 19.940, known as Short Law I, was enacted, amending the GLES. This law, among other things, guarantees the revenue stream of regulated facilities of the transmission companies from the date of its enactment.

The last important reform of the GLES is the enacted Law No. 20.936/2016 (Transmission Law), which establishes relevant amendments, including:

- A single National Coordinator of the Electricity System, independent of market participants, replacing the Economic Load Dispatch Centers.
- The redefinition of transmission systems, classifying them as National Transmission System (previously Trunk), Zonal Transmission Systems (previously Subtransmission), Dedicated Systems (previously Additional), and including two new segments: Transmission Systems for Development Poles and International Interconnection Systems.

The following events also took place during the year:

- The Critical Infrastructure Law, which designates power transmission as critical infrastructure, was published on February 3, 2023.
- The Ministry of Energy conducted a public consultation on the Electricity Transmission Regulation, which includes for the first time, the regulation on the recognition of electricity from stand-alone storage systems. The regulation is currently under review by the Chilean Controllershship Office.
- The Government presented to the Mining and Energy Commission of the Senate the Energy Transition Bill, which introduces changes affecting transmission, such as: the inclusion of works ordered by the Authority, the return of tenders for expansion works to the owners, among others. This Bill is currently before the Mining and Energy Commission.
- The Government presented the Price Stabilization Bill, which does not affect transmission.



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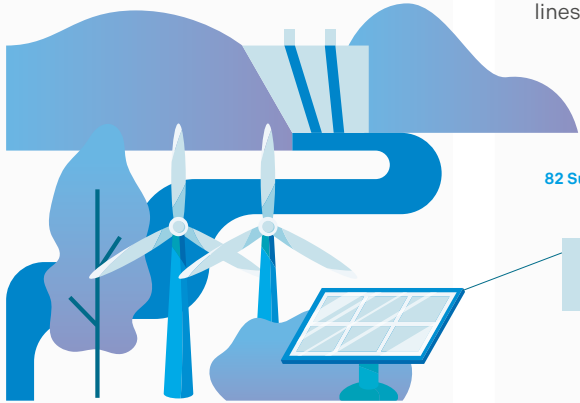
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(GRI 2-6)

Generation

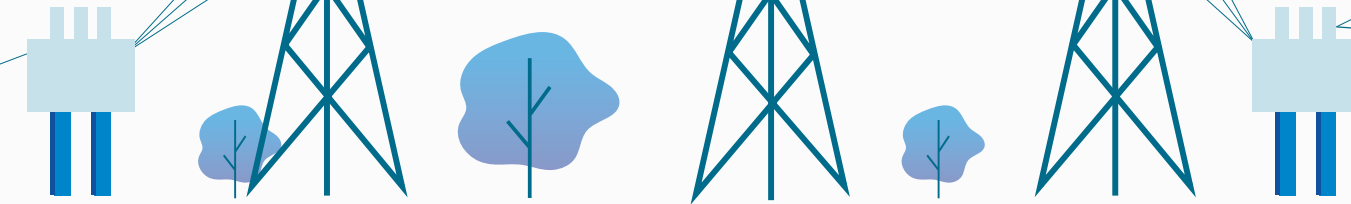


Transmission

10,049km in transmission lines.

1,235 km	7,007 km	671 km	1,136 km
of 154 Kv lines.	of 220 Kv lines.	of 500 Kv lines.	of 66+110Kv lines

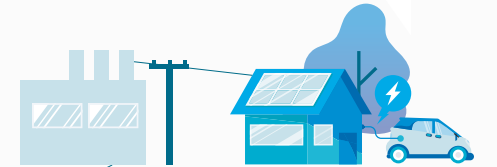
82 Substations



20,879 MVA Transformation capacity of substations

Distribution

Transelec distributes power to 7,639,179 end customers (\*)



224 regulated customers



66 unregulated customers

(\*) Corresponds to the number of meters

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## Charges for the National, Zonal and Development Pole Transmission Systems and dedicated facilities used by users subject to regulated prices

Revenue from existing facilities of the National, Zonal and Development Pole and Dedicated Transmission System used by users subject to price regulation are constituted by the Annual Value of Transmission by Tranche (VATT). This is calculated based on the Annuity of the Investment Value (AVI), plus the Operation, Maintenance and Administration Costs (COMA), adjusted for income tax effects (AEIR), for each of the tranches that comprise these systems. Similarly, revenue from the use of dedicated transmission facilities by users subject to price regulation are constituted by the portion of the VATT attributable to such users.

### Payment of transmission systems

The payment for the National, Zonal and dedicated transmission systems used by users subject to price regulation is charged to the unregulated and regulated end users. For the payment of the transmission systems of the development poles, a single charge is established so that the corresponding collection compensates for the part of the facilities in the development poles not used by the existing generation; and the VATT not covered by said fee shall be borne by the generators that feed their production into the corresponding pole. In the case of the National Transmission System, Law No. 20.936/2016 established a transitional period, defined between 2019 and 2034, to gradually replace the old charge and payment regime with the new regime described above. In the case of the zonal transmission systems, the new charge and payment regime has been applied since January 1, 2018.

Payments for the use of facilities belonging to dedicated transmission systems, essentially intended to feed the production of generating plants into the system or to supply electricity to unregulated customers, are obtained on the basis of what is agreed in the private transport contracts concluded between these types of users and the owner of these facilities, and their price is normally determined by calculating the AVI + COMA determined by mutual agreement between the parties.

