



国家电网有限公司
STATE GRID
CORPORATION OF CHINA



2022 SUSTAINABILITY
REPORT



IDENTIFICATION OF COMPANIES

GRI 2-1, 2-2, 2-3



STATE GRID
CHILE HOLDING SpA

Corporate name:

State Grid Chile Holding SPA

Type of entity:

Investment

Tax identification N°:

77.125.502-7

Legal address:

Miraflores 222 P28 2801, Santiago



CHILQUINTA

Corporate name:

Chilquinta Distribución S. A.

Type of entity:

Closed stock corporation, subject to the rules of Publicly Offered Securities Issuing Companies, whose main line of business is the distribution of electric power.

Tax identification N°:

96.813.520-1

Legal address:

Avenida Argentina N°1, 9th floor, Valparaíso.

Telephone:

(56 32) 245 2000

Website:

www.chilquinta.cl



Name of the Company:

Compañía General de Electricidad S. A.

Type of entity:

Open stock corporation, whose main activity is the distribution of electric power.

Tax identification N°:

RUT: 76.411.321-7

Legal address:

Av. Presidente Riesco N°5561, 17th floor, Las Condes, Santiago.

Telephone:

(56 2) 26807100

Website:

www.cge.cl





CONTENTS

01	PRESENTATION	
	Letter from the chairmen	06
	Our companies	08
	Our presence	09
	Value chain	10
	Highlights	12
02	CORPORATE GOVERNANCE	
	Board of directors	14
	Administration	17
	Good Governance	19
	Risk management	20
	Ethics and compliance	22
	Sustainability strategy	24
03	PEOPLE	
	Teams	30
	Diversity and inclusión	32
	Security and health	38
	Labor relations	44
04	SERVICES	
	Supply continuity	46
	Customer satisfaction	52
	Technology and digitalization	56
05	COMMUNITY	
	Community safety	60
	Local development	63
06	ENVIROMENT	
	Biodiversity	67
	Waste production management	72
	Carbon footprint	78
07	ABOUT THIS REPORT	
	Methodology	81
	Materiality Process	82
	Index	84

PRESENTATION



01

- 1.1** Letter from the chairmen
- 1.2** Our companies
- 1.3** Our presence
- 1.4** Value chain
- 1.5** Highlights

1.1

LETTER FROM THE CHAIRMEN

GRI 2-22



It is an honor for us to present the first sustainability report of our companies in Chile: Chilquinta and CGE, dedicated to the distribution of electric energy



Yumeng Zhao
Chairman of the Board
Chilquinta Distribución



Yan Dai
Chairman of the Board
CGE

■ As the world's largest utility company, we at **State Grid Corporation of China (SGCC)** are committed to providing a safe, clean, affordable, and sustainable energy supply in every country where we operate.

Being a responsible company means managing our business in accordance with these principles and being accountable for our commitments. Therefore, in this document we identify the main impacts of our business and the measures we are taking to address them, presenting concrete and transparent data for our stakeholders.

During 2022, Chilquinta and CGE faced multiple challenges. First, we had to resume regular activities that had been suspended during the COVID-19

pandemic. This involved, to a large extent, the management of customer collections and the administration of the new government subsidies for vulnerable families. We also had to deal with increases in energy losses due to various causes and social phenomena such as illegal connections and cable theft.

We addressed service quality challenges through investments, technology transfer, and improvements in our processes, including decision-making based on first-hand information and a greater field presence. We strive to strictly comply with quality standards to provide excellent service.

The exchange of knowledge between the different cultures in which SGCC

operates allows us to apply best practices, develop innovations, and employ new technologies to jointly achieve excellence. In addition, cross-cultural integration promotes shared learning and enriches diversity, something we deeply value.

The safety of our employees, our customers, and the people in the communities we serve is our top priority because we consider it a main value. For this reason, we constantly review and improve our operating practices, always prioritizing the prevention and mitigation of risks associated with the operation.

As our companies are regulated, our commitment starts with compliance with laws and regulations, but goes

beyond that. Chilquinta and CGE have solid frameworks of principles, performance, and cultures that operate on shared values. This gives us peace of mind regarding our day-to-day operations, as well as optimism in terms of their projection into the future.

On environmental issues, we apply innovation to generate new solutions to relevant problems, adopt a precautionary approach to care for the plant and animal species that interact with the infrastructure of our operations.

We want to be at the forefront in operation and maintenance technologies, bold in our search for first-class solutions and technology to ensure people's safety, proactive in our



This report is an invitation to learn in detail about our actions, achievements, and challenges in contributing to the sustainable development of society and the territories where we are present.

relations with the community and the environment, and, but not least, capable of providing highly reliable services to our customers.

Preparing this first joint report allows us to look back with gratitude to our teams for all the progress we have made and the challenges we have addressed. We would also like to thank our customers, shareholders, suppliers, partners, government entities, and local communities for their trust and for giving us the opportunity to work with and for them.

With a long-term vision, we want to contribute to Chile's development and its citizens' progress.



1.2

OUR COMPANIES

GRI 2-1, 2-2, 2-3





State Grid Corporation of China (State Grid) is a state-owned enterprise founded on Dec. 29, 2002. As the world's largest utility it is crucial to China's energy security and economic lifeline. For more than two decades, State Grid has recorded the world's longest hours of safe operation of its super large grid and integrated the largest amount of renewables with the strongest power transmission capacity.

State Grid received the same rating as China's sovereign bond from the three major credit rating agencies for ten consecutive years (Standard & Poor's A+, Moody's A1, and Fitch A+).

The Belt and Road Initiative (BRI) is an important step for China to adapt and lead globalization, as well as foster a new environment in comprehensive opening and development. In recent years, following the principles of seeking shared growth and mutual benefits through broad consultation and joint contributions based on equality, State Grid has actively pursued BRI based on its core businesses and advantages. It has successfully invested in and operated backbone power grids in nine countries and regions, including Brazil, the Philippines, Portugal, Australia, Italy, Greece, Oman, Chile, and Hong Kong (China), and has established ten overseas offices around the globe.

Committed to long-term operations, market-oriented, and adapted to each culture, State Grid continues to create economic, social, and environmental value for local communities as a responsible corporate citizen, investing in state-of-the-art technology, acting innovatively, always in the pursuit of excellence, to contribute to the development of the countries where it operates.

State Grid Culture

 <p>Our Tenet:</p> <p>A power utility by the people and for the people.</p>	 <p>Our Mission:</p> <p>Power your beautiful life, empower our beautiful China.</p>	 <p>Our Roles:</p> <p>Contribute to economic growth, energy transition and better livelihood.</p>	 <p>Our Spirit:</p> <p>In search of excellence, in pursuit of out-performance.</p>
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SGCC established its presence in Chile in 2020 through the creation of State Grid Chile Holding. In June 2020, SGCH acquired Chilquinta, followed by the acquisition of CGE in 2021.

Chilquinta Distribución was established in 1921 and provides services in the Valparaíso Region.

CGE was founded in 1905 in the Central Zone of Chile. Today, along with its subsidiary company Edelmag, CGE provides services that cover 13 of the country's 16 regions.

Both companies are committed to management that meets high operational, environmental, and social standards, with a special focus on safety and reliability in the way they operate.

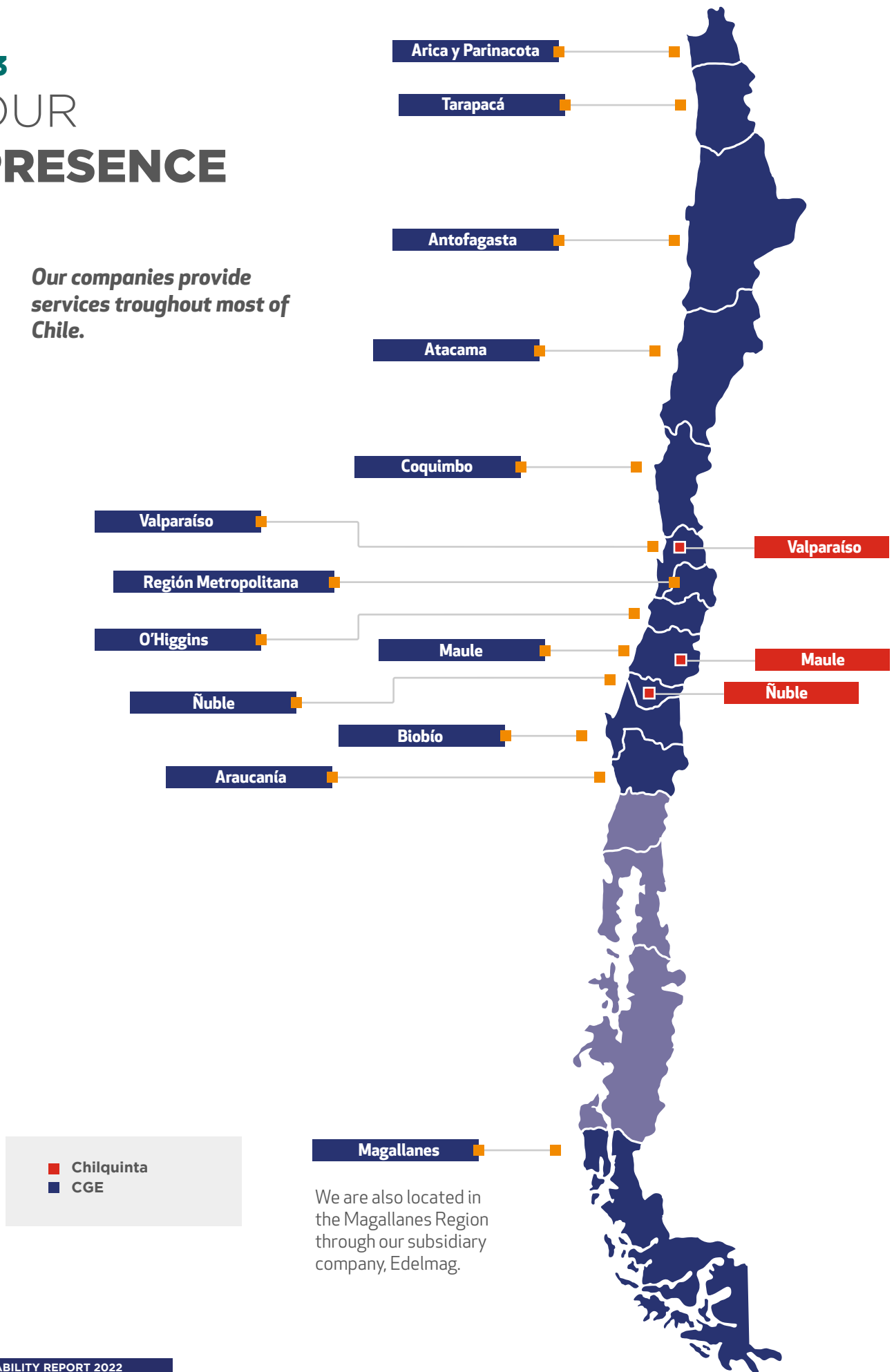


1.3

OUR PRESENCE



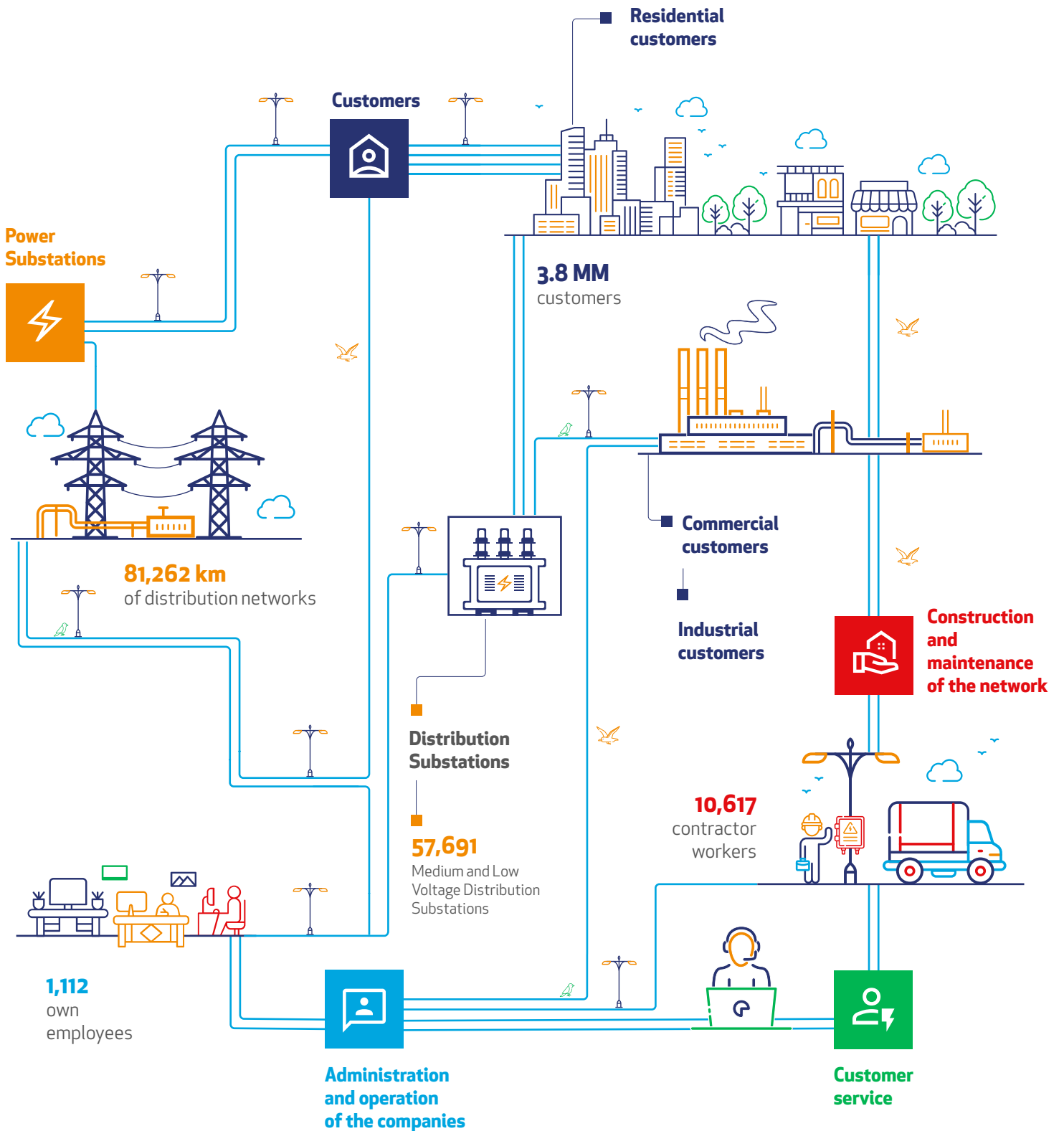
Our companies provide services throughout most of Chile.



1.4

VALUE CHAIN

GRI 2-6





We provide our services with an infrastructure that consists of overhead networks, substations and equipment to deliver low-voltage electricity to end consumers, monitoring its continuity through technological devices such as sensors and drones. At the junction points between the distribution network and the customers' electrical system, there are meters to count the users' consumption, from which monthly billing data is obtained.



Our companies provide electric power distribution services to residential, commercial and industrial customers. We also provide services to retail and wholesale customers, as well as to public and private entities throughout Chile, contributing to the quality of life of the people and the economic development of the country.



To provide the service, we rely on suppliers for the primary input, electrical energy, sourced from generating and transmission companies. Our in-house staff and contracted professionals handle the construction, network maintenance, technology, collection, and real estate management functions.



To serve our customers we have sales processes (to free customers) and installation of connections, equipment rental, as well as connection of customers who generate their own electricity and sell their surplus. The relationship includes the attention of claims, communication of failures and repairs, and attention to home services.



This value chain also includes various support activities, such as strategic planning, people management, supply processes, technology incorporation and community relations, among others. At the same time, because we are regulated companies, we carry out activities to monitor the legal and regulatory context, along with constant relations with regulators and supervisors.



