

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



7.

Transelec Group: Growth through business diversification

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 Milestones

Kimal - Lo Aguirre DC transmission line

Water transport pipelines and desalination plant for Codelco

(CMF 6.4 i)

Transelec is owned by a holding comprised of China Southern Power Grid International (CSGI) and Canadian funds Canadian Pension Plan Investment Board (CPP), British Columbia Investment Management Corp. (BCI) and Public Sector Pension Investment Board (PSP).

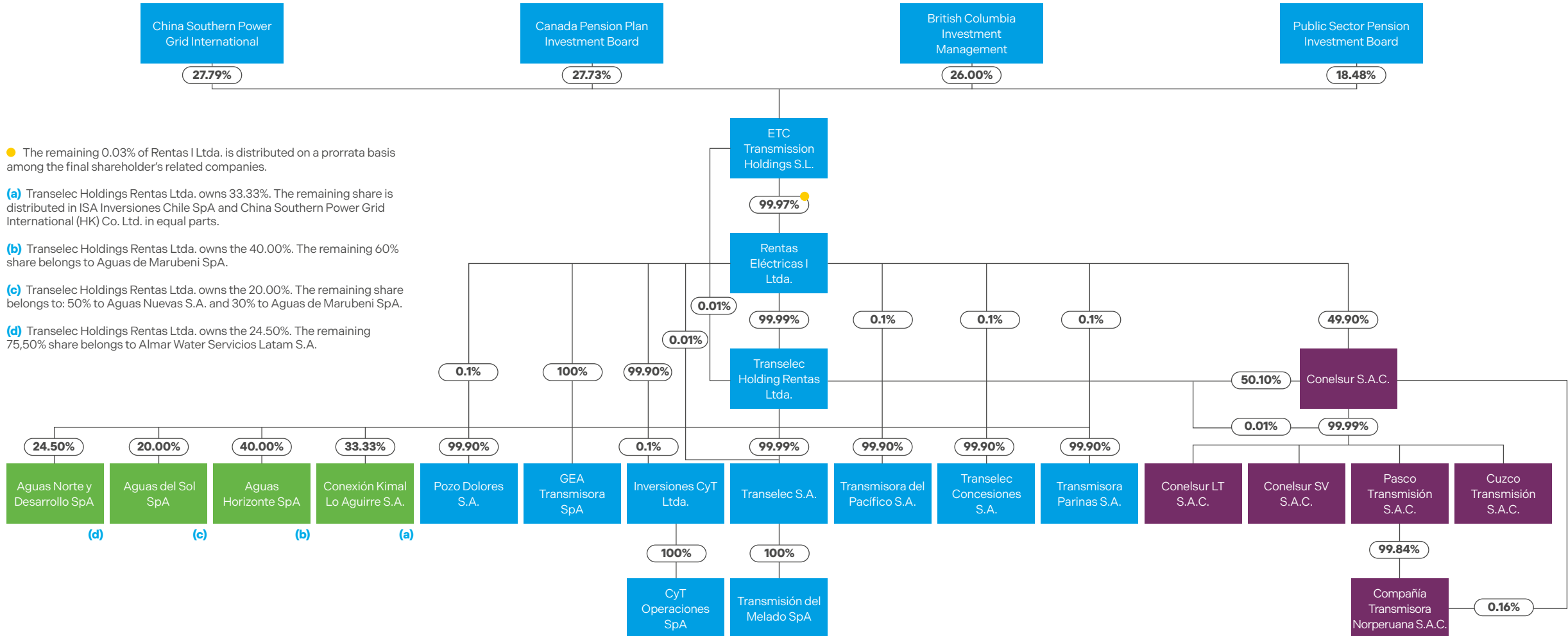
As shown below, the ultimate shareholders have a presence in Canada and China, while the Transelec Group has a presence in Spain, Chile and Peru. Note that our relationship with some of the companies in the holding is based on contracts under which we provide operation, maintenance and management services through our employees. From a strictly financial point of view, the Group companies with which these contracts are signed are autonomous and completely independent of Transelec.

Our shareholders define the participation in projects through Transelec or another Group company, depending on the nature and conditions of the project. This definition takes into account, among other things, the size of the project, the involvement of other partners, the possibility of corporate or project financing, and the country in which the project is located.