## Tariff studies

The 2020-2023 tariff process for the national and zonal transmission systems started in 2017 with the first qualification process for transmission facilities, in accordance with Law No.20.936/2016. Following publication of the 2019 Transmission Facility Qualification and in accordance with the law, a committee in charge of awarding and supervising the Valuation Studies was formed, composed of representatives of the Ministry of Energy, the National Energy Commission, the companies that own the facilities of the National and Zonal Transmission Systems, the unregulated customers and the National Power Grid Coordinator. The consultants in charge of the evaluation study of the National Transmission System were Consorcio Synex Ingenieros Consultores Ltda, Estudios Energéticos Consultores S.A. and Equipos Servicios de Ingeniería S.A., and for the Zonal Transmission Systems the company SIGLA S.A., with both studies starting in 2019.

On March 2, 2022, the National Energy Commission issued the Final Technical Report of the Evaluation Studies of the National Transmission System and the Zonal Transmission System, which was corrected by the Authority on January 19, 2023. The Ministry of Energy sent to the Chilean Controllershship Office Decree No. 7T-2022, which contains the determination of the valuation of the National Transmission System and the Zonal Transmission System for the period 2020 - 2023. It was finally published in the Official Gazette on February 16, 2023, effective from that date and with retrospective effect on the tariffs from January 1, 2020.

In view of the retrospective effect as of 2020, the Company decided to record a provision for lower revenue, which allowed to better reflect the revenue that should have been received in that period. At year-end 2022, the information of Decree 7T was already available so that the specific calculations could be retrospectively incorporated and presented in the financial statements. During 2023, revenue was accrued according to the values of Decree 7T without any adjustments.

On December 31, 2021, the National Energy Commission initiated the process for the valuation studies of the National Transmission System and the Zonal Transmission System to be effective for the period 2024 - 2027.



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## Focused on our customers

The availability and reliability of the power supply are at the core of our corporate culture. This was reinforced in 2023 by the Company's new corporate strategy, which places the customer at the center as a fundamental pillar of our management.

We have different types of customers, each with their own characteristics, so it is possible that the diversity of customers will continue to grow in the future. For 2023, we highlight the launch of the "Customer at the Center" strategy, where we seek to identify:

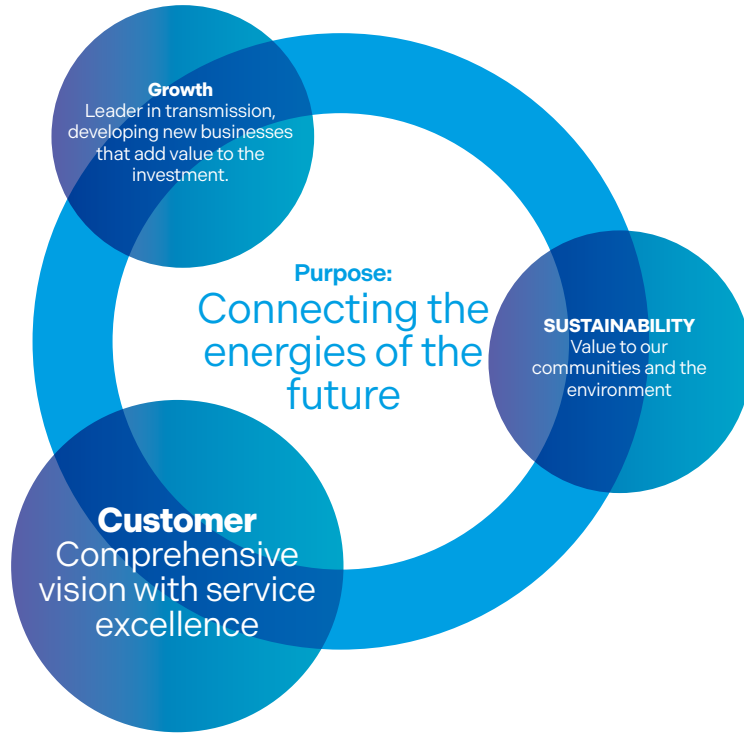
- Customer category
- Define and implement a segmented strategy
- Review the customer service model for each customer, with the goal of further improving satisfaction across our customer portfolio

We know that in order to ensure continuity and increase our growth in different segments - beyond regulated customers - we need to increase our understanding of our customers, which is why we are working internally to fully understand each of them and the different scenarios we face.

To generate customer satisfaction, loyalty and referrals, we work internally by keeping them at the center of our decisions regarding transmission solutions, services and experiences.

Admittedly, working according to the customer's needs requires a great deal of teamwork and a cultural change, which we have been working hard on since the strategic definition.

### 3 Pillars



### Number of end customers 2023\*

2022

**7,514,074**  
**7,639,179**

2023

(\*): Corresponds to number of meters

### Unregulated customers

**66**

### Regulated customers

**224**



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**Commercial Strategy**

Our commercial strategy has the following objectives:

1) To serve with excellence and speed all players who request connection to our facilities under the Open Access regime. In 2023, we received 44 new applications for Open Access and connected 14 projects to the National Electricity System.