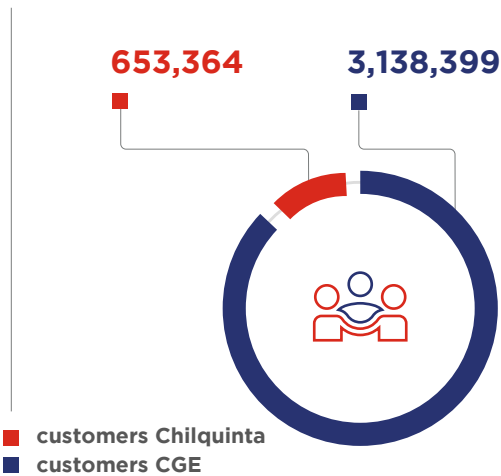
1.5

HIGHLIGHTS

3.8 M

customers

between Arica and Parinacota and Araucanía



19,017,274 MWh

supplied to customers



79% men

21% women

1,112

workers

Chilquinta
361 workers

CGE
751 workers

10,617

contractor workers

Chilquinta
1.014 contractor workers

CGE
9.603 contractor workers

81,262 km

of distribution networks

36,977 km

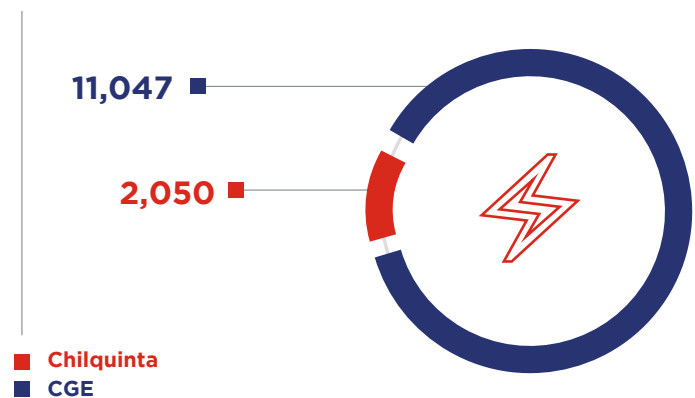
of medium voltage lines

44,285 km

of low voltage lines

13,097 physical sales

regulated GWh



CORPORATE GOVERNANCE



02

- 2.1** Boards of directors
- 2.2** Administration
- 2.3** Good governance
- 2.4** Risk management
- 2.5** Ethics and compliance
- 2.6** Sustainability strategy

2.1

BOARDS OF DIRECTORS

GRI 2-9, 2-10, 2-11, 405-1

Our companies have boards of directors formed per Law No. 18,046 on corporations, most of which represent the owner company, State Grid Corporation of China (SGCC).

In both cases, the boards are proposed by the shareholders, who carefully evaluate the suitability and capacity of the persons nominated for the position, prioritizing a solid professional background and their economic, social, and environmental knowledge.

Both Chilquinta's and CGE's Board of Directors are composed of five members, whose term of office is three years. Their election is the responsibility of the Shareholders' Meeting. At the end of each term, the Boards of Directors must be completely renewed.

None of the chairmen of the boards of directors perform executive duties in the organizations.

From April 2023, Nicolás Eyzaguirre serves as Director, replacing Rodrigo Valdés.

 **CHILQUINTA**



Yumeng Zhao

*Chairman
of the Board*
2 years in office



Yunpeng He

Director
1 years in office



Lidong Ma

Executive Director
2 years in office



Qi Qu

Executive Director
2 years in office



Francisco Mualim Tietz

Executive Director
2 years in office





Yan Dai

*Chairman
of the Board*
1 years in office



Futao Huang

Director
1 years in office



Bing Yu

Director
1 years in office



Chengzu Liu

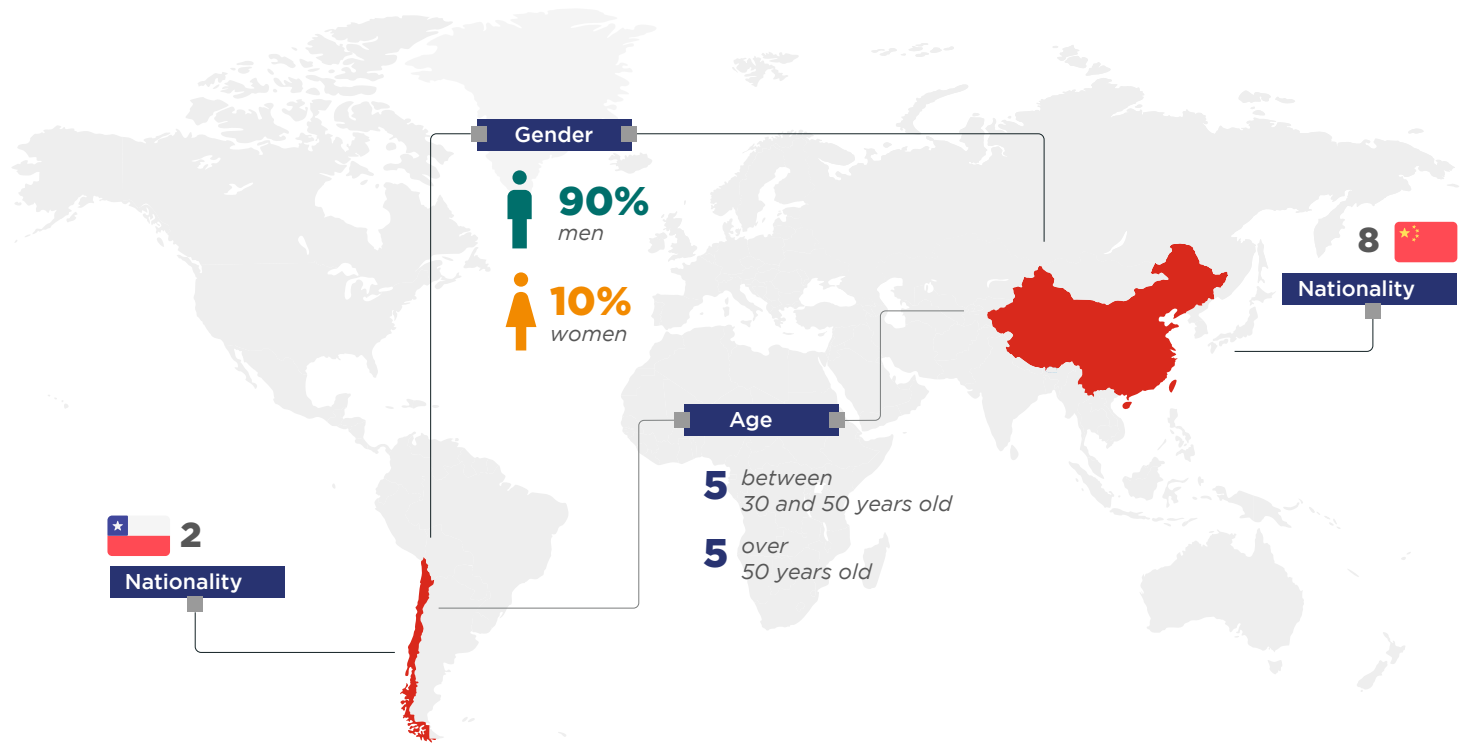
Director
1 years in office



Rodrigo Valdés Pulido

Director
1 years in office

The gender, nationality and age composition of the Chilquinta and CGE boards of directors is as follows:



Committees

Chilquinta has an Executive Committee that advises both the Board of Directors and Management on the strategies to be implemented to carry out the company's business. The function of this body is to supervise decisions on various matters, including the environmental, economic, and/or human impacts produced by the business. Its members are the three directors who perform executive duties in the company, together with the Chief Financial Officer, Keping Zhou, and the Chief Operation Officer, Cristián Martínez. The committee meets weekly and holds extraordinary meetings if the need arises.

CGE has People&Compensation Committee and Audit Committee that provide professional support for board decisions. In addition, the company has an Executive Committee that advises the Board of Directors on different matters.

Boards of Directors functioning

GRI 2-12, 2-13, 2-17

The purpose of our companies is defined both by their bylaws and by the policies established by their respective Boards of Directors. Among the fundamental responsibilities of these corporate governance bodies are the following:

- To drive each company's business and ensure its long-term growth.
- Promote a culture rooted in corporate values and principles.
- Establish monitoring and evaluation methods to ensure the effectiveness of actions taken.
- Anticipate and manage conflicts of interest in a transparent and ethical manner.
- Conduct business in accordance with principles of integrity and the core values of each organization.

In each company, the Boards of Directors review and approve the sustainable development objectives and strategies presented by their executive teams. Accordingly, special attention is paid to the impacts generated by the projects and operations of each company, seeking to maintain a responsible and conscious management of its social and environmental responsibility.

Regarding the strengthening of knowledge and skills in sustainable development, Chilquinta has incorporated the Board of Directors in the corporate training program, specifically addressing issues such as cultural integration and cybersecurity,

among others. At CGE, this aspect is addressed through presentations by the different areas of the company and by State Grid representatives.

Although the Boards do not hold direct meetings with stakeholder representatives, they do receive and analyze reports prepared by the different areas of the organizations. This flow of information is nourished by enriching dialogues and closeness to the issues that the direct managers handle.

Boards of Directors compensation policies and processes

GRI 2-19, 2-20

At CGE, the process for defining the remuneration of directors

is carried out by the Shareholders' Meeting, which defines the amounts based on their attendance at ordinary and extraordinary meetings. The Board of Directors does not receive remuneration, except for the independent director who receives a fixed monthly remuneration approved by the Shareholder's Meeting on April 21, 2022.

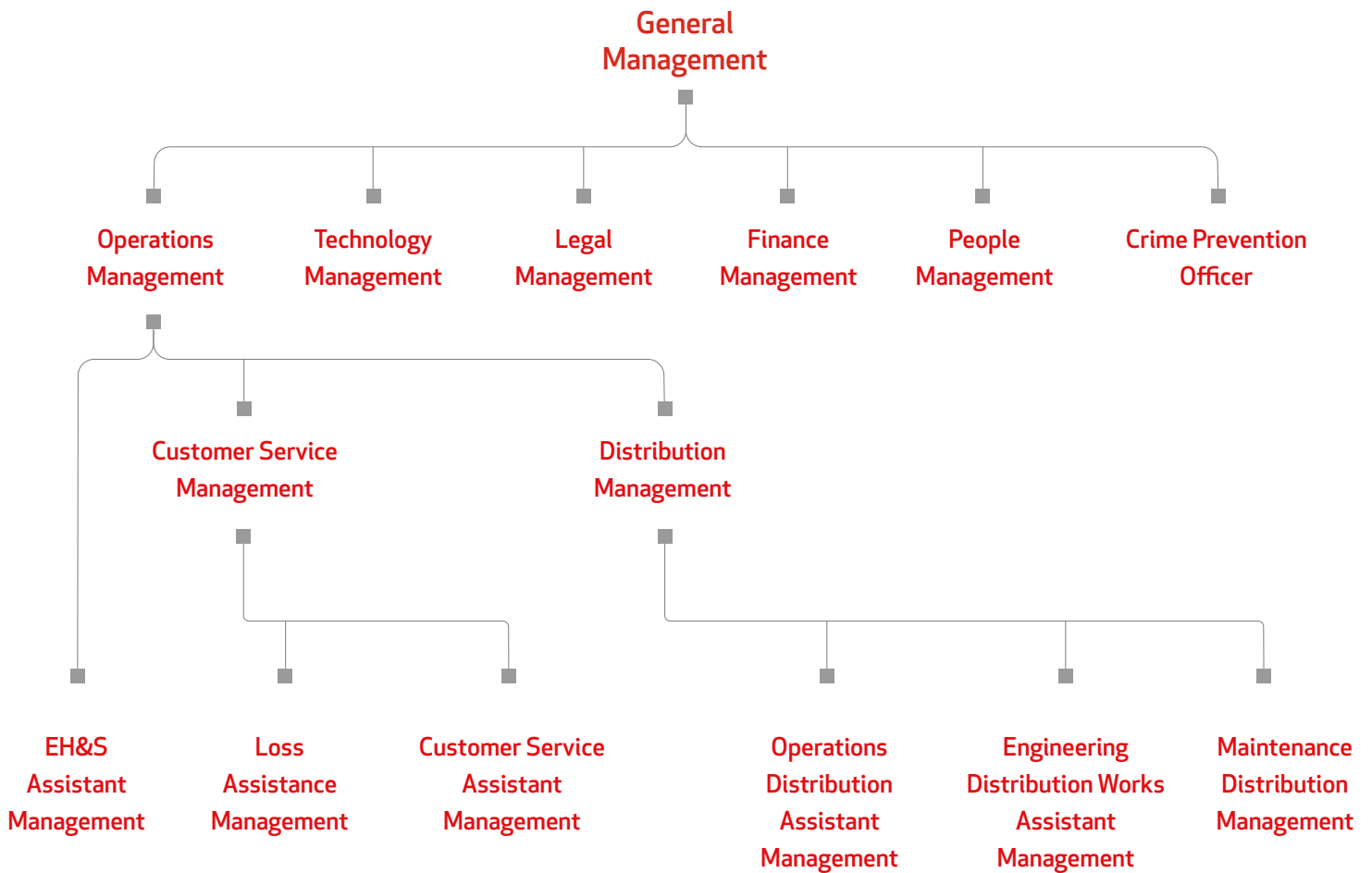
In the case of Chilquinta, in accordance with the Company's bylaws, the Board of Directors does not receive remuneration.

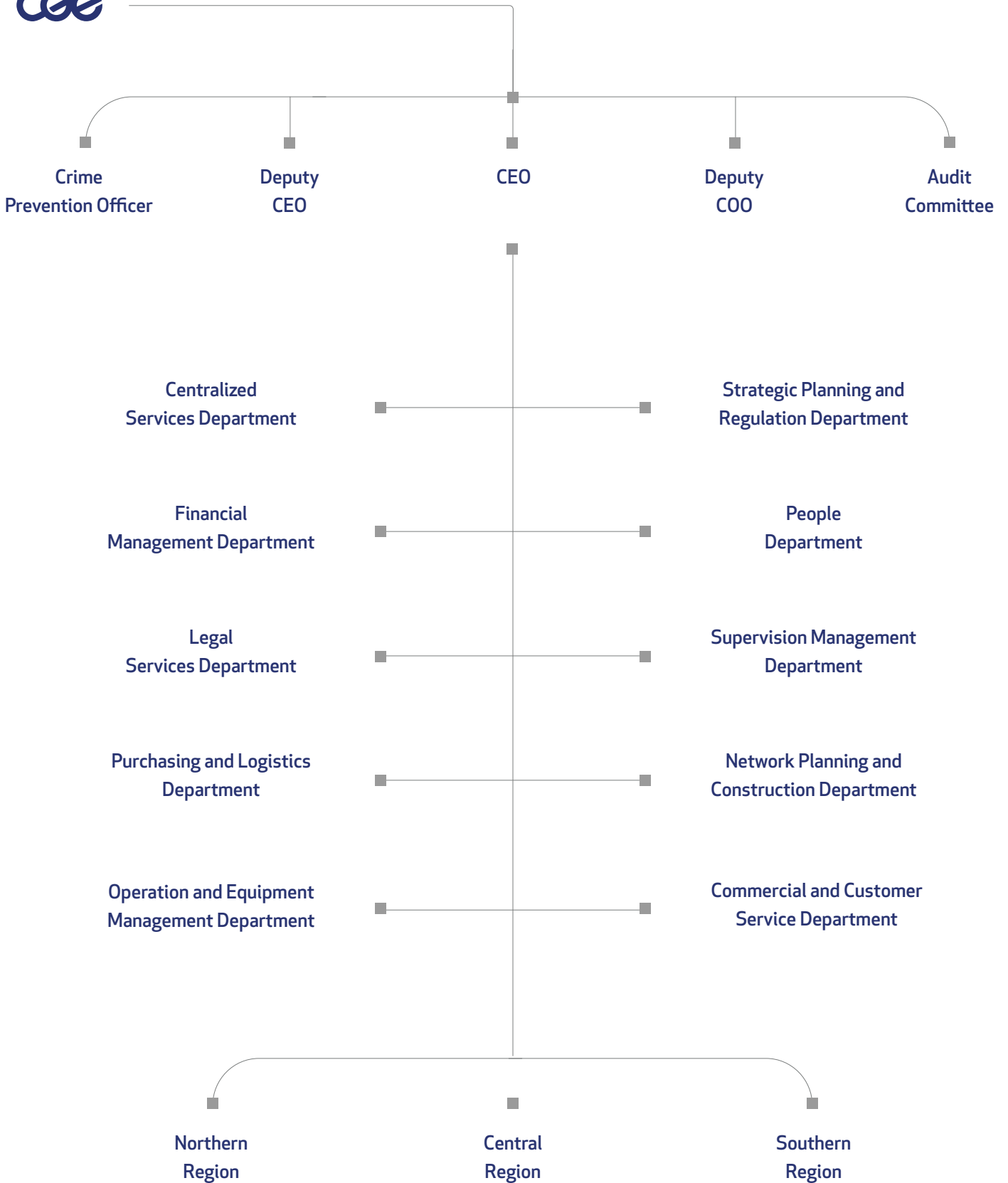


2.2

ADMINISTRATION

Within our companies, management is executed by professionally organized functional teams.