The Group operates 11,450 km of lines in Chile and 977 km of lines in Peru, with a total transformation capacity of 24,808 MW.



Structure of the Group to which Transelec belongs (CMF 6.5.1v, vi, x)



● The remaining 0.03% of Rentas I Ltda. is distributed on a prorata basis among the final shareholder's related companies.

(a) Transelec Holdings Rentas Ltda. owns 33.33%. The remaining share is distributed in ISA Inversiones Chile SpA and China Southern Power Grid International (HK) Co. Ltd. in equal parts.

(b) Transelec Holdings Rentas Ltda. owns the 40.00%. The remaining 60% share belongs to Aguas de Marubeni SpA.

(c) Transelec Holdings Rentas Ltda. owns the 20.00%. The remaining share belongs to: 50% to Aguas Nuevas S.A. and 30% to Aguas de Marubeni SpA.

(d) Transelec Holdings Rentas Ltda. owns the 24.50%. The remaining 75,50% share belongs to Almar Water Servicios Latam S.A.

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
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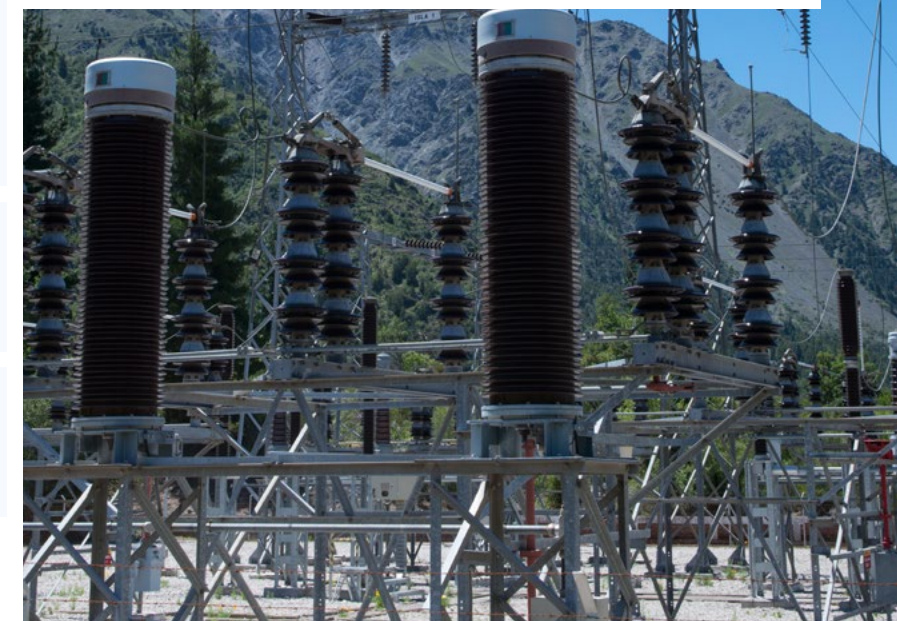
Transelec Group

In order to continue the optimal and sustainable development of the Group's business model, we are constantly working on the alignment of all companies that share capital. As a result, the Group's business strategy is to **continue to grow** in the **regulated and dedicated power transmission businesses, as well as in the new businesses** of water supply infrastructure for large customers, energy storage infrastructure and the development of the green hydrogen industry. With respect to new businesses, the focus is on:

<p>a. Developing water transport infrastructure</p> <p>Continue to grow the segment dedicated to the design, construction, operation and maintenance of water supply infrastructure for mining customers.</p>	→	<p>2023 was the year in which the Group started its activities in this business segment through a contract with the customer Codelco.</p> <p>The Group will continue to explore this type of business with financially strong customers who wish to outsource their water supply through long-term take-or-pay contracts. The Group's first operations in this new business will be developed with partners through joint ventures.</p>
<p>b. Developing energy storage infrastructure</p> <p>At Group level, we want to be a relevant player in accelerating decarbonization through the integration of batteries.</p>	→	<p>From 2024, we will focus on:</p> <p>Participating in CNE tenders for regulated storage infrastructure.</p> <p>Seeking dedicated customers who need batteries to complement their renewable energy parks to ensure the stability of their generation business.</p>
<p>c. Developing the emerging green hydrogen industry in Chile</p>	→	<p>The Group is focused on seeking growth opportunities related to green hydrogen, offering our experience in the development and operation of lines, substations, pipelines and batteries, all key infrastructure for the production of green hydrogen.</p>
<p>d. Development of OPGW (Optical Ground Wire)</p>	→	<p>An OPGW is essential to the safety operations of our assets and an option to expand the scope for telecommunication operators.</p>