2) To continue growing in the regulated segment (Zonal, National and Development Poles) by participating in the tenders for new defined works organized by the National Energy Commission (CNE) and tendered by the National Power Grid Coordinator (CEN), as well as to continue growing in the segment for the provision of ancillary services defined and tendered by the CEN. This year we submitted three bids, but none was awarded. However, we are proud that, as Transelec Group, we proposed the “Grid Booster” project, which consisted of a system of two 500 MW BESS batteries located in the Parinas and Lo Aguirre substations. This tender was declared void.

We hope that the CNE and CEN will continue to promote innovative works that, in addition to traditional solutions such as transmission lines, will allow us to increase transmission capacity more quickly and within the required timeframe, thus efficiently utilizing the country’s renewable energy production. With this in mind, we will focus on participating in CNE’s tenders for regulated storage infrastructure, in order to be a relevant actor in the development of energy storage infrastructure and to promote and support decarbonization in Chile.

3) To continue to grow in the dedicated segment by designing, building, operating and maintaining transmission infrastructure for generation companies and industrial customers. In 2023, we signed new contracts with dedicated customers such as Engie and SQM. To accelerate growth in this segment, we are also looking for opportunities to acquire existing infrastructure whose owners are willing to sell.

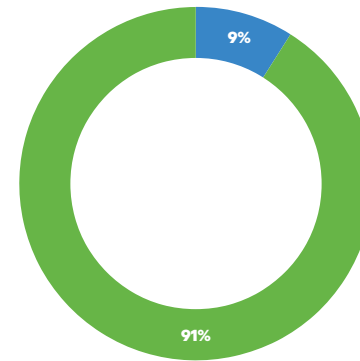
We are focused on providing professional transmission services for Chile’s economic and social development. At the same time, we seek to lower costs and actively participate in project biddings. We have to adopt a balanced and healthy business development strategy to ensure that we have enough capacity and funds to complete the projects, providing a reasonable return to shareholders and create sufficient employment opportunities for society.

It is important to note that the Transelec Group, which includes several companies in addition to Transelec S.A., has other business objectives, including the development of water transport infrastructure for large mining customers and the search for dedicated customers who require batteries to complement their renewable energy parks in order to provide stability to their generation business, as well as the development of the green hydrogen industry. The Group also considers it strategic to increase investments in Peru, where we already have a presence. New major infrastructure segments, such as water projects and operations in Peru, are becoming strategic for the growth and diversification objective that our ultimate shareholders have set for the Transelec Group. For more information on the Group, please refer to Chapter 7 of this Integrated Annual Report.

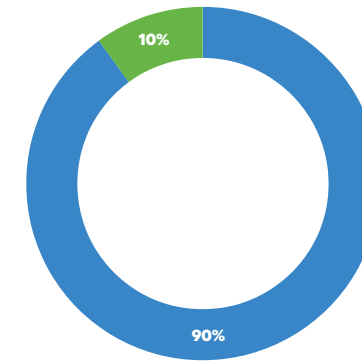
**Market share 2023**

● Transelec ● Other

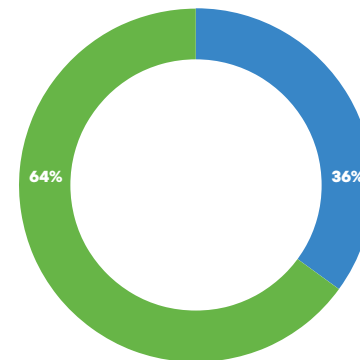
Less than 110 kV



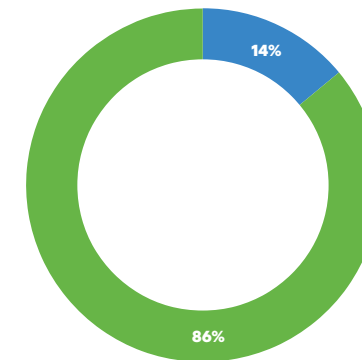
154 kV



220 kV



500 kV



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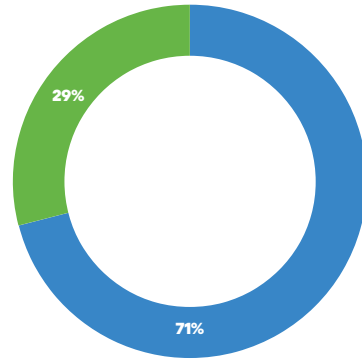
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**Our revenue (SASB IF-EU 240a.1, a.4)**

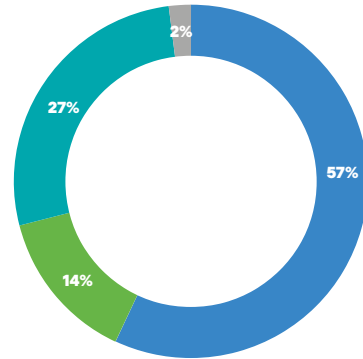
Our Company is a regulated business, so tariffs are regulated by law and are set every four years for most of our revenue (National and Zonal segments). The tariffs allow us to earn revenue based on our installed capacity (take or pay) and guarantee fixed revenues for 20 years from the start of operation of new system expansions. After this 20-year period, revenue is generated by a tariff that is set every four years. The remaining tariffs correspond to unregulated customers with bilateral contracts. For more information on the revision of the tariffs and their revision processes, please visit the official page of the National Energy Commission (CNE), where the end user can also find the exempt resolutions published on the semi-annual tariffs.