2.3

GOOD GOVERNANCE

GRI 3-3

Material topic

Description

Effective governance in public utilities is essential to guarantee efficiency, transparency, and accountability in delivering essential services. Companies must secure information availability, establish accountability systems, and sustain open dialogue channels with communities. They must also constantly monitor their operations to meet quality, efficiency and safety standards. In addition, they must adhere to high ethical standards, comply with legislation, promote diversity, adopt sustainable practices, and plan for the long term to meet future community needs in terms of investment and infrastructure.

Impacts

- Transparency and accountability build trust and credibility both inside and outside the company, starting with ensuring that company leaders and managers are accountable for their actions and make ethical decisions.
- The implementation of sound governance structures, clear decision-making processes, risk management policies and adequate internal control systems help to optimize business operations and maximize performance.
- Investors generally trust companies with strong governance practices, making it easier to raise capital and support company growth.
- Risk management helps prevent crises and mitigate the impact of adverse events, which contributes to business sustainability and continuity.
- Employees tend to feel more confident and engaged in business environments that foster cultures of integrity and accountability, thus aiding in talent attraction.

Policies and guidelines

Chilquinta

- Code of Business Conduct
- Code of Business Conduct for Suppliers and Contractors
- Business Continuity Policy (based on ISO 22301, Business Continuity Management System)
- Crime Prevention Policy Law No. 20,393
- Habituality Policy
- Consultation and Complaints Platform

CGE

- Corporate Responsibility Policy
- General policy on regular operations with related parties
- Code of Ethics
- CGE and Subsidiaries Risk Management Policy
- CGE and Subsidiaries Risk Management Procedure Complaints mailbox for both internal and external audiences.
- Business Continuity Management System, ISO 22301 certified.

Target

To provide a continuous energy service in compliance with current regulations, through adequate risk management and timely responses to stakeholders. All this through the existence of policies for the different areas of operation, transparent, participative and observant relations regarding the commitments established by the companies.

Progress and actions

- Chilquinta was certified under ISO 22301 and declared its Business Continuity Management Policy.
- CGE published the Corporate Risk Management Policy and the Corporate Responsibility Policy.
- CGE has a Management System Business Continuity, certified in ISO 22301.

2.4

RISK MANAGEMENT

In our companies, we approach risk management as a key factor of the business strategy, as it allows us to define operating guidelines, roles, and responsibilities and integrate best practices, among other aspects.

Chilquinta's operations are certified under ISO 22301, an international standard for Business Continuity Management Systems (BCMS), whose scope applies to the processes defined as essential. These are the zonal operations centers (COZ, acronym in Spanish), corrective maintenance in emergencies, and non-face-to-face customer service channels. The BCMS strategies rely on two operational approaches: preventive strategies for risk reduction and reactive recovery strategies. The latter includes continuity plans designed to address disruptive events that lead to the unavailability of essential processes.

Chilquinta's Risk Management Model follows the principles and guidelines of ISO 31000:2009 Risk Management, involving the establishment and development of a set of fundamental principles. The creation of value is part of making decisions in a systematic and structured manner and with the best information available. This allows for effective risk management, through the evaluation and treatment of all risks

identified in the operational processes and under a framework that considers the company's context, continuous improvement, and management commitment.

The main risk factors identified by Chilquinta are related to electricity demand, the regulatory framework, distribution pricing, supply quality, and energy supply. It also visualizes several financial risks, such as interest rate and exchange rate variations, among others.

CGE's Corporate Risk Management Policy, based on ISO 31000 and COSO ERM standards, establishes guidelines, roles, responsibilities, and a governance system. It is indicated that risk management is a strategic tool for decision-making and, through it, seeks to optimize performance in all functions within the organization. From this perspective, each area of the company must carry out periodic reviews of its risks and monitor them on a monthly basis. The company adopts the Three Lines of Defense Model for management purposes.

The assurance function is carried out in CGE through the Quality and Audit units, which report quarterly to the Board of Directors on the monitoring and management of the company's



main risks. Environmental risks are monitored by the Environmental and Social Management Unit, which reports to the Board when there are issues that could affect operational continuity.

Among the main risks identified in CGE are financial, exchange rate and readjustment units, regulatory, environmental compliance, financial restrictions, and climate change.



Communication of critical concerns

GRI 2-16

In both organizations, the identification of critical concerns is a cross-cutting activity. These concerns are escalated to higher levels, ultimately reaching the Board of Directors through general management. Both CGE and Chilquinta have a platform for queries and complaints, enabling confidential and anonymous reporting of any violations of applicable laws or its code of conduct. This information is received by the Prevention Officer, who initiates an internal investigation when necessary.

2.5

ETHICS AND COMPLIANCE

Our companies maintain trust with various stakeholders through robust systems of regulatory compliance and organizational ethics.

In its Code of Business Conduct, Chilquinta describes the mandatory behavioral guidelines for all its employees, under principles of ethics, respect, excellence, vision of the future and responsibility. In addition, it emphasizes aspects such as safety and equal opportunities for all people in the organization.

In addition, this code specifies the conduct expected in the areas of free competition, regulatory compliance, conflicts of interest, intellectual property, financial information, internal controls, protection of company assets, relations with the media, information management, insider trading, hiring of lawyers, agents and consultants, and the use of information technology.

Other relevant Chilquinta documents on ethics and compliance matters are as follows:

- Regularity policy
- Code of business conduct for suppliers and contractors
- Conflict of interest policy
- Crime Prevention Policy Law No. 20.393
- Privacy Policy for Personal Data and Information of Clients or Users

Chilquinta's ethics and compliance governance system is composed of a Crime Prevention Officer and an Ethics Committee comprising the General Manager, the Legal Manager, the Compliance Officer and two representatives of the Controlling Shareholder.

[CGE's Code of Ethics](#) establishes the guidelines that govern the behavior of both its managers and employees in their daily performance and relations

with stakeholders. This document reflects the principle of due diligence applied by the company to prevent, detect and eradicate irregularities related to non-compliance with the aspects it describes, including those that constitute illegal acts.

Another relevant document of CGE in this area is the General Policy on Regular Operations with Related Parties.



Conflicts of interest

GRI 2-15

Regarding conflicts of interest, the approach is determined by the codes of ethics and conduct of each company, following the guidelines and policies set forth by their Boards of Directors. These documents specify that conflicts of interest can emerge in any scenario where there is a potential misalignment between employees' personal interests and their obligations to the company. Employees are encouraged to be particularly vigilant regarding potential conflicts with customers, suppliers, and competitors. Furthermore, they are advised against representing the company or exerting influence on decision-making when they have a direct or indirect personal interest in the matter.



Complaints channel

GRI 2-26

Both companies have whistleblower channels through which people linked to the organizations can express concerns or report anomalous situations anonymously.

In Chilquinta, employees, collaborators, contractors and employee advisors can use this media. At CGE it can be used by employees, shareholders, customers, suppliers and/or third parties outside the company.

 <https://chilquinta.integridadcorporativa.cl/>

 <https://www.cge.cl/conocenos/linea-de-denuncia/>

Legal and regulatory compliance

GRI 2-27

As regulated companies, Chilquinta and CGE are governed by the framework of the Chilean electricity sector, which includes the General Law of Electrical Services DFL 4/2018 and the Regulation of the Electricity Law DS N°327/1997. They also maintain constant observance of their practices in accordance with the labor and environmental legislation in force in the country.

Both Chilquinta and CGE have activities implemented for such purposes, as the definition of exclusive dedication areas, the identification and permanent development of improvements in the control systems and tools.

In 2022, CGE implemented various technological and process enhancements to effectively manage service continuity requirements, while also strengthening weekend shifts to address potential contingencies that might impact customers.



2.6

SUSTAINABILITY STRATEGY

GRI 2-23, 2-24, 2-25

Since releasing our first sustainability report in China in 2006, we at State Grid have diligently fulfilled our social obligations by investigating, evaluating, and enhancing the scientific aspects that foster practical sustainable development. Consequently, we've achieved innovation in our management, positioning us as a leader among China's state-owned enterprises, thus significantly contributing to sustainable business practices. Additionally, we prioritize corporate responsibility by actively promoting the social development of the communities we serve.

This approach is consistent with our operations in Chile, as both Chilquinta and CGE have addressed the impacts they generate through various initiatives and programs, leading to bonds of trust and mutual benefit with stakeholders.

In 2022, CGE updated its Corporate Responsibility (CR) Policy with the goal

of establishing the principles of action and commitments with the public with which it is linked, in a manner consistent with the business strategy. This, in order to determine the responsibilities and instruments to ensure compliance, which is in charge of the Managers Committee.

The areas of CGE's CR Policy are:

- Service excellence
- Commitment to results
- Responsible environmental management
- Concern for people
- Health and safety
- Responsible supply chain
- Social commitment
- Integrity and transparency

For its part, Chilquinta, within the Strategic Planning process carried

out during 2022 for the period 2023 - 2027, incorporated Corporate Social Responsibility as a strategic objective for the entire Group of Companies. This milestone represents a starting point in the development of a comprehensive value generation policy for all its stakeholders.

Basic principles that the Chilquinta Group of Companies seeks in its strategy:

- Efficiency: Promote the creation of value and optimal financial results
- Safety: People First
- Service excellence and customer focus
- Environmental responsibility
- Creating value for the community
- Relationship with authorities





Management of negative impacts

GRI 2-25

In the electricity distribution business, some primary adverse effects include service interruptions to customers and instances of environmental pollution. These environmental issues can arise from oil spills in transformer equipment and from the management of vegetation within the concession area to safeguard power lines.

For the former, there are preventive maintenance plans to avoid supply interruptions, and procedures to address contingencies and thus achieve the restoration of service in the shortest possible time. Similarly, to avoid accidents involving spills or handling of vegetation below the established standard, the companies have manuals and instructions to prevent such situations, as well as repair procedures to deal with them in case they occur.

There are specialized units in both organizations that are responsible for dealing with complaints and denunciations, as well as responding to the authorities if the case so warrants. The same areas are constantly monitoring these issues and are in charge of learning lessons to improve processes, with the participation of internal stakeholders.



CGE also has a Human Rights Policy that establishes the company's formal commitment to respect people in its areas of influence. The areas in which this policy is deployed are:

Commitment to the rights of CGE's people

- Avoid discriminatory practices or practices that undermine people's dignity.
- Eradicate the use of child labor.
- Facilitate freedom of association and collective bargaining.
- Protect people's health.
- Provide decent employment.

Commitment to third parties associated with CGE encompasses suppliers, contractors, collaborating companies, and the local community, which also includes customers.

- Commitment to people related to suppliers, contractors and collaborating companies.
- Support and public promotion of respect for human rights, respect for indigenous communities and traditional ways of life.
- Protection of facilities and people based on respect for human rights.
- Contribution to the fight against corruption.

These policies have been approved by CGE's Board of Directors and are communicated through internal dissemination and training activities.

Chilquinta's commitments to uphold human rights are detailed in its Code of Business Conduct and Code of Business Conduct for Suppliers and Contractors. The precautionary principles are outlined in various policies referenced in the ethics and compliance section of this report. These policies, which apply to our own employees and contractors, are reviewed by the Business Excellence Committee and approved by the Executive Committee. They are disseminated through internal channels and in the company's induction talks. Executives in each area are responsible for enforcing compliance with the commitments in their work teams, which is regularly reinforced in training and communication of updates.

In both companies, commercial commitments are put into practice when engaging with customers, suppliers, and contractors. This involves maintaining an ongoing, two-way dialogue with these stakeholders.

Stakeholder engagement

GRI 2-29

For Chilquinta and CGE it is of utmost importance to maintain bonds of trust and closeness with its stakeholders, which is sought through plans and actions of constant relationship with each one of them.

In both companies, relations with stakeholders are managed through areas that are responsible for maintaining open channels of dialogue, knowing their expectations, addressing their concerns and informing them of relevant aspects of the work of the organizations and their businesses.

CGE's Corporate Responsibility Policy establishes the principles of action and commitments that the company assumes with its stakeholders, in line with its corporate strategy.



Stakeholder engagement

Means of interaction



Shareholders

Shareholders' Meeting



Company workers

Constant relationship within the organization, through management, internal channels and social representatives.



Contractor workers

Permanent interaction, with a focus on promoting a safe and healthy work environment.



Customers

Promotion of active and bidirectional communication that allows us to understand the expectations and opinions of our clients.



Suppliers

Listening and constant dialogue with suppliers and collaborating companies.



Regulators

Annual relationship plan with national and local sector regulators.



Authorities

Annual plan for relations with authorities, parliamentarians, regional governors and mayors of the concession areas.



Communities

Permanent contact with leaders of neighborhood councils and social investment activities.



Other companies

Working groups in trade associations.



Media and communications

Consistent responsiveness to requests for information about services and other company-related matters.

Membership in associations

GRI 2-28

Our companies engage in active participation within various trade associations, facilitating collaboration with industry peers and other sectors, while also enabling the exchange of best practices.

■ Chilquinta
■ CGE

Association	Member	DESCRIPTION
Asociación Gremial de Empresas Eléctricas (EEAG)	 	It represents the main electricity distribution companies throughout Chile and is comprised of the CGE, Chilquinta, Enel, and Saesa groups. Among its objectives are to propose and support initiatives and public policies for the medium and long term, represent its members before the authorities, develop and disseminate initiatives to improve the quality of service and electricity supply, promote good practices, collaborate in the development of sector regulations and ensure compliance with them.
Asociación de Distribuidoras de Energía Eléctrica Latinoamericanas		Non-profit organization created in 2021 with an eye on the present and the future of the sector. Its members define the association's strategy to consolidate the role of Distribution System Operators (DSO) in the energy transition and to face together the challenges of climate change.
Asociación de Empresas V Región (Asiva)		This multisectoral trade association brings together large, medium and small companies that seek to contribute to the sustainable development of the Valparaíso Region, creating links between the public and private sectors to generate a significant contribution to the promotion of the productive activities of companies in the area.
Cámara Chilena de la Construcción (CChC)	 	Its actions are aimed at looking after the general interests of its associates in an environment of normal development of the industry, studying problems and seeking joint solutions, promoting quality, improvement and lowering the cost of construction through new methods and elements, as well as seeking public policies that promote the development of the industry. Chilquinta participates in the Valparaíso region, while CGE participates in the regions of Arica and Parinacota, Antofagasta, Atacama, Coquimbo and Biobío.
Corporación Chilena de Normalización Electrotécnica (Cornelec)		Its objective is to promote the dissemination, enhancement, and adherence to the technical standards and regulations that govern electrotechnics in Chile. This endeavor serves the dual purpose of safeguarding the environment and enhancing the health and safety of its members.
Sociedad de Fomento Fabril (Sofofa)		This association aims to promote the manufacturing industry in Chile and groups 22 business associations from all regions of the country, more than 160-member companies and 47 sectoral associations representing the main sectors of the national economy.
World Energy Council Chile (WEC)		A platform for free dialogue between high-level leaders from the public, private and academic sectors, in which the most important issues in the energy sector in Chile are discussed as part of a network present in 80 countries.