Transformation, business diversification and the future are the pillars for which the Group has created new entities where the knowledge of all those who make up Transelec is an asset for diversified and long-term growth. This is why the entry into the water infrastructure business is of strategic importance. These new ventures challenge and motivate us to make the most of our potential, our human and technical capital, in all the fields in which we have expertise.

Our experience in designing, developing and operating projects in a highly regulated environment provides us with the legal and compliance resources to properly develop major transmission projects and, as a group, to venture into new major infrastructure segments such as water projects.



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

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

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

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

People as the driving force behind the development of our Company

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

Transelec Group: Growth through business diversification

Preparing our 2023 Integrated Annual Report

Transelec's contribution to Group projects

Our company attaches great importance to providing services in projects involving other companies in the Group. The experience and commitment of our employees are needed to develop projects with a high impact. This drive is the key to transforming our business by diversifying our services and looking to the future through joint ventures.

As the Transelec Group, we have focused on customers who need our contribution to infrastructure projects for energy transmission, water transport and supply, energy storage and other businesses in which Transelec supports the Group companies with its knowledge, experience and management capacity. This is why, in our Integrated Annual Report 2023, we wanted to present projects of major importance to the Transelec Group.


Kimal - Lo Aguirre Connection

The Kimal - Lo Aguirre line is a project tendered by the Chilean Government, through the National Power Grid Coordinator, with an annual transmission value of US\$116.3 million.

The project was awarded to the Yalliche holding, made up of Transelec Holdings Rentas, ISA and China Southern Power Grid International (CSGI). At the same time, Conexión Kimal Lo Aguirre S.A. was registered as the company in charge of developing this important project for the country.

The holding is responsible for the development, operation and maintenance of a new 500 kV HVDC (High Voltage Direct Current) transmission line, which will be the first direct current transmission line in Chile. This technology offers higher transmission capacity in a smaller easement strip, reducing the space required for its operation by approximately 50%. It also requires fewer intermediate substations. This initiative contributes to the decarbonization of Chile's energy matrix, as it allows large amounts of renewable energy to be transported from the north to the center and south of the country, thus avoiding the dumping of energy due to lack of transmission capacity.

Since the award in December 2021, the holding's teams, together with consultants specialized in different areas, have been working to gather information to ensure that the project has the least possible impact on the environment and the communities. To this end, we have formed a team of about 100 people who have studied the territory and located the main critical points of impact, as well as identified the uses, customs and living systems within the geographical space of the layout. 300 social organizations and 50 human groups belonging to indigenous peoples were identified. A process to define and mitigate impacts was carried out with 40 of them.

[Watch video](#) 

2023 Milestones

Adhere to international standards for **transparency, sustainability and environmental issues**, as reflected in the International Sustainability Standards Compliance Report, achieving 99% and 98% compliance, respectively, with the Equator Principles and the International Finance Corporation (IFC) for the current phase of the project, which serve as a baseline and reference framework for financial institutions to identify, assess and manage environmental and social risks when financing projects.

Economic

- Financing of US\$480 million through financing agreements with shareholders Transelec and ISA Inversiones Chile for US\$160 million each and a Green Label loan from HSBC Hong Kong for the same amount.
- Approval of the Company's Crime Prevention Model and Risk Matrix in accordance with the provisions of Law 20.393.
- Structuring a crime prevention system in accordance with the requirements of the law, appointment of a crime prevention officer and establishment of an ethics committee.

Social

- Completion of the Early Citizen Participation process in October 2023, reaching more than 6,000 people.
- Development of corporate policies that align daily operations with high standards of human rights and sustainability.
- More than 321,000 hours worked with only one lost time incident of 15 working days.

Environmental

- Submission of the environmental impact study to the Environmental Evaluation Service.
- Completion of the registry of the properties located in the project's area of influence and start of negotiations with the owners of the electrical easements.
- Obtention of the Declaration of National Interest from the National Forestry Corporation (CONAF).