Revenue



● Regulated revenue  
● Unregulated revenue

Revenue by system

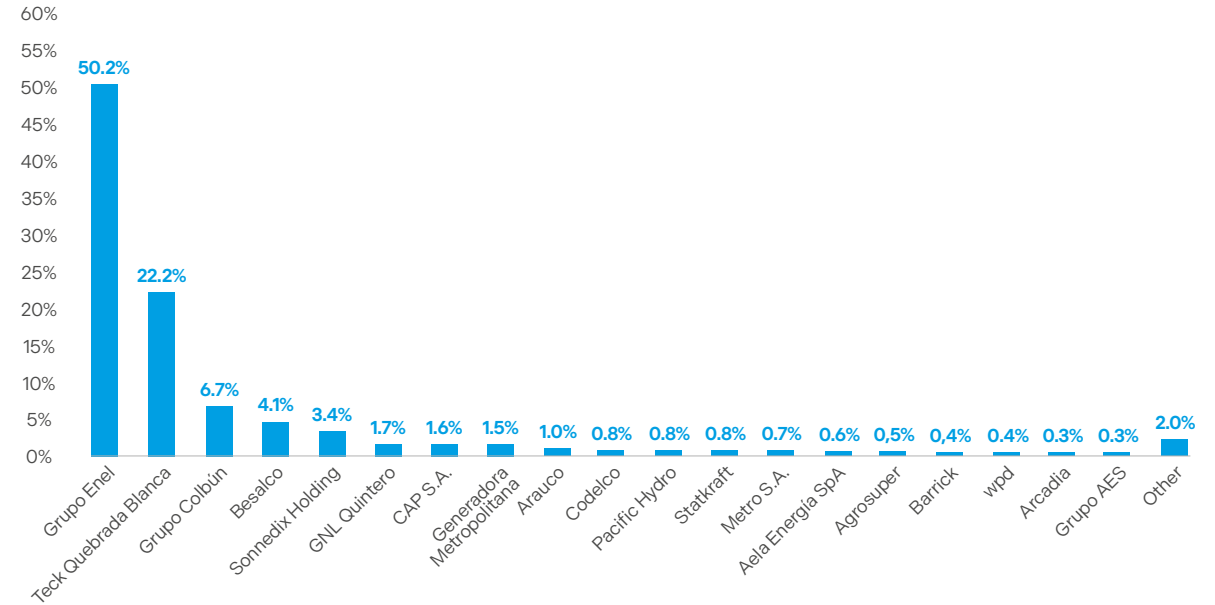


● National ● Dedicated  
● Zonal ● Other

In 2023, 71% of our revenue came from the regulated business (National and Zonal) and 27% from business with dedicated customers through private contracts. We currently have a portfolio of 66 dedicated customers. From the total of contractual revenue, approximately 79% comes from the following three main customers: Enel, Teck and Colbún. Contracts with dedicated customers are long-term and at fixed US dollar rates, mostly adjusted for inflation in the United States.

Revenue by type of customer (billions of Ch\$) SASB IF-EU 240 a.1.	2018	2019	2020	2021	2022	2023
Total revenue	329	379	333	306	440	471
Generation company customers	322	372	268	249	346	321
Distribution company customers	0	0	58	48	84	67
Mining customers	5	5	4	5	6	77
Industrial customers	2	2	3	4	4	6

Main strategic customers - Distribution of contractual revenue in 2023



**Revenue from Dedicated Contracts 2023**

Type of Technology	Millions of US\$
Mining	104
Thermal	30
Hydro	55
Industrial	10
Solar	11
Wind	13
Other	49

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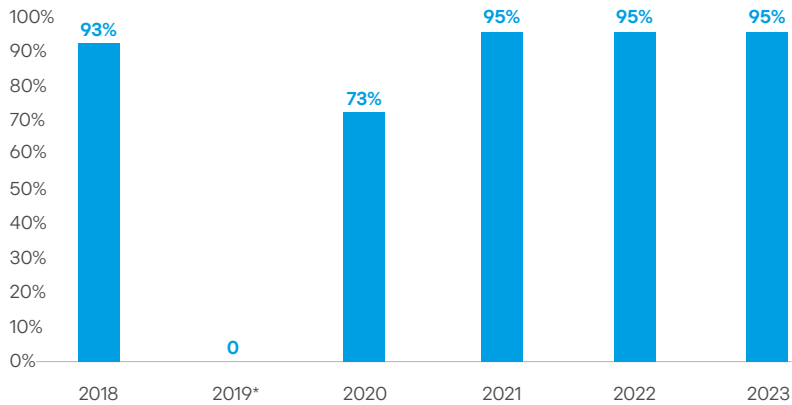
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## Quality of service (GRI 3-3)

In order to keep the customer at the center, we have measured the work done through a satisfaction survey, which allows us to know how our customers perceive our service and how they evaluate the satisfaction of their needs. This survey allows us to identify the views of critical customers with respect to the electric service and thus improve the specific management of the service provided.

In recent years, as a result of the management carried out in this area, we have managed to maintain customer satisfaction at 95%.