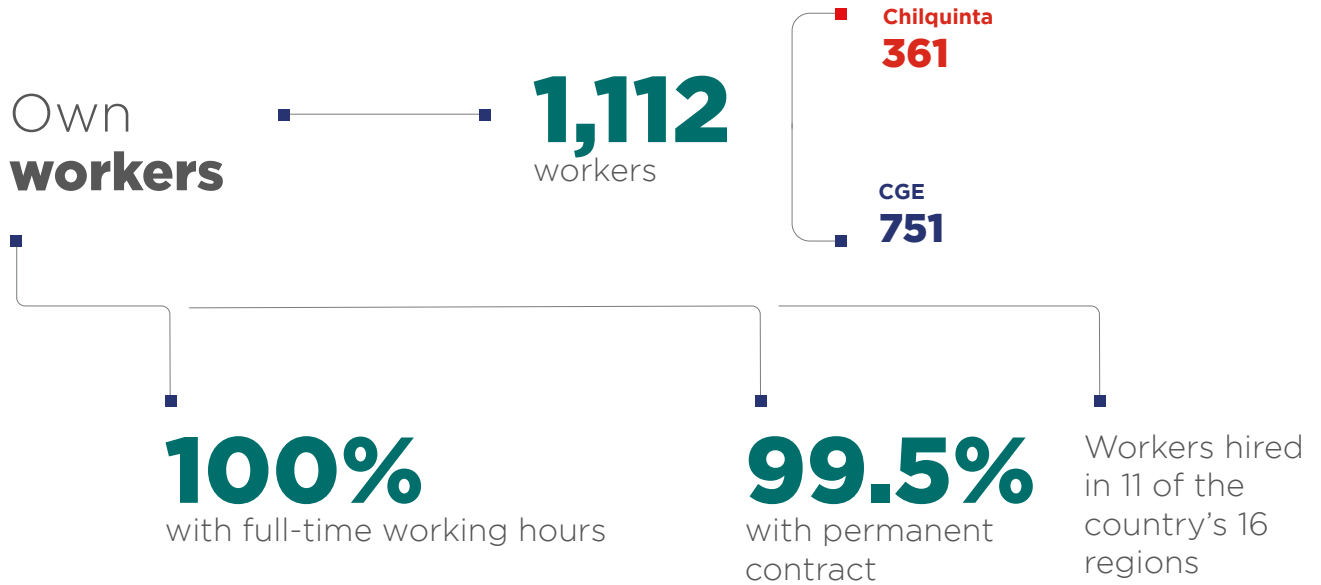


- 3.1 Teams
- 3.2 Diversity and inclusion
- 3.3 Security and health
- 3.4 Labor relations

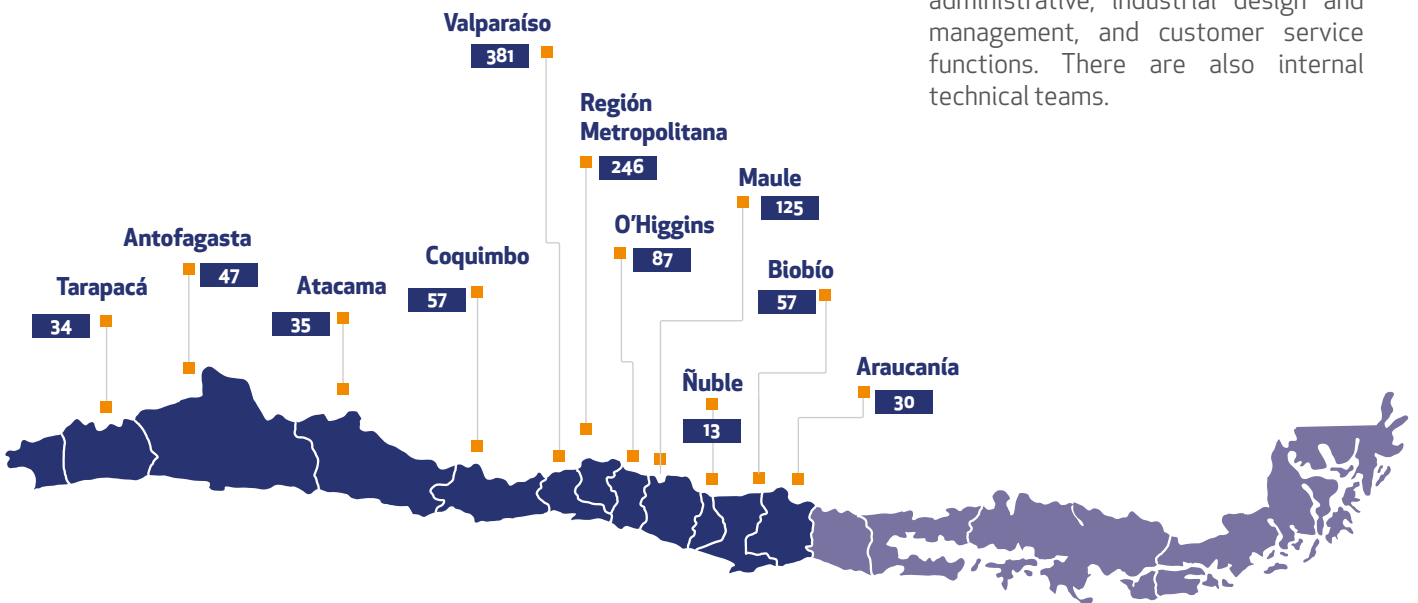
3.1 TEAMS

GRI 2-7, 2-8, 2-9

Chilquinta's and CGE's teams are made up of their own workers and contractors who perform the different functions required to provide electricity distribution services.



Employees by region

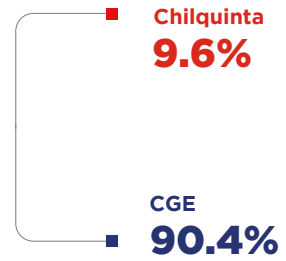


The employees of the company's own staff mainly perform corporate, administrative, industrial design and management, and customer service functions. There are also internal technical teams.

Contractor workers

Most of the tasks performed by contractor workers are operations, such as network and distribution maintenance, splicing, cutting and replacement of supply, meter reading, distribution of bills, vegetation management, assembly of metal structures, and construction. Some also perform administrative, sales, and service functions.

10,617
contract workers



Description

In the electricity industry, diversity and inclusion are important challenges to be addressed, in order to strengthen work teams and open job opportunities. This implies the development of processes that encourage gender equity, the incorporation of people with disabilities (PwD) according to the update of recruitment procedures by Law N°21,015, multigenerational coexistence and intercultural integration, among other aspects. All this, based on the establishment of policies and practices that guarantee inclusive, accessible and discrimination-free work environments, in which people can unfold their full potential based on their merits and performance.

Policies and guidelines

Chilquinta

- Adherence to the Gender Parity Index (GPI) and the Energy + Women plan of the Ministry of Energy.
- Commitment to comply with laws N°21,015 on labor inclusion and N°21,275, which calls for the adoption of measures to promote the above.
- Selection and training procedures without gender bias.
- Collective instruments which incorporate elements linked to diversity and inclusion.

CGE

- Code of Ethics
- Internal Regulation
- Selection Procedure
- Inclusion and Diversity Policy (in development by both companies).

Impacts

- Exclusion and lack of opportunities: the main groups that may be affected are women and people with disabilities, which implies eliminating barriers to access, promoting their advancement in different technical and professional roles, thus encouraging their participation.
- Wage disparity: when women receive lower salaries than their male counterparts, their economic autonomy and financial security are affected.
- Cultural stereotypes: they influence work environments by perpetuating opinions and judgments about roles and capabilities related to specific tasks and responsibilities. Overcoming these stereotypes necessitates addressing aspects such as unconscious biases and establishing an inclusive, harassment-free, and discrimination-free workplace.

Target

Develop work environments that respect and value diversity as an ethical principle and provide opportunities for all types of people.

Progress and actions

- Both companies are developing a Diversity and Inclusion Policy, under the commitment to provide equal opportunities to all people, without discrimination of any kind.
- Certification of managers for labor inclusion in both companies.
- CGE's Aflora Program for support and guidance to workers with disabilities.
- Training for all employees in inclusion, in collaboration with leading institutions in the field.



Diversity and inclusion play a crucial role in people management within both companies, implemented through different actions and programs.

Gender equality

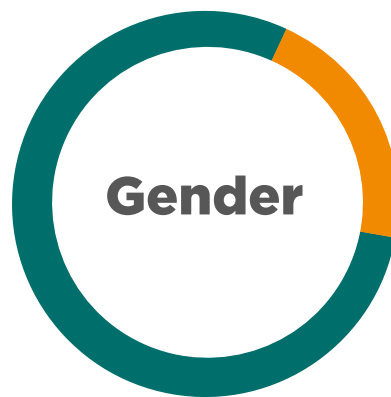
Chilquinta engages in various initiatives aimed at promoting gender equality. This includes participation in the Gender Parity Index developed by the Chilean Government in collaboration with the International Labor Organization and the ChileMujeres Foundation, as well as involvement in the "Energy+Women" initiative of the Ministry of Energy. Under the latter, a public-private plan is being developed that seeks to make progressive structural and cultural changes within the industry. In addition, the company participates in collaborative instances in the Association of Companies of the V Region (ASIVA) and the Regional Chamber of Commerce, in which good practices are transferred, while maintaining alliances with technical institutions of higher education to attract female talent. In 2022, the company was recognized by ASIVA in the Women in Business category for its strategy in this area.

Although there is no declared gender equity plan in CGE, it is promoted through the Selection Procedure that fosters equal opportunities in the search for candidates and the assignment of positions. Likewise, the company's Compensation Policy and Internal Regulations contain procedures to guarantee equity in salary and other aspects of the labor relationship.



Respect policies and principles

The codes of ethics of both organizations state explicitly that the companies do not accept any type of discrimination in the workplace or professional environment based on age, marital status, race, color, sex, religion, union membership, political opinion, nationality, national origin, social origin or disability. Chilquinta is drafting a policy which explicitly establishes the commitment to provide all employees with equal opportunities and adds non-discrimination based on socioeconomic status, sexual orientation, gender identity, personal appearance, or illness.



 **21%**
women

 **79%**
men

In the energy industry in Chile, the participation of women reached an average of 22.3% in 2022, according to the Gender Parity Index. This represents a challenge for all companies in the industry, in terms of

advancing towards a greater balance between men and women working in them, including Chilquinta and CGE whose average number of women reaches 21%.



New ways of working

Adapting to the new ways of working, through hybrid working days of face-to-face and remote connection, is one of the measures to promote gender equality and co-parenting.

After the end of the health restrictions generated by the COVID-19 pandemic, Chilquinta's workforce resumed its activities with a 42.5-hour workday and a hybrid system that combines face-to-face and remote working hours. In addition, there is flexibility so that both women and men can attend personal and family situations, such as children's ceremonies, family medical appointments, and care for the elderly when required.

CGE implements a hybrid work approach in both central and regional offices, complemented by a range of benefits aimed at fostering work-life balance and family conciliation.



Maternity support

For more than 12 years, Chilquinta has had a program of progressive reintegration of the postnatal period after the end of the legal leave. Thus, until the child is nine months old, mothers work only five effective hours at work and then, until the child's first year of life, six hours in person, completing the day in the form of teleworking. In this way, there is evidence of a strengthening of the mother-child bond and commitment on the part of the workers. Fathers, on the other hand, are granted two additional days of postnatal leave.

At CGE, special measures have been taken to provide adequate conditions for women who return to work after becoming mothers. After the legal postnatal period, they can opt for a deferred schedule for the beginning or end of the workday, regardless of the time assigned by law for breastfeeding a newborn. There is also a breastfeeding room in the Central Office, which provides hygiene and comfort for the extraction of milk and its proper conservation when the woman is working.



Cultural diversity

Being part of SGCC entails participating in cultural exchange and integration processes with the representatives of the parent company, who are of Chinese nationality, for both Chilquinta and CGE organizations.

For that purpose, activities are carried out to promote mutual cultural knowledge, such as the celebration of festivities and traditions, training

in English and Mandarin Chinese, and sports championships. This is relevant to generate mutual understanding in terms of idiosyncrasies, approaches, and ways of dealing with different situations, which favors day-to-day labor relations.

2% of the staff of both companies are of non-Chilean origin, such as Colombians, Venezuelans, and Chinese, among others.

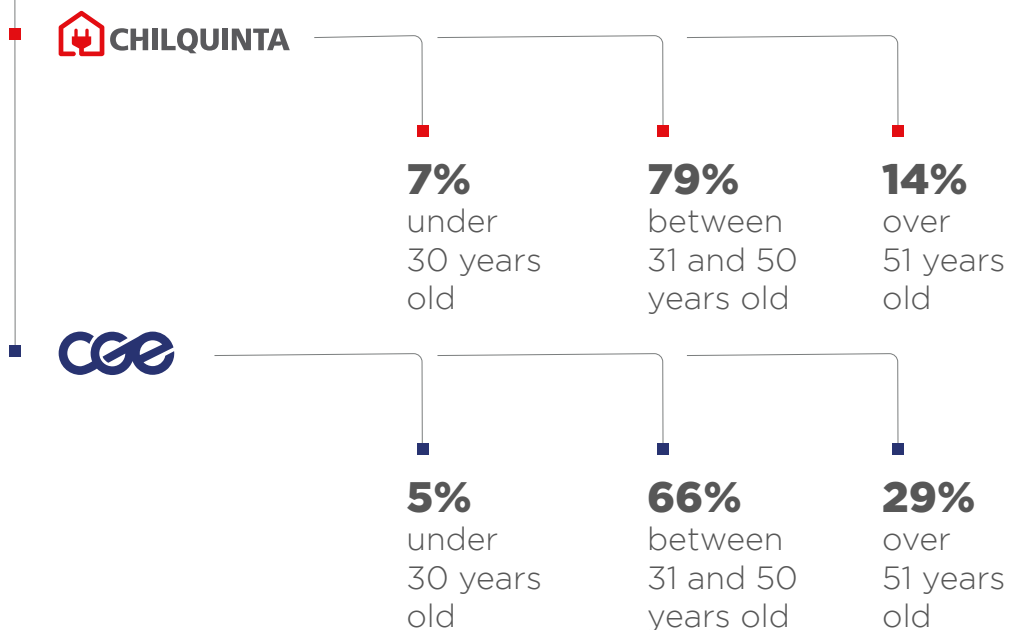


Generational coexistence

Both Chilquinta and CGE have a workforce with a wide age range, with the majority falling between 31 and 50 years old. The commitment assumed in the organizations is to strongly encourage the incorporation of younger professionals and technicians, promoting diverse spaces in which respect and collaborative work prevail.

The Chilquinta Internship Program is carried out in permanent links with educational institutions and, like the CGE Graduate Program, is aimed at incorporating young professionals into companies. They are given special training to insert themselves into the organizational culture of the companies.

Average ages



People with disabilities

Chilquinta and CGE promote the inclusion of people with disabilities (PwD) by certifying their labor managers in accordance with the provisions of Law No. 21,275.

At CGE, the people specialized as managers provide advisory to the organization and form technical working groups to comply with the regulatory requirements and the implementation of preventive measures in a comprehensive manner with the different strategic areas of the organization. Their work includes diagnoses of strengths, opportunities, improvements, and gaps that allow the proper incorporation of PwD in different functions, adaptation of spaces, and training of work teams. The latter covers topics such as the fundamentals of inclusion, the basis of legislation, the elimination of barriers, and inclusive language.

In 2022, CGE maintained the implementation of the Aflora Plan, an initiative launched in 2018. This plan focuses on offering information and assistance to PwD in managing disability credentials and evaluating various occupational health aspects relevant to their work. The accreditation of a person with a disability allows assigning a bonus of 4.1 Unidades de Fomento (taxable) to support them in their medical treatments.

Chilquinta has developed induction and awareness processes within the teams to promote non-biased practices. Today these practices are evaluated with the company's team of Inclusion Managers. In addition, training was carried out for workers such as Inclusive Language and "Adding voices and perspectives".

In addition, to strengthen their labor inclusion processes, both companies maintained their alliances with foundations and higher education institutions.



In 2022, Chilquinta and CGE reached 1% of staff with disabilities, mainly in administrative and professional functions.



Description

The electrical business and its operations are not exempt from risks to people, equipment and work environments. If these are not managed in a preventive manner, they can cause accidents and occupational diseases, with fatal consequences and injuries with permanent disability. To take precautions, it is essential to implement standards and regulatory requirements to ensure safe and healthy working conditions with adequate control measures.

It is also crucial to foster a culture of safety and health, giving priority to prevention, protection, self-care and people's wellbeing. In addition to providing training in these matters, it is important to carry out inspections and periodic health and safety evaluations, promoting the participation of leaders and workers in the identification of occupational hazards to achieve a safe and healthy work environment.

Policies and guidelines

Chilquinta

- Risk Prevention and Environmental Policy
- Occupational Health and Safety Plan
- Special Regulations on Risk Prevention and Environment for Contractors and Subcontractors
- Documentary Management Procedure
- Hazard Identification and Risk Assessment Procedure
- Procedure for the Investigation of Incidents
- Procedure for Objection Due to the Existence of Hazards – ODEP

CGE

- Corporate Social Responsibility Policy
- Guidelines of Conduct
- Specific Integral Health and Prevention Protocols
- Occupational Health and Safety System Protocol
- Health and safety standard: identification, evaluation and control of occupational risks.
- Integral Health Plan
- Annual H&S Plan for internal and contractor workers
- Other specific procedures

Impacts

- Incidents and occupational accidents involving people, the environment and/or equipment are unforeseen and unintentional events inherent to the process when there are no standards, controls and quality assurance in general, and may cause injury or death to one or more workers as well as impacts on the environment and the community.
- Occupational diseases are those caused directly by the exercise of the work performed by people and can cause disability or death.
- Working in unsafe conditions or with a lack of support and resources to maintain health and safety can generate stress, anxiety and exhaustion among workers, so it is of utmost importance to ensure resources to ensure the physical, psychological and socio-family integrity of people.

Target

Align and focus prevention, care and protection of workers' health and safety, achieving the reduction and maintenance of the indicators of frequency and severity of accidents and, therefore, absenteeism in the lowest possible ranges.