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

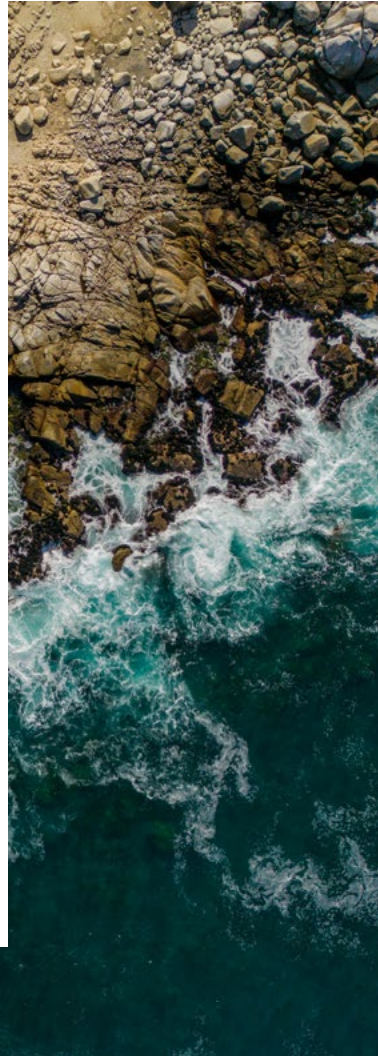
Aguas Horizonte

The Aguas Horizonte project, formed by Marubeni Corporation (60%) and Transelec Holdings Rentas (40%), will be responsible for the construction of the desalination plant, pipelines and propulsion systems to supply Codelco's northern district. The plant will be located 14 km south of Tocopilla, crossing the municipalities of María Elena and Calama. The construction includes marine works and an underground pipeline of more than 160 kilometers, with a pumping system that will bring water from 700 meters from the sea coast to the industrial water reservoirs of Codelco's operations, at an altitude of 3,000 meters, thanks to three pumping stations. This project will help Codelco reduce its inland water consumption by 27% in a water-scarce region.

With this project, the Group is helping the mining industry take another step towards sustainable production. Construction is expected to begin in the first half of 2026 and will employ approximately 2,700 people at its peak, promoting the hiring of suppliers and labor from the region. The project will be executed under the Build, Own, Operate and Transfer (BOOT) model, which means that the holding will build, own and operate the plant and then transfer it to Codelco. The plant is expected to have a useful life of 30 years.

The Codelco desalination plant is the first business of this type in which the Transelec Group has decided to participate, based on its similarity to the business model of electricity transmission and with two prestigious companies as counterparts, Codelco as client and Marubeni as partner. This type of business is in line with our shareholders' objectives of participating in projects with predictable and long-term cash flows from operating activities.

[Watch video](#) 



Group presence in Peru

We entered the Peruvian market in 2016 as Conelsur, operating more than 1,000 kilometers of transmission lines with 20 substations. The operation consists of 220 kV, 138 kV and 60 kV lines connects different generation sources to different cities in the departments of Lima, Junín, Cajamarca, La Libertad, Huancavelica and Arequipa.

As in Chile, Conelsur is committed to the sustainable development and operational excellence of its power-related assets.

As of March 2023, Conelsur appointed Cristián Arratia Gallardo as its new CEO, replacing Rodrigo Moncada Cortés. The Chilean lawyer was promoted directly from our Company, where he spent the last two years as Manager of Judicial and Legal Project Affairs.

As part of our commitment to digital transformation, Conelsur has invested almost US\$7 million in a new and modern Transmission Operation Control Center (CCOT), which not only allows the operation and monitoring of the facilities in real time, but also links this operation with the Economic Operation Committee of the National Interconnected System (COES) and the control center of the parent company in Chile.

In July 2023, the Portillo substation and associated links, representing an investment of approximately US\$11.3 million, were commissioned to meet Lima's electricity requirements. This project is an important milestone for the Transelec Group, as it is the first construction project it is developing in Peru.

In 2023, we were awarded the important Nueva Raura Complementary Transmission System project for Compañía Minera Raura in Peru.