Customer satisfaction (T4-1)



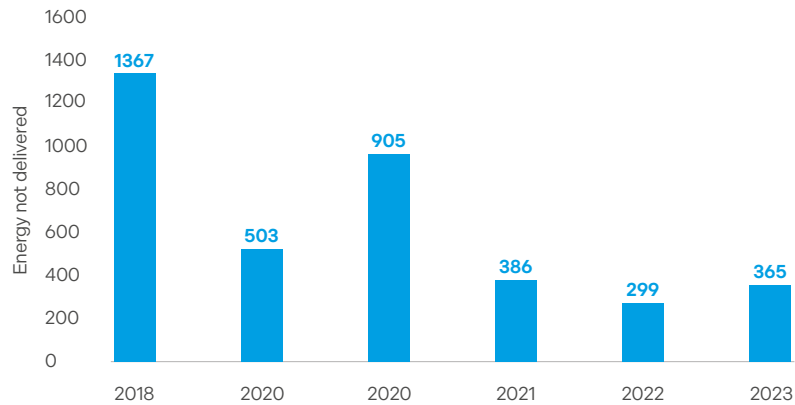
\*No survey was applied in 2019.

## Impact on customers (SASB IF-EU 240a.4)

In 2023, we accumulated a total of 365 KWH of unserved energy, 124 Mwh from regulated customers and 241 Mwh from dedicated customers, representing a slight increase over the previous year.

We are constantly working to reduce the energy not delivered indicator to zero. To this end, year after year we strive for continuous improvement in the operational area.

Energy not delivered (MWh)



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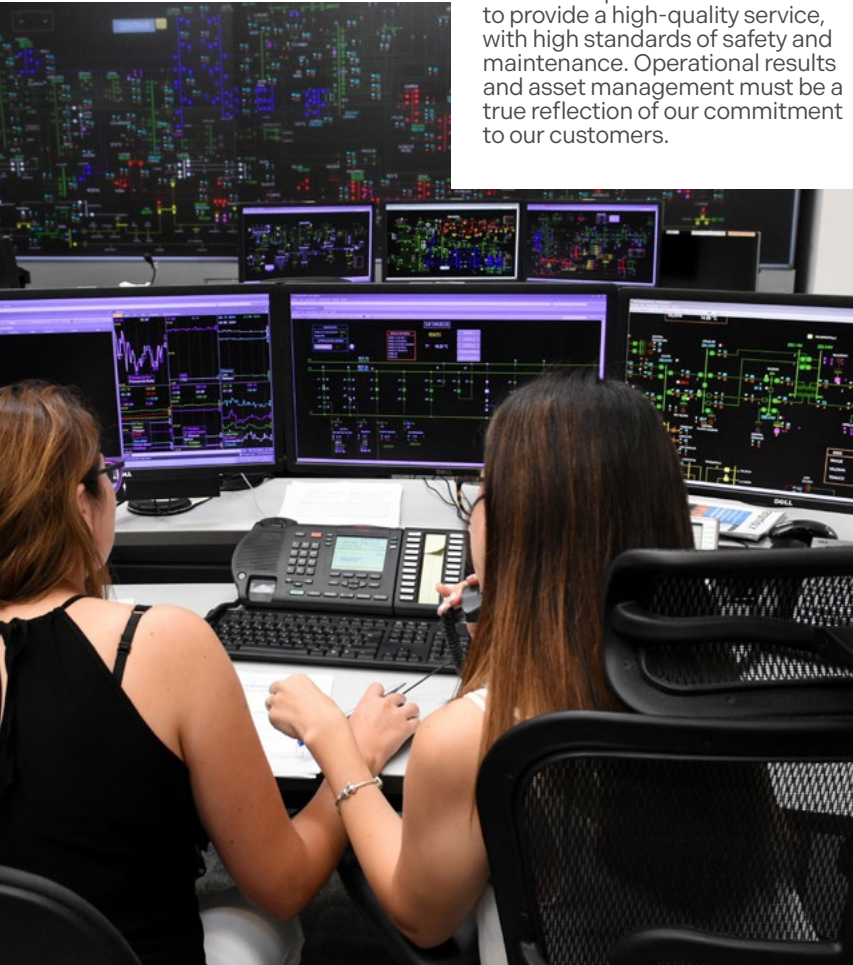
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## Operations

We are the main company in Chile that fulfills the role of transmitting energy throughout the country. This role implies a commitment to provide a high-quality service, with high standards of safety and maintenance. Operational results and asset management must be a true reflection of our commitment to our customers.



### Operational continuity and safety

We use internal and external indicators to monitor the capacity and performance of our assets.

To measure outages due to internal causes, we use an outage rate that breaks down whether outages occurred in transmission lines or substations. Another strategic indicator is the Non-Delivered Energy indicator, which allows us to understand the impact of outages on our customers.

TR	SASB	Transelec	2018	2019	2020	2021	2022	2023
		Operations and customers						
		Number of customers (meters)	6,352,023	6,451,591	7,109,561	7,318,093	7,514,074	7,639,179
T6-1	IF-EU-550a.2	System Average Interruption Duration Index (SAIDI) (hours)	3.4	1.2	0.8	0.06	0.05	0.03
	IF-EU-550a.2	System Average Interruption Frequency Index (SAIFI)	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured
	IF-EU-550a.2	Customer Average Interruption Duration Index (CAIDI), which includes the days in which they occur	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured
T6-2		Number of high impact events (more than 30 MWh. Equivalent to 15% of the outages causing 80% of the total impact)	6	3	4	3	3	2
T6-6		Percentage of compliance with maintenance	-	-	-	118%	95.50%	98.18%
T6-7		Physical and financial progress	-	-	-	-	0.71	1

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## Asset Management (T5-1)

In 2021, we started the project to implement the Asset Management System (AMS) based on ISO 55000. In 2023, we consolidated this system by closing the gaps through an ISO 55001 audit.