Progress and actions

- Start-up of the SIGMA platform at Chilquinta to report and track safety findings.
- Operation of Chilquinta's Technical Competencies Center and CGE's Training Center in Rancagua.
- Diagnosis and planning of psychosocial risks at Chilquinta and CGE.

Organizational Health and Safety System

GRI 403-1, 403-8

Our companies manage Organizational Health and Safety (OHS) through recognized and proven methodologies, to ensure the identification of risks in this area and ensure regulatory compliance.

Chilquinta uses the management system based on the OHSAS 18001 standard, which focuses on hazard control and provides a framework for effective OHS management. It applies to processes related to projects and maintenance and covers all internal workers and contractors. While other processes are not within the scope of this management system, its methodology addresses them as well. The certification was valid until 2012; however, management has continued to develop under this system.

CGE and its subsidiaries adhere to prevailing national occupational health and safety regulations. The management of OHS standards is overseen by the health administrative body and the company's dedicated occupational health and prevention teams. Consequently, as an organization, we bear the responsibility of instituting essential controls to minimize risks in our operations and work settings. This involves fostering and securing quality, secure, and healthful environments for individuals through both internal and external audits in accordance with the ISO 45001 standard.

Hazard identification and management GRI 403-2

Chilquinta has an updated procedure for Hazard Identification and Risk Assessment (IPVR, acronym in Spanish), which is reviewed every two years by a specialist OHS team. Hazard inventories are also analyzed annually by the specialists along with the operating areas and, each time an incident occurs, the lessons learned are used to update the risk assessment and propose additional corrective and preventive actions.

At CGE, hazards are identified through the permanent application of Technical Standard 71 and the annual updating of the risk matrix, a process that is verified through internal and external audits. The results of these processes feed improvement and control plans, new procedures and instructions, and the company's integral approach to risk.

In both companies, there are procedures and behavioral guidelines that allow workers to know the risks and refrain from operating under conditions that do not guarantee

their integrity. To communicate hazards, direct channels are used with management, OHS managers, and joint committees, among others. The action of warning of an uncontrolled hazard is considered a proactive and reactive attitude.

In the event of accidents, both Chilquinta and CGE have procedures in place to take immediate measures, such as suspending activities if necessary and conducting investigations to determine the causes of what happened to define action plans.



In both companies, there are procedures and behavioral guidelines that allow workers to be aware of the risks and to refrain from operating under conditions that do not guarantee their integrity.



Tracking platforms

In 2022, Chilquinta began using the SIGMA platform to manage and track OHS (training, incidents, and findings). This applies to internal workers and contractors, and facilitates online data entry and review.

Since 2017, CGE has had the Prosafety platform, a web tool used by its own personnel and contractors to record observations and preventive inspections, attendance at meetings, incidents and accidents. This enables detailed monitoring of indicators and facilitates control of action plans.

Occupational health and safety services

GRI 403-3

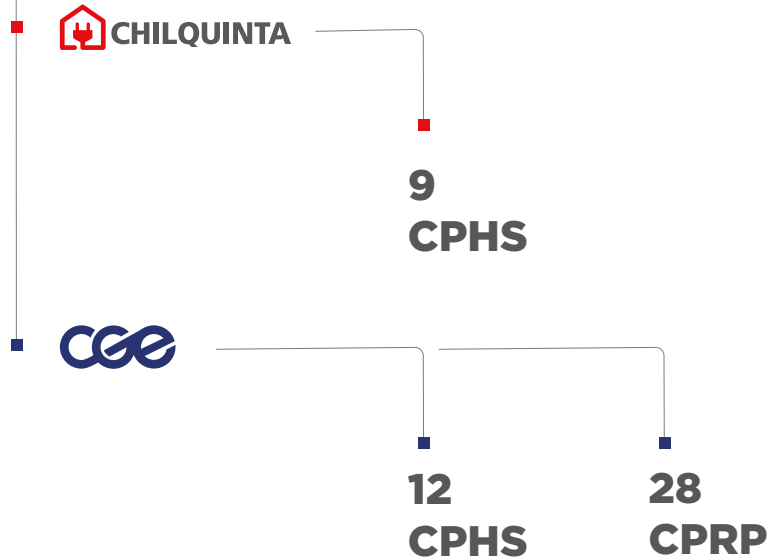
Chilean legislation indicates that all workers under contract must be insured for occupational accidents and diseases. This is administered by mutual insurance companies, institutions that guarantee access to medical care in these situations.

CGE also has an Integral Health area, which is responsible for advising on the application of preventive measures, first identifying the groups with the greatest exposure. This unit also designs and implements programs, promotes health benefits, and monitors specific health indicators.

Worker participation in the OHS

GRI 403-4

Both companies have Joint Health and Safety Committees (CPHS, acronym in Spanish), which are composed of an equal number of members elected by workers and company representatives. The main responsibilities of these participatory bodies include identifying unsafe conditions and behaviors, investigating accidents, and promoting health and safety in the organization. In addition, CGE has set up Psychosocial Risk Application Committees (CPRP, acronym in Spanish), whose focus is on the mental health of workers.



Occupational Health & Safety Training

GRI 403-5

Chilquinta and CGE carry out constant courses and training programs to prevent risks that could affect the safety and health of workers, covering those who are part of the staff of the companies and those who provide services as suppliers.

During 2022 the following training sessions were held:



Course	Description / Objective	N° of participants
Preventive validation	Induction in health and safety as required by Chilean legislation.	2,822
Operations regulation	To be familiar with the company's operating regulations.	413
Electrical safety	Know the five golden rules of de-energized work, electrical hazard protection measures, arc flash safety equipment and energized equipment, and safety distances of energized equipment.	365
Working at heights	To know the dangers of working at heights, as well as the different fall arrest safety systems, their use, selection and care.	494
Lifting loads	To know the dangers and precautions for hoisting suspended loads, equipment, accessories and protection elements.	202



Course	Description / Objective	N° of participants
School Program for Supervisors in Occupational Safety and Health - Basic and Intermediate Levels	Course to improve the technical and adaptive competencies of supervisors in OHS matters.	264
Prosafety	Knowing what to do in cases of incidents and accidents at work and the use of the platform where the information is recorded for management and follow-up.	521
First aid	To provide basic tools to deal with emergencies requiring first aid.	364
Ergonomics at work	Apply ergonomic criteria to eliminate or reduce the risks associated with the development of musculoskeletal injuries.	31
Ergonomic risk management	Review the technical standard for the identification and evaluation of risk factors related to upper extremity work.	30
UV radiation technical guide	Minimize health risks and promote self-care behaviors associated with sun exposure.	182
Health and safety in teleworking	To know and apply ergonomics concepts in order to have an adequate station for remote work.	51
Stress mitigation workshop	To understand the functioning and effects of stress on physical and mental health, as well as to provide recommendations and strategies to mitigate stress in the work and personal environment.	76
Fire extinguisher management	Proficiently manage and employ a fire extinguisher during the initial stages, considering the fire types and the specific emergency scenario, ensuring optimal and fundamental safety.	48
Risk control in driving and defensive driving	To know the methods of defensive driving and the current legislation on the subject.	70
Cardiopulmonary resuscitation workshop	Workshop to identify symptoms of cardiorespiratory arrest and apply CPR technique.	40

Health & Security training

Chilquinta operates a Technical Skills Center where both its employees and contractors receive theoretical and hands-on training in risk prevention and technical skills. This facility allows operators to practice the tasks required for network maintenance, including pole climbing. Furthermore, the center offers training in the safe handling of electrical equipment.

CGE carries out similar activities at its Training Center, located in the city of Rancagua.

Health promotion and care

GRI 403-6, 403-10

CGE facilitates access to medical services through individual health coverage, collective bargaining agreements, and contracted insurance. According to the company's diagnoses, occupational illnesses result mainly from ergonomic, psychosocial, and biological risk factors, including COVID-19 and other viruses.

The Integral Health unit plays an important role in promoting primary and secondary preventive campaigns, such as the application of the corresponding health protocols, vaccinations, cardiovascular prevention, and ophthalmological evaluations. The management of health benefits and inclusion in the company covers multiple aspects, such as mental, physical, and nutritional health. These include "Happy, energetic and healthy", an initiative that promotes self-care and well-being. The company also offers psychological care to employees and their families through the PACE program, in addition to providing access to the Butterfly platform, which provides various physical, mental, and sports health benefits, together with telemedicine services.

In Chilquinta, in 2022, the survey for the new psychosocial risk protocol was applied by the Superintendence of Social Security, with high participation of workers and the support of unions and joint committees. The information obtained was used to prepare action



plans involving various company representatives.

Under the concept of wellness, Chilquinta mobilizes various initiatives such as the Healthy Life Program, which aims to contribute to a good quality of life for workers. Talks are given on physical and mental health, financial, and family aspects. In the offices, there are also workshops that include massages, healthy breaks, among other activities.

It is important to note that Chilquinta workers have a Medical Benefits Fund for reimbursement of medical care and supplementary health insurance, benefits that are in addition to the

agreement with the Arturo López Pérez Foundation for cancer treatment, aimed at employees and their families. There is also an agreement for access to specialist mental health care that includes case evaluation, referral, and allocation of hours/sessions paid by the company.

OHS prevention in operations and business relationships

GRI 403-7

Chilquinta has a procedure that addresses how to handle aggressive or conflictive customers. There is also a procedure for the prevention of dog aggression, aimed at workers who work on public roads.

3.1

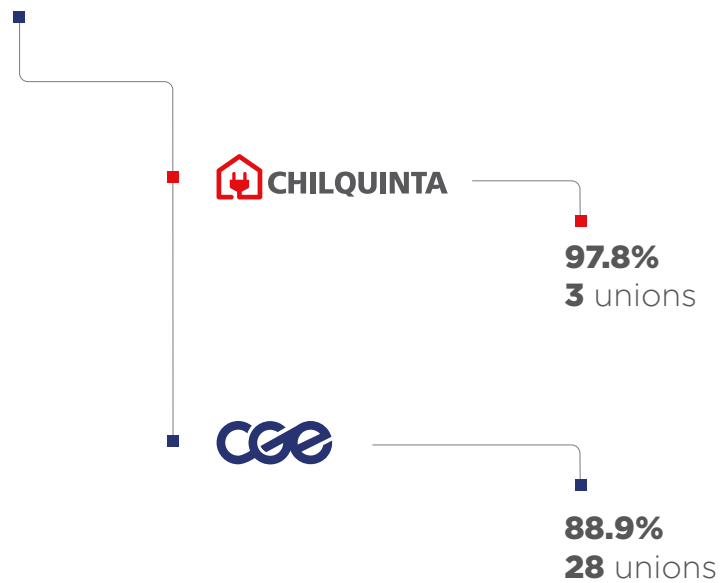
LABOR RELATIONS

GRI 2-30

In our companies, we aim to foster harmonious and productive relationships with the workers' unions, to which the majority of our staff belongs. We maintain ongoing communication and dialogue with them to address various aspects of the employment relationship that can be enhanced for mutual benefit. This includes topics such as working conditions, health and safety, benefits, and training, among others.

This was evidenced by Chilquinta's and CGE's recognition by the Great Place To Work Institute.

Workers covered by collective bargaining





- 4.1** Supply continuity
- 4.2** Customer satisfaction
- 4.3** Technology and digitalization

Description

Electricity supply is a fundamental and vital service that plays a crucial role in ensuring the quality of life and fostering economic activities. Its significance lies in its ability to support essential services like water supply, public transportation, communication systems, and healthcare. Moreover, it provides essential comforts in homes, including lighting, heating, and access to electrical appliances. Additionally, it powers security systems like alarms and surveillance cameras, as well as illuminating public spaces. Critical infrastructure such as hospitals, police stations, and fire departments rely on a continuous power supply for their operations.

Policies and guidelines

Chilquinta

- Business Continuity Management Policy according to ISO 22301 Standard

CGE

- Integrated Management System (IMS) in accordance with ISO 9001, ISO 14001, ISO 45001 and ISO 22301 standards.

Impacts

- Power outages can affect the operation of homes, businesses, utilities, industry and other sectors.
- Continuous electrical energy is vital for electro-dependent individuals.
- Prolonged outages can impact people's quality of life and the economic development of companies and industries.

Target

To ensure an uninterrupted and high-quality energy service in accordance with the governing regulations.

Progress and actions

- Application of Chilquinta Distribution's Operational Strategy for the electrical distribution system composed of the Maintenance Plan whose objective is to maintain a continuous and reliable electrical supply.
- Chilquinta Distribution's Engineering and Works Plan, with the purpose of ensuring the expansion of the electric system under the quality standards requested by the authority; and the Operation Strategy that allows the optimal operation and management of the electric system.
- Change in CGE's organizational structure to streamline processes in each concession area and creation of new technical units.
- Implementation of CGE's Maule Plan.
- Increase investment in CGE; grid planning was carried out for the first time; apply State Grid's advanced management and technology experience.

Service continuity factors

Several factors affect the continuity of electricity supply. One of them is the volume and state of deterioration of the vegetation near the distribution networks due to the effect of droughts generated by global warming (currently global boiling) and the lack of care of owners or administrators of the properties. This increases the probability of interruptions in the distribution of energy due to forest fires that affect electric grids. Other climatic contingencies (rain, windstorms, landslides, and floods) also impact the service's stability.

The increase in irregular connections (power theft) and cable theft, as well as damage caused by third parties (collisions to poles and dragging of telecommunication cables at low altitudes), are also factors that affect the continuity of power supply.

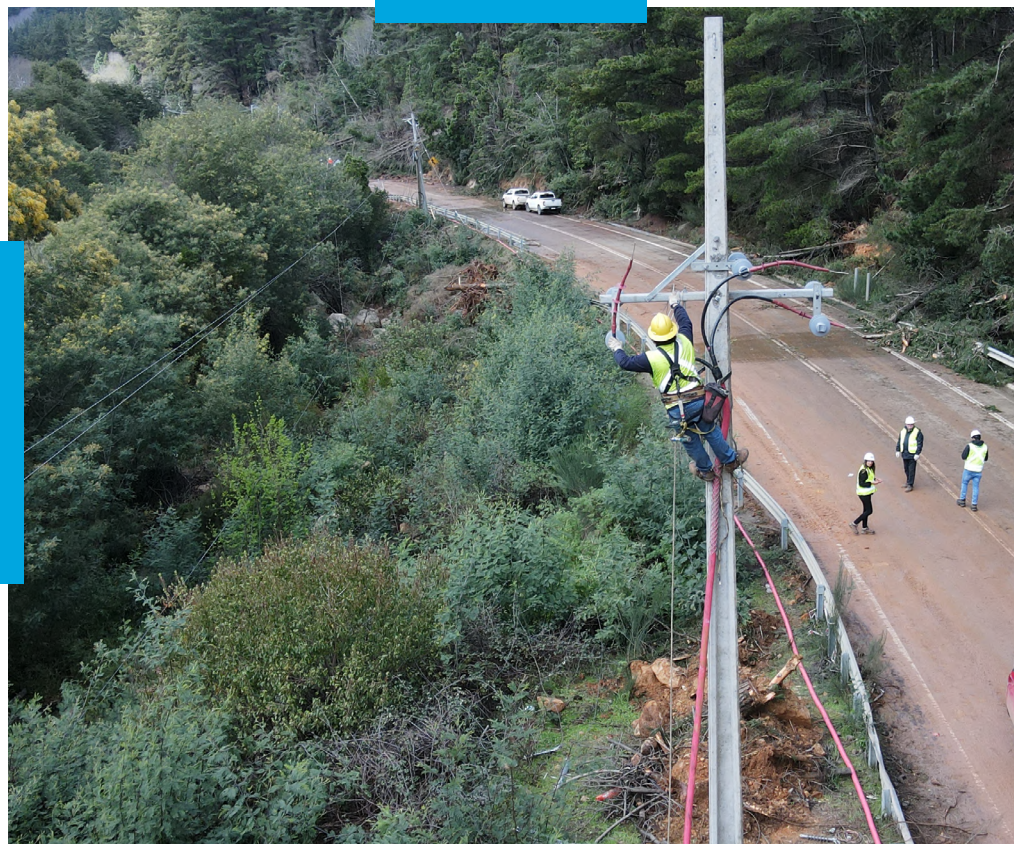
The management of these aspects is complex due to the extension of the networks, their deployment in geographic zones where there are ravines and areas of difficult access, the coexistence with vegetation, fauna, buildings, parks, campsites, streets, and avenues used by low and high vehicles.



Our companies have policies, procedures, and programs that are based on preventive maintenance, operating models, and emergency care ("replace, then repair" type).