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

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

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

People as the driving force behind the development of our Company

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

Transelec Group:
Growth through
business diversification

Preparing our 2023 Integrated Annual Report

Appendices

Other projects

In addition to the abovementioned projects, the Transelec Group operates and develops a wide range of transmission projects that are supported by our team for the different tasks required by the industry.

These projects include the following:

Transelec Concesiones:

A group of four regulated power transmission projects, all operational, located in different regions of the country.

CyT Operaciones SpA:

A transmission project exclusively for Lunding Mining's Caserones mine in the Atacama region.

Transmisora del Pacífico:

A regulated power transmission line currently under construction to connect the mainland with the island of Chiloé.

Licenses, franchises, royalties and/or concessions. (CMF 6.2 vii)

Please note that we do not have any licenses, franchises or royalties.

With regard to concessions, we state that Transelec's transmission lines and substations are established pursuant to the provisions of the General Law of Electric Services, DFL No. 4 of 2006 (LGSE), by means of definitive concession decrees issued by the Ministry of Energy by order of the President of the Republic, for an indefinite period, with the rights and obligations established in the aforementioned LGSE, the main purpose of which is to grant easements allowing the concessionaire to occupy the land required for the Lines and Substations.



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



8.

Preparing our 2023 Integrated Annual Report

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

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

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

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

People as the driving force behind the development of our Company

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

Transelec Group: Growth through business diversification

Preparing our 2023 Integrated Annual Report

Appendices

Preparing our 2023 Integrated Annual Report

(GRI 2-3; 2-4; 2-5; 2-14)

At Transelec, we are very proud to present our second Integrated Annual Report, which covers the period from January 1 through December 31, 2023. In this document, we present our management in various economic and sustainability areas, showing our performance in terms of corporate governance, environmental, social and economic management.

In this second report, we have sought to build a more robust data architecture that allow us to trace the information reported.

We would like to thank our teams who have taken on the challenges we set ourselves as a Company for 2023, not only for their commitment to operational continuity and the achievement of our goals, but also because they have been fundamental to the preparation of this Annual Report.

We have prepared this Integrated Annual Report in accordance with the standards of the Global Reporting Initiative (GRI), together with the indicators of the General Standard No. 461 issued by the Chilean Financial Market Commission (CFM). Accordingly, we indicate that we report the Sustainability Accounting Standards Board (SASB) indicators related to the electricity industry, in full compliance with the standard. We also note that this Integrated Annual Report has not been externally assured. As this is our second Integrated Annual Report, we undertook a materiality update process in accordance with the GRI methodology, which allowed us to redefine certain material issues, which are detailed below:

Updating our materiality, step by step:

1. Sustainability context analysis

- All the Company's strategic documents were reviewed in order to align and organize the information of the 2023 events.
- We conducted a benchmark of sustainability reports in the energy sector, considering two Chilean companies and three foreign companies. The objective was to learn about the main issues, actions and sustainability strategies of these companies, as well as to identify trends and good practices in the sector.
- We conducted a benchmark of the main sector standards in the energy sector and ESG initiatives around the world.
- We conducted a press analysis, reviewing more than 60 news items from digital media.
- We conducted a critical analysis of the 2022 Integrated Annual Report. In our quest for continuous improvement, we conducted a comprehensive analysis of the indicators reported in 2022 to enhance the quality and depth of the indicators reported.

2. Identification of actual and potential impacts

- Stakeholder consultations: It is important to know the opinion of our stakeholders on the sustainability of our management, and to obtain this information we conducted a digital survey intended to:
 - Shareholders and Board of Directors
 - The financial community (banks, investors, risk rating agencies, etc.)
 - Employees
 - Guild associations
 - Authorities
 - Communities
 - Customers
 - Suppliers and contractors
 - Others (all stakeholders who do not identify with any of the above categories)
- Interviews with area leaders: To understand the key milestones, risks, opportunities, and impacts of our management in 2023 from a strategic perspective, we conducted interviews with some of the members of the Board of Directors, our CEO, and the Company's Vice Presidents.

3. Assessing actual and potential impacts

Using the information obtained in the first step of the sustainability context analysis, we identified and assessed the actual and potential impacts on our value chain identified in the second step. Once the analyses were complete, we obtained the prioritized material issues.

4. Prioritizing the impacts

With this initial prioritization of material issues, we undertook a review process with the Company's senior management and then, after a validation workshop, we constructed the final prioritization of issues with their respective definitions.