Activities in 2023 focused mainly on consolidating and implementing new models and techniques, improving existing plans, updating processes and standards, with a special emphasis on incorporating a cross-cutting approach to the entire asset lifecycle. Ensuring that Operations, Business and Engineering work together to manage assets throughout their lifecycle, from the study of a project to its construction, operation and maintenance, has been a major challenge for the Company.

In 2023, the following asset management actions were implemented, among others:

**Improving measures and action plans:** We have continuously worked on the measures, the use of tools and action plans set up to guarantee the reliability of our services, with a focus on ensuring quality at the points that have the greatest impact on the supply of electricity to our end customers.

**Exploring new methods and innovative technologies in maintenance:** We implemented the Asset Monitoring Center (KOM) for maintenance management. We developed a vegetation management platform that analyzes images using artificial intelligence to detect vegetation growth conditions near infrastructure, and we use contamination sensors to prioritize our preventive insulation washing.

**Improving our processes:** We achieved 100% historical compliance with the Sustainable CAPEX asset replacement plan, demonstrating a consolidation of our renovation and maintenance programs. At the same time, we achieved a 2.8% reduction in the operating expense budget and met 100% of the operating budget, minimizing the risk of outages and ensuring the continuity of electric service.

**Maintaining the value of our assets:** Our assets must always meet the efficiency standards of the regulations in force to determine their value. The Transmission Valuation Study, a tool used by the National Energy Commission to evaluate the transmission infrastructure and regulate the industry's tariffs for certain customers, requires information through an inventory of assets. We succeeded in qualifying 100% of the assets eligible for declaration, demonstrating our discipline and attention to the value of our works and assets.

**Climate change resilience:** We formed an internal transversal table to address climate change issues, led by Asset Management for Climate Change Adaptation with a Total Expenditure Vision (Totex). Real estimates have been made of its impact and the corresponding tariff recognition.

**Digital asset management:** A comprehensive view of the asset lifecycle must include secure digital asset management. We have integrated various platforms, innovative proposals and digital solutions that use algorithms and analytical models to optimize the management of our assets and protect our infrastructure to ensure continuity of service.



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## Digital Transformation and Innovation Management

(T7-1, T7-2, GRI 3-3, CMF 3.1v)

### 2023 Milestones:

14 pilot innovation projects

6 new challenges for Transelec Ventures

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

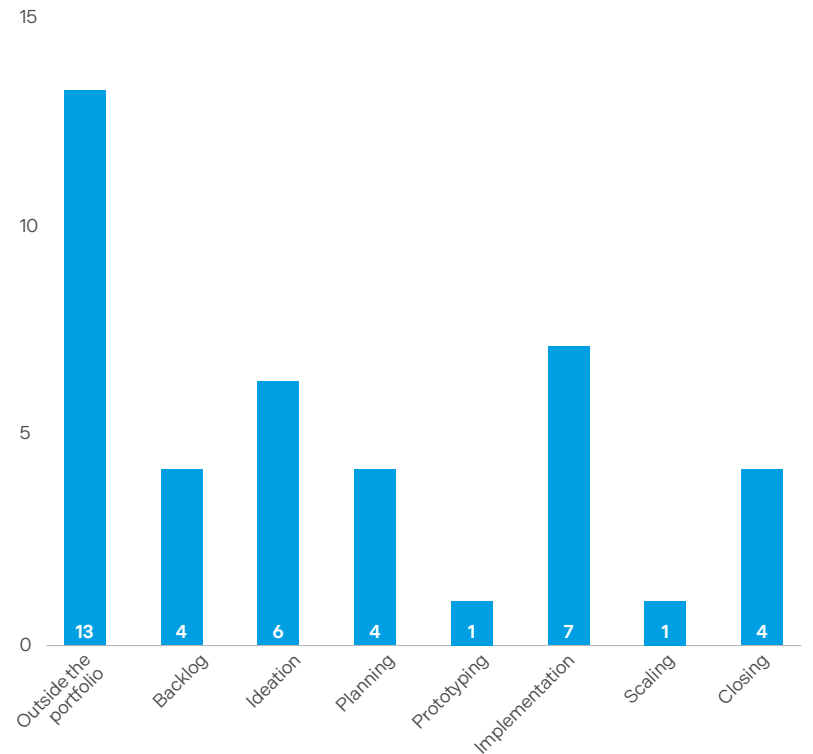
Innovation and digital transformation is a process we have been working on for more than seven years, and this 2023 was important to unify the efforts around technology and create a management that addresses these issues. This new structure, which aims to centralize and improve the management of technologies in collaboration with the business, is responsible for innovation and technology management as major themes, which include topics such as cybersecurity, architecture, data and management of cross-cutting digital projects. Through this Management, we create spaces and tools that are open to the entire company to address challenges and jointly develop technological and innovative solutions. These solutions are developed iteratively through concept tests and pilots that, if successful, are scaled to general operations.

Although innovation is a complex and dynamic process, mainly due to the nature of the technologies, this year we focused our efforts on developing a strong culture of open innovation. We have achieved this through Transelec Ventures, our designated vehicle for this purpose, which has achieved a great positioning in the innovation ecosystem this year.