Main challenges in 2022

- **State of the surrounding vegetation:** droughts and extreme conditions deteriorated large extensions of land through which the infrastructure for distributing energy passes. Therefore, it is necessary to have specific plans to address this problem, which considers a high volume of vegetation without optimal care by their owners, and has become a risk not only for the continuity of power supply but also for the entire community due to the danger posed by falling trees and/or large branches.
- **Cable theft:** in several regions of Chile this problem affects the electricity and telecommunications industry, due to the value of some components, such as copper.
- **Crash of poles:** due to different factors, including drunk driving, Chilquinta has an average of two crashed poles per day, while at CGE this figure rises to ten. In addition to affecting the continuity of service, the damage generates repair costs, infrastructure replacement, and the production of high volumes of waste.
- **Energy theft:** the existence of irregular housing camps leads to the problem that illicit connections cause overloads, voltage drops, and supply system failures, which affect regular customers.



Continuity of supply improvement projects

SG-1

At Chilquinta, service continuity is managed through an annual program comprising three master plans, each with defined actions, assigned budgets, and regular follow-up.

- **Chilquinta Distribution's Maintenance Plan and Program:** contains preventive and corrective actions in vegetation management, splicing, and maintenance of facilities and equipment, among others. It includes plans for seasons of low and high temperatures, accidents with flyers and crashed poles, as well as cable theft.

- **Engineering and Works Plan Distribution Systems:** consists of the development of new projects and works for the electric distribution system, as well as the incorporation of new customers.

- **Distribution System Operation Strategy:** ensures the correct and optimal operation of the service through technology to manage the electrical network and manage faults.

Additionally, there are plans and processes declared to the Superintendence of Electricity and Fuels (SEC, by its Spanish acronym) that are reported periodically.

As a result of the implementation of the defined operational strategy, Chilquinta has not exceeded the limits established by the Technical Distribution Standard for SAIDI/SAFI indicators, complying with the standards required by the authority; indicators that have led the company to obtain in 2022 and for the eleventh

time the No. 1 position in the Ranking of the SEC, in the segment over 120,000 customers. Likewise, during 2022, we continued with the development of improvements and advances in automation (Smart grid), increasing the number of reclosers and self-healing systems, along with the strengthening and improvement of technological systems to administer and manage (locally and remote-controlled) the electricity system more efficiently and effectively. In addition, we continued to strengthen the energized network units to be able to carry out maintenance and repair work without interrupting the electricity supply to its customers, carrying out 1,324 activities in 2022, which did not affect 4.2 times the total number of Chilquinta customers (653,364 at the end of 2022).

At CGE, several improvements were made during the year to provide better service. Among them, there was a change of organizational structure according to the model applied by State Grid in China, which gives autonomy to the regional offices for day-to-day management and allows streamlining construction and maintenance, while keeping the administration of the corporate budget at the central level. In terms of functions, a new Planning Unit was created to anticipate the needs arising from changes in energy

supply and demand, and a Technical Management, which is responsible for operating procedures in accordance with regulations, best practices, productivity, and efficiency.

A milestone for CGE was the execution of the **Maule Plan**, a project developed with a comprehensive approach to resolving infrastructure deficiencies and the allocation of resources to address various operational needs in that region. Through this plan, a policy of continuous maintenance was established, the operating workforce was doubled with both in-house and contractor personnel, equipment was modernized and vegetation was thoroughly cleaned. To further streamline the response to unforeseen situations, a system of territorial delegations was implemented to improve the capacity to react in times of contingency.

Thanks to the good results achieved, CGE began the implementation of these measures in the O'Higgins Region and the lake area of La Araucanía.



More equipment

CGE has initiated the use of drones for inspecting hard-to-reach network areas. Additionally, they employ mobile generators and bypass trucks to ensure a continuous power supply during maintenance. In urban regions, pole covers have been installed to mitigate the impact of automobile collisions.

Chilquinta has maintained its drone inspection program for rural sectors linked to the High Temperatures Plan, now including thermographic inspections conducted via drones.



Electrical network resistance

SASB IF-EU 550a.1

Chilquinta has developed a comprehensive plan to meet the cybersecurity standards set forth by the National Electricity Coordinator, particularly in alignment with the Critical Infrastructure Protection (CIP) standard established by the North American Electric Reliability

Corporation (NERC). This plan encompasses essential elements crucial for safeguarding information, technological infrastructure, and the secure functioning of critical components within the electricity grid.

In terms of physical security, CGE is implementing a security plan that aims to improve the levels of protection and security of people and all industrial

strategic assets, to ensure the continuity of electricity supply. Regarding cybersecurity, the company has a master plan to reduce the main digital threats, consolidating all the respective criteria and requirements considering the applicable legislation and incorporating standards requested for the electricity sector, in addition to other internationally recognized standards.



In 2022, Chilquinta and CGE had no incidents of non-compliance with physical or cyber security standards or regulations.

System outages
SASB IF-EU 550a.2

During 2022 there were no events considered as serious for the services provided by Chilquinta and CGE.



	Value	Days on which serious incidents have occurred
System Average Interruption Duration Index (SAIDI)	Total SAIDI: 11.99 hours Internal SAIDI: 2.79 hours	0
System Average Interruption Frequency Index (SAIFI)	Total SAIFI: 3.83 times Internal SAIFI: 1 time	0
Customer Average Interruption Duration Index (CAIDI)	Total CAIDI: 3.13 hours Internal CAIDI: 2.81 hours	0



	Value	Days on which serious incidents have occurred
System Average Interruption Duration Index (SAIDI), in hours/year	Total SAIDI: 17.1 hours Internal SAIDI: 7.2 hours	0
System Average Interruption Frequency Index (SAIFI), in times/year	Total SAIFI: 7.4 times Internal SAIFI: 2.7 times	0
Customer Average Interruption Duration Index (CAIDI), in hours	Total CAIDI: 2.3 hours Internal CAIDI: 2.7 hours	0



Power outages

SASB IF-EU 240a.3

The regulation governing electricity distribution service, which sets specific payment deadlines for customers, was amended in 2022 via Law No. 21,423. This modification provides relief to users who had accrued debts during the COVID-19 pandemic. According to this legislation, enacted in February 2022, customers whose consumption

did not exceed 250 kWh during 2021 and whose payments were in arrears are beneficiaries of a state subsidy.

This measure prevented the suspension of supply due to non-payment, which benefited 60% of the country's most vulnerable users.



Total number of power outages for non-payment

30,650

% of outages that were restored within 30 days

100%



Total number of power outages for non-payment

291,168

% of outages that were restored within 30 days

100%



Description

Electric power distribution companies, functioning as regulated monopolies, must comply with service standards outlined in current regulations. Failing to meet these minimum requirements can have adverse consequences for customers, whose satisfaction is closely tied to diverse factors, including uninterrupted power supply, service quality (incorporating effective communication, timely and transparent responses, efficient issue resolution, and courteous interactions), as well as fair and transparent pricing.

Policies and guidelines

Chilquinta

- Service Pillars

CGE

- Corporate Responsibility Policy

Impacts

- Variability in the quality and continuity of supply affects the daily functioning of individuals and organizations, thus affecting their perception of the service provided.
- Unsatisfactory relations with the company are caused by information asymmetries, as a result of the difficulty in understanding the billing of a regulated service.
- Sometimes there may be complications in communicating with the company to make inquiries or complaints, either due to the availability of channels or gaps in the use of digital media.

Target

To provide a good service to customers, through communication and customer service channels that facilitate interactions, to meet their needs satisfactorily.

Progress and actions

- Discovery Genesys projects, migration to phigital model, and use of WhatsApp channel in Chilquinta.
- First place in SEC Ranking for Chilquinta.
- Implementation of the Renewed Customer Plan Project at CGE.
- Implementation of Mobile Office for CGE customers in remote areas in Ñuble and Biobío.

Service quality improvement and customer satisfaction initiatives

SG-2

In 2022, Chilquinta implemented the Discovery Genesys project to migrate the contact center to a cloud platform that facilitates business growth. This unified system makes it possible to quickly adapt procedures according to regulatory changes that occur, provide an omnichannel experience (through phone calls, chats, emails, social networks, and SMS), make intelligent routing of queries and thus reduce waiting times, and integrate data to improve efficiency and personalization of services. The application of this system seeks to achieve a 10% increase in customer satisfaction and a 20% improvement in first-call resolution.

Another advance carried out by this company was the migration to the phygital model of the service centers, with totems that allow effective self-service for customers in procedures such as payments, printing of receipts, inquiries for cut-off and replacement, change of account holder, request for connections, change of account holder and claims. In order to encourage this modality, the **"Light, camera, digitalization"** campaign was developed, through which employees were invited to promote the use of the new services. The goal of this initiative is to achieve 70% of self-service in the office through totems.

Additionally, in 2022 Chilquinta adopted the WhatsApp channel as a service tool for commercial needs and emergencies, attended by the virtual assistant Luz in a comfortable, friendly, and uninterrupted manner. In this way, the company has gone from having a platform with limited functionalities to one that provides multiple services and generates more than 50 thousand monthly interactions, with a retention rate of 97.1%.



In 2022, Chilquinta secured the top position in the segment with over 120 thousand customers, as recognized by the SEC. This marks the eleventh time it has achieved this ranking within the past 12 years.

In 2022, CGE conducted a review of its customer service processes with the support of an external consultant, resulting in the **Renewed Customer Plan Project**. The objective was to improve the perception of users through low-cost, high-impact initiatives. This involved detailed documentation of the interactions that customers have with the company (Customer journey), to implement 2023 improvements to the most significant moments of the aspects of emergency care, billing, and connections.

Efforts have been made to enhance online channels, expanding the range of customer service options. This includes the creation of a new virtual office and a redesign of the website. A mobile application was implemented for iOS and Android through which customers can access self-service options such as bill payment, check bills, review consumption, and report an emergency, among others, and by 2023, we will have a new service channel through WhatsApp.



Mobile Office

In 2022, CGE implemented a new mobile office in the Ñuble-Biobío area, to get closer to its customers in rural communities with in-person and online service, in order to resolve and provide timely answers to their doubts and/or requirements. This service is mainly for clarification of balances, name changes, and queries regarding connection of junctions, among others.

During 2023, a new mobile office will be implemented for the O'Higgins area, to enhance customer service in person in the most remote communities of the area.

Measuring customer satisfaction

SG-3

Both distributors use the CSAT (Customer Satisfaction Score) to evaluate customer satisfaction, a method widely used in utilities. This information on users' perception of the services provided serves as a basis for making improvements, especially in critical processes with a high volume of interactions.

Fees and tickets

IF-EU 240.a1, 240.a4

The rate formulas applied to consumers are established by decrees issued by the Ministry of Energy. These cover the costs associated with the entire electricity supply chain: generation, transmission, and distribution of electricity, which represent approximately 70%, 10%, and 20%, respectively, of the final rate.

It's important to recall that generation prices are established via public bidding processes, where the most competitive proposals are awarded contracts to supply electricity for periods ranging from 15 to 20 years. These bids are denominated in U.S. dollars and are subject to indexation mechanisms, which consider variables like the consumer price index (CPI) and the costs associated with various fuel types.

Therefore, a significant increase in these factors –all of which are external to the distribution business– can generate considerable increases in electricity rates. Although the transmission and distribution segments may also be affected by such variations, their impact on rates is more limited.

The determination of the costs of each part of the chain is made every four years by the National Energy Commission, a proposal that is finally approved by the Ministry of Energy.



	Unit of measure	Average rate
Residential	CLP/ kWh	132.23
Commercial	CLP/ kWh	118.54
Industrial	CLP/ kWh	112.92
Agricultural, fiscal, municipal and public utility.	CLP/ kWh	115.66



	Unit of measure	Average rate
Residential	CLP/ kWh	131.68
Commercial	CLP/ kWh	119.96
Industrial	CLP/ kWh	119.96

To determine the average rate for end customers, the rate formulas applicable to supplies subject to regulated prices set by Decree 11T/2016, as amended by Decree 5T/2018, both of the Ministry of Energy, are used.

For residential, commercial, and industrial customers, the revenues associated with supply charges for each category were divided by the energy sold to each one. In Other, the same calculation was made for the rest of the categories. For all cases, the effective billing made during the year 2022 was considered. The calculated values do not include billing to customers not subject to price regulation: free and toll customers.

Average rate
IF-EU 240a.2



	Unit of measure	Average rate
First 500 kWh	CLP	66,117
First 1,000 kWh	CLP	132,234



	Unit of measure	Average rate
First 500 kWh	CLP	65,839
First 1,000 kWh	CLP	131,677



4.3

TECHNOLOGY AND DIGITALIZATION

GRI 3-3, SG-10

Material topic

Description

Technology and digitization empower electricity distribution through advanced network monitoring and management systems. This enables improved demand management and rapid fault detection. Innovations contribute to energy efficiency, renewable energy integration, and supply reliability, fostering the transition to a smarter and more sustainable grid.

Impacts

- Smart meters, sensors, and telemetry devices collect real-time data to provide businesses with accurate visibility into network conditions and efficiently resolve issues.
- Advanced algorithms and analysis systems optimize power distribution, reducing losses and improving load management.
- Digitalization also strengthens network resilience and security, enabling rapid detection and response to failures or attacks.
- Automation and predictive maintenance reduce response time and minimize the impact on customers.
- Technology facilitates interaction with customers through mobile applications and real-time communication platforms.

Policies and guidelines

Chilquinta

- Use of SAP system for integrated management of maintenance and construction site processes
- Application of Work Force Management systems to digitize field processes
- Strategic definition of network automation
- Use of integrated systems to operate the network efficiently and effectively.

CGE

- Digitalization plan 2024-2026, which encompasses initiatives to digitalize processes and modernize technological platforms, including SAP and SCADA.
- Strategic definition of developing Big Data to focus the company towards a data-driven management model.

Target

Incorporate technology and digital systems to improve the efficiency of business processes, reliability, and quality of the distribution system.

Progress and actions

- At Chilquinta, the installation of smart meters at distribution substations and the deployment of associated IT systems began, in accordance with the regulatory guidelines associated with metering, monitoring and control systems.
- At CGE, the Digital Transformation Unit was created to initiate a digitalization plan and prepare the company for technological changes.

State Grid recognizes the paramount significance of technology integration and the digitization of operational procedures in enhancing the oversight and administration of the electricity system. Consequently, in 2022, Chilquinta and CGE undertook various initiatives that not only fostered the development of new competencies but also streamlined processes, bolstered operational efficiency, and elevated overall productivity. Furthermore, these dimensions of digital transformation play an instrumental role in fostering data-driven management, thereby creating substantial value for both companies and their customers.

At Chilquinta there are several procedures aimed at taking advantage of technology and advancing in the automation of processes. These are:

Management, control, and traceability: all maintenance and construction work is executed using SAP system modules, facilitating the seamless integration of processes and delivering comprehensive traceability for each task.

Digitalization of processes: the Work Force Management system provides online information on field processes, such as vegetation management and emergency response. Progress has also been made in the implementation of different process digitalization modules via PowerApps, which reduces work times and improves data traceability.

Grid automation: over the last decade, Chilquinta's grid has gradually evolved and, by 2022, it already had around 940 medium voltage reclosers and 150 self-healing systems. This allows, among many benefits, to limit the areas where there are customers affected by interruption and improve response times for automatic recovery.

Efficiency and effectiveness in operations: various integrated systems allow better management and operation of the grid. These include: ELECTRIC OFFICE, physical asset management software and regulatory issues; POWER ON, administration software for the management of all orders coming from different supports; SCADA (system for the management of the electrical system), which allows supervision, control, and data collection to make operational decisions remotely; and DMS (distribution management system), which performs simulations and operations on the distribution network, locates and isolates faults, as well as executes analysis with information in real-time. Additionally, through the integration of these systems, information is collected, analyzed, and made available in the form of supply quality indicators. This allows timely data to operate and maintain the network and report in time and quality to the regulatory authority.

In 2022, CGE made progress in this area with the creation of the Digital Transformation Unit, an area responsible for defining the development vision, objectives, and corporate digital strategy, as well as the digitization of internal and external operations processes. This department is also in charge of planning IT systems and supervising, evaluating, and assessing the implementation of business systems.

The main projects developed during this year in this line were informatization planning, the start of smart metering in the network, the digitalization of customer service channels, the modernization of internal operations with digital technology to provide better support to customer service processes, the modernization of the infrastructure for emergency service systems and the execution of cybersecurity plans and protection of the technological infrastructure.





Smart metering

In both Chilquinta and CGE, 2022 marked the commencement of developing AMI system and the installation of smart meters in distribution substations, a critical step towards fulfilling the quality management system requirements mandated by the technical standards for service quality. Once fully operational, these systems offer the capability for remote consumption metering, real-time monitoring of crucial product quality parameters, including voltage, currents, and supply status. Moreover, they grant remote control authority over customer connections, disconnections, consumption limitations, or direct metered electricity injection.