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

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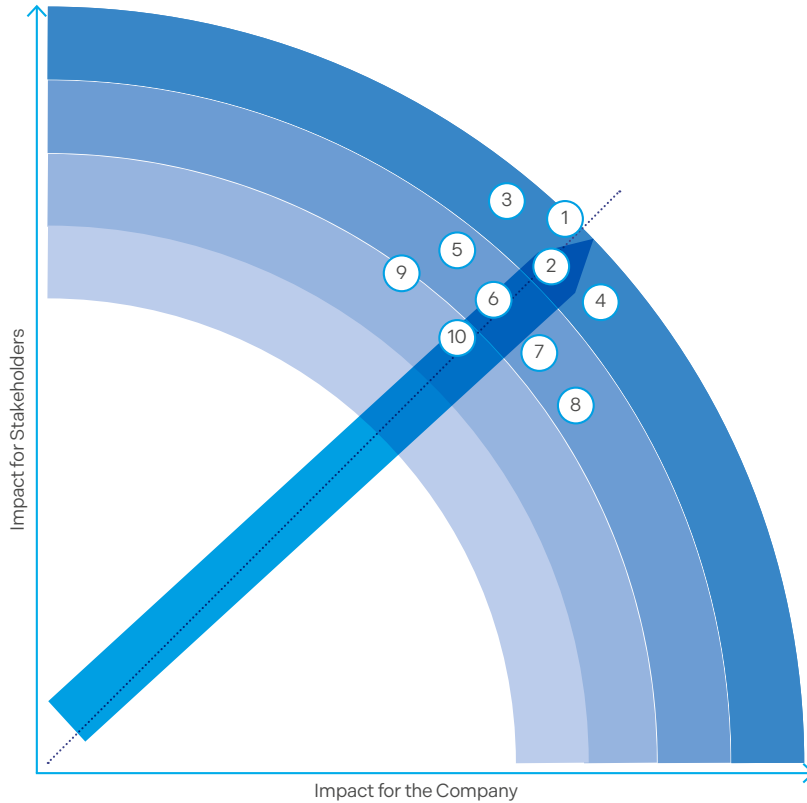
Building Connections: Strengthening community through social value and protection of our planet

People as the driving force behind the development of our Company

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

Transelec Group: Growth through business diversification

Preparing our 2023 Integrated Annual Report



- 1 Decarbonization of the energy matrix
- 2 Environmental management, adaptation to climate change, and preservation of ecosystems and biodiversity
- 3 Occupational health and safety
- 4 Infrastructure and networks
- 5 Quality of customer service
- 6 Creating sustainable economic value
- 7 Cyber security, information security, innovation and digital transformation
- 8 People development, management and inclusion
- 9 Connecting: relationship with communities and suppliers
- 10 Governance, ethics and transparency

Stakeholders
(GRI 2-29; CMF 3.1.iv, 3.7.i, ii, 6.1.v, 6.3)

Stakeholder engagement is key to the success and sustainability of the Company. Therefore, we work to build strong relationships with our stakeholders to understand their needs and expectations. This in turn allows us to move forward in terms of transparency and trust.

Stakeholder feedback is important because it provides us with valuable information that we can use to improve our processes and services.

In this context, we have various means and channels of communication and relationship, including: The Communications Management System (CMS), internal newsletter, Transelec TV, RRSS, corporate website, external newsletter, national and regional media, and public affairs plans as a relationship method.

In addition, every 2 years we participate in a Corporate Reputation Survey in which representatives of different stakeholders evaluate our performance in various aspects.

Our stakeholders:

- Shareholders and Board of Directors
- The financial community (banks, investors, risk rating agencies, etc.)
- Employees
- Guild associations
- Authorities
- Communities
- Customers
- Suppliers and contractors

Transelec's Participation in Associations
(GRI 2-28; CMF 6.1.vi)

Associations play an important role in the business landscape, providing strategic linkages and promoting knowledge sharing in various fields. For this reason, we work with the following organizations:

- Association of Chilean Transmission Companies
- Gestión Empresarial Foundation
- World Energy Council Chile
- Chilean-Canadian Chamber of Commerce
- CIGRÉ
- Sociedad de Fomento Fabril (Sofofa)