This 2023 was focused on scaling technologies, with 13 initiatives completing their cycle in the innovation portfolio, including the vegetation management platform and the inspection of lines with drones and artificial intelligence. In addition, Transelec Ventures played a key role in tackling high-impact problems, with solutions such as active noise cancellation as success stories.

We are dedicated to finding creative and effective solutions to today's challenges. Our active projects are the tangible result of this commitment, reflecting our determination to break down barriers and drive a culture that values creativity in an increasingly technologized marketplace.

Initiatives by status 2023



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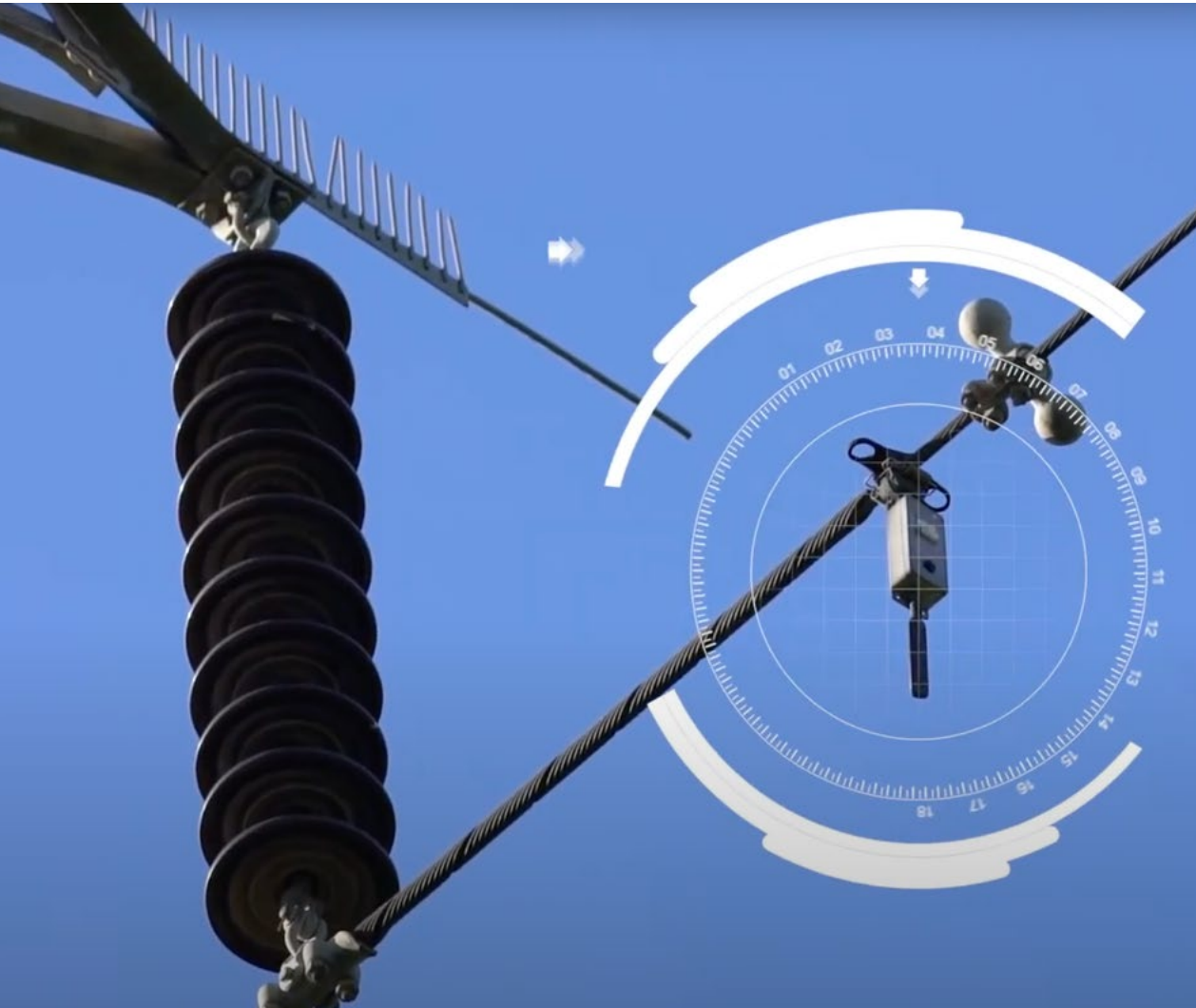
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**“Centinela” cable monitoring device**

For years, we have been developing and deploying an intelligent monitoring technology that has become an important part of our operations. This solution was developed within our innovation portfolio together with the Argentinean startup Sentsense. These are intelligent monitoring devices that are key to support cable theft prevention, maintenance and operational continuity plans.

These solar-powered devices are installed along power lines to collect geo-referenced data thanks to their various sensors. Their network connection allows us to receive this data in a centralized manner.

This year, the “Centinelas” accurately detected 100% of the thefts on the lines equipped with this technology. We currently have more than 120

[Watch video](#)

**Vegetation management platform**

This year we launched the Vegetation Platform, a system that uses satellite imagery geospatially analyzed with Artificial Intelligence (AI) to calculate vegetation growth and alert us to areas in need of maintenance. With this new technology, we can constantly monitor the vegetation around our facility and manage pruning only when necessary, reducing risk to our assets and saving maintenance resources.