- 5.1** Community safety
- 5.2** Local development

Description

When electrical energy is harnessed without technical safety measures, it poses a considerable risk to individuals in both residential and public settings, potentially resulting in severe accidents if proper precautions are not taken. This is precisely why electrical systems differ from other forms of energy, as they incorporate automatic protection mechanisms designed to cut off the power supply in response to unforeseen events. Companies include in their annual programs the regular maintenance of infrastructure, such as cables, transformers, poles and equipment to prevent power failures and interruptions, as well as the protection devices themselves. They must also comply with safety standards when designing and operating electrical networks, considering load capacity, overload protection and proper grounding. In addition, periodic inspections and equipment testing are necessary to identify safety problems and ensure power quality, next to annual and special maintenance and investment plans for these purposes.

Policies and guidelines

Chilquinta

- Business Continuity Management Policy according to ISO 22301 Standard

CGE

- Integrated Management System (SIG, by its Spanish acronym) in accordance with ISO 9001, ISO 14001, ISO 45001 and ISO 22301 standards.

Impacts

- Third-party tampering with electrical cables and equipment can lead to fires, electric shocks and other serious or even fatal injuries, energy losses and deterioration of supply reliability.
- Unsafe distribution systems are more prone to failures and breakdowns, which can result in frequent power outages.
- Unsafe systems can cause damage to appliances and property, resulting in economic losses for businesses and homes.
- Damaged or poorly insulated electrical wiring can cause power interruptions. In addition, electrical current leakage or faulty connections can result in energy loss, contributing to the waste of natural resources and increased energy consumption.

Objective

To provide a safe service for the inhabitants of the concession areas by implementing preventive measures and fostering the collaboration of the communities in their self-care.

Progress and actions

- Plans and procedures to address risks in both companies.
- Public awareness campaigns to avoid risks due to misuse of flyers, confetti and drunk driving.
- Raising awareness about the perils of cable theft.

Safety measures

Any contact or proximity with electrical networks by unqualified personnel and without the appropriate personal protection elements may result in accidents and fatalities.

For these reasons, our companies apply preventive and corrective measures for installations on public roads or private land, vegetation management, as well as maintenance of installations and equipment, among others.

Chilquinta has an Operational Continuity Plan that concentrates all the company's efforts to respond effectively to events that affect the continuity of electricity supply and the community in general. This plan encompasses the implementation of preventive measures for low and high-temperature seasons and includes coordination with emergency agencies, as well as local and national authorities. The company also carries out preventive campaigns throughout the year to promote the correct use of fliers, raise awareness about safe driving, and prevent vehicles from crashing

into poles. Mass communication is also carried out to prevent customers from becoming victims of scams. In addition, the company addresses the prevention of accidents due to the manipulation of public infrastructure through constant communication with customers and municipalities regarding the duties, responsibilities, and risks of vegetation near power grids, the use of metallic confetti at end-of-year parties, and the importance of the review of interior installations by electrical specialists authorized by the Superintendency of Electricity and Fuels (SEC, by its Spanish acronym). To reinforce these messages, we use social networks, broadcasting in the media, radio spots, visits to educational establishments, and public activity fairs (Government in the Field), among others.

CGE develops annual and permanent prevention campaigns through radio spots, media reports, and educational meetings with neighborhood councils, schools, and authorities in general. Prevention through the use of flyers is reinforced in August and September in the 11 regions where the company operates, through visits to schools

where concrete demonstrations of the risks are made. The same type of activities is carried out before the end-of-year celebrations to avoid the indiscriminate use of energy, prevention of collisions to poles, theft of cables, and protection against domestic accidents due to the misuse of electricity. In addition, training talks are given to the Chilean Fire Department and Carabineros (Chilean police) to explain electrical circuits, the most common accidents, and what to do in case of an electrical emergency.

CGE also informs the SEC authority of the safety measures it is requesting, such as summer plans to face the consequences of forest fires in electric grids, plans in advance of the winter season, plans for critical communities, plans for cut lines, plans for critical feeders, three crossings plan that monitors crossings in rivers, roads or railroad lines, incorporation of new technologies and implements such as by-pass trucks to reduce unavailability due to programmed works or failures, drones and personnel with licenses to fly over electric infrastructure for detailed inspections, machinery to carry out pruning, felling, and cleaning in security strips in forests.

Safe driving and pole protection

Crashes to poles are one of the main causes of power supply interruption. Since their cause is reckless and/or drunk driving, Chilquinta has an alliance with the Emilia Foundation to carry out public awareness campaigns and educate high school students as future drivers.

A new measure implemented in 2022 by CGE are the pole covers, an element brought from China that embrace the pillars exposed to the risk of collision. This initiative has been very well received by the municipalities where it has been installed, so it will be expanded in the coming years.





Our companies apply preventive and corrective measures for the management of vegetation and splices, and maintenance of facilities and equipment.

Risks of irregular connections

The rising number of informal settlements inhabited by individuals in vulnerable conditions presents a significant challenge. In certain instances, residents resort to irregular electricity connections, leading to potential hazards such as tampering, system overloads, disruptions in service for our regular customers, and short circuits due to the absence of essential safety precautions. This risky behavior can also escalate to house fires among those involved in these irregular connections, constituting a criminal offense.

In response to this challenge, both Chilquinta and CGE are collaborating closely with governmental authorities and the Chilean Fire Department to advocate for the lawful electrification of informal settlements. By legalizing the electrical service in these areas, we can effectively address the underlying causes of danger and enhance safety.

Cable theft

The manipulation of electrical networks to steal cables causes injuries and fatalities to those who commit this crime. Despite the joint effort between the authorities and the energy and telecommunications distribution companies, thefts continued to occur in 2022, causing supply interruptions and accidents for the offenders, even resulting in death in six regrettable cases.

Given the extent of the networks, surveillance systems are not enough to prevent this crime and its consequences. For this reason, both Chilquinta and CGE disseminate

Chilquinta

No. of accidents: 5

No. of fatalities: 1

CGE

No. of accidents: 6

No. of fatalities: 5

through the media the dangers involved in cable theft, as a deterrent for those who commit it.

Special plans for summer season

In addition to their regular distribution system maintenance plan, both CGE and Chilquinta annually implement preventive plans (Summer Plan and High Temperature Plan, respectively). These plans include special action plans to address the summer season and reduce the risk of fires that could disrupt service and damage electrical installations. These actions comprise various components: updating internal procedures and urban-rural interface polygons, conducting pedestrian and/or drone inspections of easement strips, managing vegetation, monitoring events and meteorological variables for preventive alerts, performing insulation wash, coordinating with emergency authorities for operations, conducting preventive maintenance, handling letters and notifications to clients/authorities, verifying the operation of major generators and electro-dependent generators, enabling fire extinguishers in brigades, and reviewing recloser and equipment settings, among other tasks.



Commitment to electro-dependent people

Individuals who are receiving home-based medical care or are reliant on electrically powered medical devices due to their health conditions are entitled to specific rights as stipulated by Law No. 21,304. These rights encompass several crucial provisions, including discounted rates associated with electricity consumption for health-related purposes, protection against supply disconnection due to outstanding debts, priority assistance during power interruptions, and advanced notice of planned service interruptions.

Both Chilquinta and CGE provide electric generators for emergency cases. In addition, they maintain an alert protocol to urgently attend to outages due to external causes if in the affected area there is an electro-dependent person who does not have the backup equipment provided by the company.

Description

The energy industry drives local development through initiatives focused on education, training and community investment. Companies partner with educational institutions to train people in technical and professional skills, thereby strengthening the local workforce. Training programs in the installation and maintenance of home energy systems are conducted to provide employment and development opportunities for local residents, driving economic growth and ensuring the safe management of electricity services. In addition, the energy infrastructure is improved by modernizing and expanding power grids.

Impacts

- The contribution to local development drives economic growth through capacity building of people and entrepreneurship.
- Improving energy infrastructure by modernizing and expanding power grids.
- This generates employment and business opportunities during construction and improves the quality and reliability of energy supply.

Policies and guidelines

Chilquinta

- Customer Onboarding Procedure

CGE

- Corporate Responsibility Policy

Objective

Contribute to the development of the communities in the areas where the companies operate, through access to electricity, economic activities associated with the operation and training and employability initiatives.

Progress and actions

- At Chilquinta, agreements were made with the Housing and Urban Development Service and the Municipality of Valparaíso to electrify shantytowns.
- Through the Maule Plan, CGE contracted local service and labor providers.
- Both companies developed programs to build the skills of young people, women and senior citizens.

Community involvement

GRI 413-1

Chilquinta focuses community participation mainly on the regularization of electricity connections in informal settlements. Initially, a comprehensive process is undertaken, involving the compilation of social, legal, and technical assessments of the areas in this situation, aimed at designing effective intervention and enhancement projects. Utilizing this data as a foundation, we initiate dialogues and collaborate with community leaders and government authorities to foster cooperation, articulate needs, and develop practical solutions for the lawful regularization of electricity provision, including financial considerations.

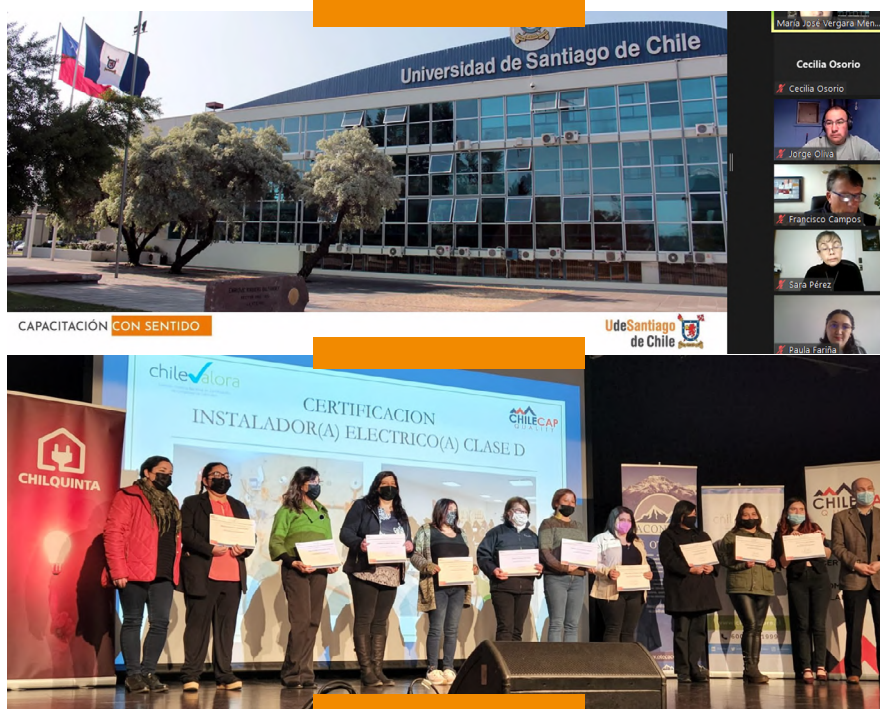
CGE maintains continuous dialogue with community representatives within its concession areas, encompassing discussions with parliamentarians, governors, mayors, neighborhood council leaders, and civil society organizations. Through these interactions, the company learns about their concerns and needs, information that helps guide the social development actions it undertakes. At the end of the programs, surveys are conducted to ascertain the opinions of the participants.

Investments in infrastructure and workforce

GRI 203-1, 203-2

In 2022, Chilquinta established 180 new connections to formalize electricity service to homes in settlements that had irregular connections implemented one to two years prior. This endeavor required an investment of CLP 31,782,600.

This advancement involved a campaign to educate residents about the advantages of regularization, featuring informative discussions that elucidated the responsibilities, rights, and obligations of both customers



and the company. Additionally, safety and efficiency recommendations were offered to encourage new customers to adopt responsible and secure consumption practices that align with their payment capacity.

The construction of network expansion and improvement projects serves as a significant way for fostering local economic development. During the implementation year, this plan necessitated a substantial investment of CLP 22 billion.

Development and education initiatives

SG-9

Our companies prioritize the promotion of technical education in the field of electricity, with a particular focus on aligning this training with the industry's requirements. This initiative is geared towards creating employment prospects, with a special emphasis on encouraging students and women, particularly those facing vulnerable circumstances, to benefit from these opportunities.

Since 2017, CGE's Ilumina Program has been executed in collaboration with the DUOC UC institute. This program focuses on establishing well-equipped electricity laboratories to enrich the educational experience of young individuals pursuing this field. In 2022, we delivered equipment to several educational institutions, including the Clara Solovera Educational Center, Hardware High School of San Bernardo, Technical School of Talagante, Technical-Professional High School of Buin, and Cardenal Caro High School of Buin. Additionally, informative technical discussions were conducted at the José Domingo Savio High School of Alto Hospicio.

The company also made solidarity contributions to the Chile Dual Foundation to support programs aimed at young people pursuing electrical studies (CLP 10 million) and to the INFOCAP Youth Foundation, for the construction of an educational park for environmental sustainability in the formation of trades and the promotion of labor insertion of technicians (CLP 27 million).

Both Chilquinta and CGE provided complimentary training opportunities to women who are heads of households, enabling them to gain knowledge in basic electricity. Participants had the option to attain certification from the SEC, empowering them with a valuable entrepreneurial skill set. This program played a role as well in enhancing electrical safety practices within their local communities.

In addition, CGE provided online courses to female heads of households on supply and logistics, the use of spreadsheets and word processors, and effective communication techniques, among others. This initiative was developed in partnership with the National Service for Women and Gender Equality and the AIEP institute, covering 52 communities.

Course on Electrical Installations Type F and G, with SEC Class D Certification.

60

women participating in Chilquinta courses in the Valparaíso Region

45

approved

33

SEC certified

Since 2019, Chilquinta has been organizing digital integration workshops, a program offering training sessions via lectures designed to instruct customers on the use of the Company's digital tools, especially the website and the WhatsApp virtual assistant, Luz Bot.

These workshops are free of cost and led by a specialized lecturer (Actualizate Chile). Each session is arranged in collaboration with the Municipalities and Senior Citizen Centers within Chilquinta's Valparaíso Region concession area.



	Suppliers	No. participants	Women	Men
Digital literacy for senior citizens	ADECCO	92	16	76
Training for female heads of household	AIEP	150	150	0
Training for women entrepreneurs	AIEP	184	184	0
Fundamentals of Photovoltaic Power Plant Installation	USACH	17	3	14
Fundamentals of electrical installations	USACH	16	2	14
Electrical installations	INACAP	22	0	22
	Total	481	355	126



- 6.1** Biodiversity
- 6.2** Waste production and management
- 6.3** Carbon footprint

Description

Biodiversity is the existence and variability of living organisms within each species, between them and the ecosystems. It has an intrinsic value, independent of the needs of human beings, so its safeguarding is a relevant aspect of sustainable development.

Policies and guidelines

Chilquinta

- Operational Environmental Management Master Plan
- Vegetation Management Procedure for Distribution System
- Climate Change Management Procedure

CGE

- Corporate Responsibility Policy
- Pruning and felling instructions
- Instruction on the negative impact on wildlife
- Specific procedure for accidents and environmental incidents
- Procedure for packaging coming from abroad

Impacts

- For wildlife, contact with electrical grids poses risks of collisions and electrocution, especially for birds and bats.
- Trees growing near electrical grids must be pruned/trimmed according to their condition, to comply with electrical regulations and avoid power interruptions due to vegetation contact. This reduces the vegetation cover of the trees and alters their aesthetics.

Target

Integrate the relationship with natural species in business planning, considering conservation and biodiversity care in decision-making.

Progress and actions

- Preparation of a cadaster of the areas and situations with the greatest impact on birds in order to initiate an improvement plan at CGE.
- Implementation of equipment installation and protection plan for birds by Chilquinta.
- Planting of 5,000 native trees in Chilquinta's concession areas, grown at its Environmental Studies Center.

Relationship with the natural environment

Vegetation management is an important issue for the operation of the electricity distribution system, as it affects both sides: on the one hand, power substations and cable laying interfere with areas where animal and plant species live, while on the other hand, the uncontrolled growth of trees near the networks can cause damage and risk of service interruptions. In addition, periods of

drought cause extensive areas with dead vegetation, increasing the risk of supply interruptions caused by fire on the networks.

Currently, a high percentage of urban trees are deteriorated, either due to the effects of global warming and/or lack of optimal care. Thus, species in an irreversible process of deterioration not only present a risk for the continuity of the electricity supply but also for the community in general in case of falling or detachment of branches.

Our companies carry out their operations in a responsible manner with these conditions, through policies and guidelines aimed at preserving the coexistence between trees and electrical installations, as well as the protection of birdlife through the implementation of specific devices for this purpose.