[See post on LinkedIn](#)

**Virtual reality training and certification**

This year, we implemented virtual reality risk behavior certification for both our employees and contractors. This solution allows us to ensure, in a simple and fun way, that we have the necessary behavioral competencies in our field work. The solution has been deployed in one specific site with promising results and is expected to be rolled out to the rest of the sites by 2024.

**Digital culture**

This year was marked by significant cultural management. Several workshops on agile methodologies, digital prototyping and artificial intelligence were developed within the organization. We also participated for the first time in the C<sup>3</sup> ranking of creativity and innovation, where, in addition to the assessment of our culture, we were awarded the prize in the Open Innovation category.

**In November 2023, we received the “Open Innovation” award in the 10th C<sup>3</sup>**

**Upgrade/Migration from SAP ERP to S4 HANA Cloud**

We completed the migration of SAP to the S4 Hana version in the cloud, which eliminates the risk of obsolescence and availability. SAP S4 Hana is a transactional business tool that facilitates the resolution of development, integration, and analysis needs. All our own employees have been trained in the various SAP modules, and capsules, presentations and simulations are available to anyone who wishes to access them. An information campaign was carried out for two months via the intranet, e-mails, videos and notes, with a participation rate of more than 90%

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### Completion of the "GO" operational management application upgrade and cloud migration.

The GO (Operational Management) platform is the system used to program all the work to be carried out on the Company's facilities.

All the work carried out on the transmission network is programmed in this system in a process that takes about two weeks and involves the technical staff in the field, the operational staff, safety personnel, and the contractor who carries out the work, all in order to protect the risks to people, equipment, the system and the environment.

The process of modernizing applications to improve their compatibility and scalability with public cloud environments, and then migrating them to the cloud, is an important part of our digital transformation. This provides us with a number of benefits, such as increased operational efficiency, guaranteed business continuity, cost reduction, and greater flexibility and agility. All of this is done while always prioritizing data security and availability.

### Cybersecurity (SASB IF-EU-550a.1, T7-3)

Cybersecurity is a material issue for the Company. We know that now more than ever, protecting and securing systems, networks, and programs from potential risks and digital threats is essential for every organization. Protecting information from loss, data leakage or corruption is a key management imperative and is a growing stakeholder demand.

To achieve this, we promote a culture of digitization and cybersecurity within the Company, hand in hand with our employees. In this context, we focus on developing new innovative solutions that contribute to more efficient operational management and enhance the safety of people and the environment.

We have developed a layered cybersecurity system that protects the Company's critical information through a series of technological controls on processes and people.

Cybersecurity is managed through a Cybersecurity Committee, which meets monthly to record and control mitigation plans for identified risks. In addition, we have a corporate Chief Information Security Officer (CISO) who is responsible for overseeing cybersecurity.

As a critical infrastructure, Transelec is subject to ISO27001, NIST CSF standards and the National Electric System Cybersecurity Standard (SEN) defined by CEN as a reference for the implementation of cybersecurity controls.

Our cybersecurity systems are under constant threat from cyber-attacks. In light of this, we are proud to declare that we had zero incidents in this area in 2023.

### 0 cybersecurity incidents in 2023

In 2023, we implemented the Breach and Attack Simulation Tool (BAS), which is designed to simulate real-world attacks to evaluate the effectiveness of controls and associated suppliers. This tool allows us to assess whether controls are working and has also to identify gaps and make necessary improvements.

With regard to our employees, we have developed communication activities on phishing and the protection of mobile devices, as well as various communications on cybersecurity issues via the intranet, Transelec TV and mailings.



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**Transelec Ventures**

In addition to the above, the Company has an open innovation vehicle called Transelec Ventures, through which it works with technology-based startups to solve problems relevant to the Company and scale their solutions commercially. Through this innovation vehicle, we can connect with startups from around the world to find more sustainable, efficient and environmentally and socially responsible solutions.

This year, Transelec Ventures launched two calls for proposals with six new challenges that not only sought to foster creativity and ingenuity, but also asked participants to address critical problems from a sustainable perspective. Through these calls, we aim to catalyze innovative, socially and environmentally responsible solutions that contribute to the long-term well-being of our society and surrounding communities.

The 2023 calls received more than 120 applications from 19 countries. In addition to the 2022 call, we currently have 12 pilot projects underway. [Click here to read more about the initiatives.](#)

[See initiatives](#) 

**Sustainable Transmission Challenge**

Another technology being tested by Transelec Ventures is the use of nanotechnology coatings on insulators. This solution covers the pores of the glass and ceramic surfaces of the insulators, in addition to making them hydrophobic. This prevents dirt from adhering to the insulator, keeping it cleaner for longer and/or making it much easier to clean.

This coating, which is applied in liquid form, is manufactured in the USA and was originally used for another industry. However, we decided to test the extension of its use to apply it to insulators and clean them with less water. All this is in collaboration with the company that won one of the open challenges launched by Transelec Ventures for this purpose.

**Zero Noise Challenge**

One of the first challenges addressed in these calls for proposals was the 2022 Noise Cancellation Challenge. The technology offered by ZeroSound (Canada) is able to actively cancel low-frequency noise thanks to panels that vibrate and cancel between three and six decibels. All this with intervention and resources much less invasive than the traditional solution, which was to build walls up to 15 meters high.

Now, the same technology already implemented in Ancoa will be extended to Alto Jahuel and Cerro Navia in 2024, and it is expected that these facilities will save around US\$2 million thanks to this technology. Sustainable Transmission Challenge.