Chilquinta and CGE develop their operations in an environmentally responsible manner by maintaining safety strips for their networks.

Urban Trees Management Manual

Chilquinta has an Urban Tree Management Manual, developed in collaboration with the Pontifical Catholic University of Chile, which presents instructions for the maintenance and pruning of diverse tree species. The publication also serves as a valuable resource for municipalities, providing insights into the strategic planning of urban trees. The aim is to ensure their proper placement, fostering healthy and unimpeded growth while minimizing potential risks to both the community and the electrical infrastructure. Furthermore, Chilquinta has undertaken the development of various technical reports targeted at municipalities and the broader community. These reports are designed to bolster awareness regarding the importance of refraining from planting trees near or under electrical grids, the essential practices for urban tree maintenance, the optimal approach to city vegetation planning, and the removal or replacement of deteriorated species.



Operations in areas of biodiversity value

GRI 304-1



Land	Property	Location	Operation	Extension (km ²)	Position in relation to the protected area	Biodiversity value outside the protected area)	Value of protected biodiversity
Sitio de reforestación Laguna Verde	Own	Quilpué	Reforestation site	0,01	CONAF compliance	Does not apply	Does not apply
Sitio de reforestación La Pólvara	Own	Concón	Reforestation site	0,01	CONAF compliance	Does not apply	Does not apply
Mirador Acantilados de Quirilluca	Managed	Quirilluca	Production	5,08	Next to the area	Terrestrial Ecosystems	Yes
Humedal de Mantagua	Managed	Ritoque	Production	2	Next to the area	Terrestrial ecosystems	Yes
Santuario de la naturaleza Cajón El Zaino-Laguna Copin	Managed	San Felipe	Production	674	Next to the area	Terrestrial ecosystems	Yes



Land	Property	Location	Operation	Extension (km ²)	Position in relation to the protected area	Biodiversity value outside the protected area)	Value of protected biodiversity
Pampa del Tamarugal National Reserve	Managed	Tamarugal - Pozo Almonte y Huara	Production	1,287.63	Next to the area	Terrestrial Ecosystems	Yes
El Yali National Reserve	Managed	San Antonio - San Antonio	Production	5.20	Next to the area	Terrestrial ecosystems	Yes
Las Palmas de Cocalán National Park	Managed	Cachapoal - Las Cabras	Production	37.09	Next to the area	Terrestrial ecosystems	Yes
Radal Siete Tazas National Park	Managed	Curicó - Molina	Production	41.38	Next to the area	Terrestrial ecosystems	Yes
Altos de Lircay National Reserve	Managed	Talca - San Clemente	Production	121.63	Next to the area	Terrestrial ecosystems	Yes
Radal Siete Tazas National Reserve	Managed	Curicó - Molina	Production	10.09	Next to the area	Terrestrial ecosystems	Yes
Los Bellotos del Melado National Reserve	Managed	Linares - Colbún	Production	7.17	Next to the area	Terrestrial ecosystems	Yes
Los Ruiles National Reserve	Managed	Talca y Cauquenes - Empedrado y Chanco	Production	0.90	Next to the area	Terrestrial ecosystems	Yes
Federico Albert National Reserve	Managed	Cauquenes - Chanco	Production	1.45	Next to the area	Terrestrial ecosystems	Yes
Laguna Torca National Reserve	Managed	Curicó - Vichuquén	Production	6.04	Next to the area	Terrestrial ecosystems	Yes
Los Queules National Reserve	Managed	Cauquenes - Pelluhue	Production	1.47	Next to the area	Terrestrial ecosystems	Yes
Los Huemules del Niblinto National Reserve	Managed	Ñuble - Coihueco	Production	20.23	Next to the area	Terrestrial ecosystems	Yes



Land	Property	Location	Operation	Extension (km ²)	Position in relation to the protected area	Biodiversity value outside the protected area)	Value of protected biodiversity
Ñuble National Reserve	Managed	Ñuble y Biobío - Pinto y Antuco	Production	559.48	Next to the area	Terrestrial Ecosystems	Yes
Laguna del Laja National Park	Managed	Biobío - Antuco	Production	116.00	Next to the area	Terrestrial ecosystems	Yes
Nonguén National Reserve	Managed	Concepción - Concepción, Chiguayante y Hualqui	Production	30.37	Next to the area	Terrestrial ecosystems	Yes
Altos de Pemehue National Reserve	Managed	Biobío - Quilaco	Production	188.56	Next to the area	Terrestrial ecosystems	Yes
Mocha Island National Reserve	Managed	Arauco - Lebu	Production	21.82	Next to the area	Terrestrial ecosystems	Yes
Ralco National Reserve	Managed	Biobío - Alto Bio Bio	Production	124.21	Next to the area	Terrestrial ecosystems	Yes
Nahuelbuta National Park	Managed	Arauco y Malleco - Cañete, Angol, Purén y Los Sauces	Production	68.32	Next to the area	Terrestrial ecosystems	Yes
Tolhuaca National Park	Managed	Malleco - Victoria y Curacautín	Production	63.74	Next to the area	Terrestrial ecosystems	Yes
Huerquehue National Park	Managed	Cautín - Pucón y Cunco	Production	125.00	Next to the area	Terrestrial ecosystems	Yes
Conguillío National Park	Managed	Malleco y Cautín - Curacautín, Lonquimay, Melipeuco y Vilcún	Production	608.32	Next to the area	Terrestrial ecosystems	Yes
China Muerta National Reserve	Managed	Cautín - Melipeuco	Production	98.87	Next to the area	Terrestrial ecosystems	Yes
Nalcas National Reserve	Managed	Malleco - Lonquimay	Production	137.55	Next to the area	Terrestrial ecosystems	Yes
Villarrica National Reserve	Managed	Cautín y Valdivia - Pucón, Curarrehue, Villarica y Panguipulli	Production	600.05	Next to the area	Terrestrial ecosystems	Yes
Malalcahuello National Reserve	Managed	Malleco - Lonquimay y Curacautín	Production	138.82	Next to the area	Terrestrial ecosystems	Yes
Alto Bio National Reserve	Managed	Malleco - Lonquimay	Production	330.50	Next to the area	Terrestrial ecosystems	Yes
Villarrica National Park	Managed	Cautín - Pucón, Curarrehue y Melipeuco	Production	534.60	Next to the area	Terrestrial ecosystems	Yes
Malleco National Reserve	Managed	Malleco - Collipulli	Production	166.25	Next to the area	Terrestrial ecosystems	Yes
Contulmo Natural Monument	Managed	Malleco - Los Sauces y Purén	Production	0.82	Next to the area	Terrestrial ecosystems	Yes
Cerro Ñielol Natural Monument	Managed	Cautín - Temuco	Production	0.89	Next to the area	Terrestrial ecosystems	Yes

Impacts on biodiversity

GRI 304-2

Maintenance work, as well as the construction of new facilities are carried out with the respective

precautions to preserve the environment and biodiversity of the intervened area, based on existing standards and requirements. When nests are detected in transformers or other equipment, they are handled with

caution and relocated to safe places in their environment. Reforestation or improvement plans are also implemented when sites are affected for the extension of new networks and installations.

Impact	Type	Reason for impact	Species affected	Extension	Duration	Character
CHILQUINTA						
Vegetation cutting	Direct	Cleaning of a safety strip for the implementation of a distribution line.	<i>Eucalyptus globulus</i>	1,140 linear meters with a safety strip 10 meters wide	1 semester	Reversible
Bird mortality due to contact with energized nets	Direct	Contact with energized networks	Birds in general	Distribution networks throughout the entire concessioned territory	Permanent	Irreversible
CGE						
Bird mortality due to contact with energized nets	Direct	Contact with energized networks	Birds in general	Distribution networks throughout the entire concessioned territory	Permanent	Irreversible
Intervention in the habitat of species present at the construction site of new networks	Direct	Construction of new lines	Flora and fauna species in general	Distribution networks throughout the entire concessioned territory	During the construction process	Reversible
Deforestation in new project construction zones.	Direct	Construction of new lines	Tree species	Distribution networks throughout the entire concessioned territory	During the construction process	Reversible



Reforestation of native trees

Since 2019, Chilquinta has been running the Environmental Studies Center, located in Curauma. This center is dedicated solely to the cultivation of native Chilean species, nurturing approximately 15,000 trees for reforestation in areas impacted by the company's operations in the Valparaíso Region. In 2022, 5,000 trees were successfully planted.

Species in danger of conservation

GRI 304-4

CGE worked during 2022 on the elaboration of a cadaster of the areas and situations of greatest affectation for birds. Based on this data, a plan was initiated to improve the infrastructure, with elements such as tridents, beacons and crosses to dissuade them from approaching the electric pole.

Risk of extinction	Number of species	Area where they are located	Operations occurring in the area
Critically endangered	4	North: 2 Center: 1 South: 1	Electrical networks in operation
Endangered	27	North: 15 Center: 7 South: 5	Electrical networks in operation
Vulnerable	27	North: 12 Center: 7 South: 8	Electrical networks in operation
Near threatened	53	North: 18 Center: 18 South: 7	Electrical networks in operation
Least concern	71	North: 24 Center: 24 South: 23	Electrical networks in operation

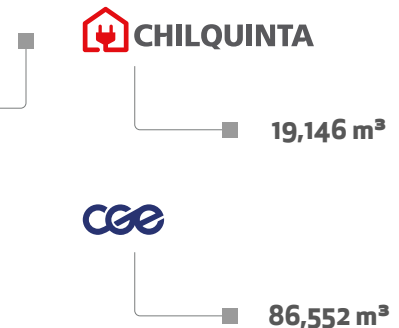
Chilquinta has a record of approximately 2,700 birds catalogued as “of minor concern” that inhabit the reforestation sites managed by the company. In addition, for years the company has had a Bird Protection Program, which is part of the Annual Maintenance Program and includes the installation of deterrents, such as silicone covers and a cone-type protection system on insulators.

Water management

SASB IF-EU 140a.1, 140a.2, 140a.3

Our companies exclusively employ water for human consumption in work areas, such as corporate buildings and commercial offices, and do not use it in their production processes. In 2022, water consumption was as follows:

Chilquinta implemented measures to enhance water efficiency in its corporate buildings, incorporating new electronic faucet systems and an automated irrigation system for the gardens at the Curauma Building. Moreover, neither of the companies reported any incidents associated with water management.



Description

Waste management contributes to minimizing environmental impact and complying with the respective regulations. Electricity distribution generates waste associated with infrastructure, equipment, and both administrative and maintenance operations. Hazardous chemical waste, such as dielectric oils, lubricants, and coolants, must also be properly treated and disposed of safely to prevent soil and water contamination.

Impacts

- Some components of electrical and electronic equipment contain hazardous substances, such as mercury, lead and cadmium. These materials can leach into the environment if the waste is not properly managed. The accumulation of these toxic elements can have harmful effects on human health and ecosystems, as they bioaccumulate in the food chain.
- Inappropriate management of non-hazardous waste can result in it ending up in landfills instead of being used as inputs for other economic processes and, consequently, in the creation of unnecessarily polluting spaces.

Policies and guidelines

Chilquinta

- Risk Prevention and Environmental Policy
- Special Risk Prevention and Environmental Regulations
- Operational Environmental Management Master Plan
- Anti-spill instructions for the Chilquinta Group of Companies.

CGE

- Corporate Responsibility Policy
- Waste Management Instructions

Target

Comply with regulatory requirements in waste management, make efficient use of resources and minimize environmental impacts through continuous improvement.

Progress and actions

- Promotion of waste reduction and recycling program at Chilquinta.
- Waste management with the support of contractors at CGE.

Waste management and its impacts

GRI 306-1, 306-2

Chilquinta encourages waste reduction at source by minimizing the use of materials and resources in the company's production processes and operations. This is done through practices such as improved product design, the elimination of single-use items, and the reuse of materials and equipment within the company. Additionally, the company has a recycling program, consisting of awareness-raising and training activities to educate workers about which materials should be recycled and how to do it correctly. Hazardous waste is also disposed of in compliance with DS148.

At CGE, non-hazardous waste is handled with the support of contractors who take it to facilities that have sanitary authorization for its treatment. Hazardous waste is taken to storage warehouses authorized by the Ministry of Health in each geographical area where the company operates. From there, the Environment and Quality Unit manages their removal and shipment to final disposal through authorized suppliers.



Our companies are responsible for the waste generated by their operations from production to final disposal.



Oil treatment

The oils used for transformer operation are one of the main elements to be managed due to their polluting impacts.

Chilquinta addresses the risk of possible hydraulic oil spills during operation or maintenance work, such as leaks due to broken hoses in hydro-lift trucks; overflows from the tanks of the different vehicles used in its processes; spills from transformers as a result of collided poles; dispersion of condenser vessels and other equipment that is installed and must be changed; and spills from handling equipment that is out of service.

In CGE's distribution networks, there are transformers containing insulating mineral oil without polychlorinated biphenyls (PCB) which, in the event of an internal or external failure, may cause spills of the compound, causing negative impacts on the environment.

In all instances, internal equipment failures are attributed to the company's own operational processes. In contrast, damage to equipment resulting from pole collisions or vandalism is the consequence of external agents. These incidents can lead to various environmental consequences, including water and soil contamination, potential adverse effects on human health, and the potential loss of biodiversity.

In 2022, CGE initiated the examination of a project to replace mineral oil with vegetable oil in transformers, a move that will enhance their efficiency and mitigate environmental pollution. Furthermore, there's an ongoing initiative to refurbish transformers that have reached the end of their operational life by restoring worn components and retrieving minerals from the discarded elements.



Crashed poles

Given that the average number of poles crashed per day ranges between two (Chilquinta) and ten (CGE), a high amount of cement, concrete, and iron waste is generated. As a result, CGE launched a project to reuse these materials in the construction industry, through economic and circular processes.

Waste generated (in tons)

GRI 306-3



Waste generated by composition	Waste generated	Waste not destined for disposal	Waste for disposal
Hazardous waste	85.14	73.38	11.76
Non-hazardous waste	0.48	0.43	-
Total	85.62	73.81	11.76



Waste generated by composition	Waste generated	Waste not destined for disposal	Waste for disposal
Hazardous waste	268.56	-	268.56
Non-hazardous waste	375.44	375.44	-
Total	644.00	375.44	268.56

Waste not destined for disposal (in tons)

GRI 306-4



	At the facilities	Outside the facilities	Total
Hazardous waste			
Preparation for reuse		73.38	73.38
Recycling			
Other recovery operations			
Total	0	73.38	73.38
Non-hazardous waste			
Preparation for reuse			
Recycling	0.44		0.44
Other recovery operations			
Total			0.44
			Total: 73.82



	At the facilities	Outside the facilities	Total
Hazardous waste			
Preparation for reuse	0	0	0
Recycling	0	5.01	5.01
Other recovery operations	0	370.43	370.43
Total	0	375.44	375.44
Non-hazardous waste			
Preparation for reuse	0	0	0
Recycling	0	0	0
Other recovery operations	0	0	0
Total	0	0	0
			Total: 375.44

Waste for disposal (in tons)

GRI 306-5



	At the facilities	Outside the facilities	Total
Hazardous waste			
Incineration with energy recovery			
Incineration without energy recovery			
Landfill			
Other disposal operations		11.76	11.76
Total			11.76
Non-hazardous waste			
Incineration with energy recovery			
Incineration without energy recovery			
Landfill		788.70	788.70
Other disposal operations		78.90	78.90
Total		867.60	867.60
			Total: 1,746.95



	At the facilities	Outside the facilities	Total
Hazardous waste			
Incineration with energy recovery	0	0	0
Incineration without energy recovery	0	0	0
Landfill	0	0	0
Other disposal operations	0	268.56	268.56
Total	0	268.56	268.56
Non-hazardous waste			
Incineration with energy recovery	0	0	0
Incineration without energy recovery	0	0	0
Landfill	0	15,309	15,309
Other disposal operations	0	0	0
Total	0	15,309	15,309
			Total: 15,577.56

6.3

CARBON FOOTPRINT

GRI 3-3

Material topic

Description

The electricity distribution industry can leave a substantial carbon footprint, primarily driven by multiple factors inherent to its operations, which contribute to climate change. These factors encompass transmission losses, transportation and vehicular emissions, the construction of new networks and substations, and the energy consumption within its facilities. Carbon footprint management requires measuring the direct and indirect scopes of purchased energy and indirect scopes generated by suppliers.

Impacts

- While distributing electricity, energy losses ensue as a result of cable and transformer resistance. These losses signify a system inefficiency, demanding additional electricity generation to compensate for them.
- The development of essential infrastructure for electricity distribution, including transmission lines and substations, can have an adverse impact on the carbon footprint. This stems from activities such as transportation and associated air pollution.
- Fossil fuel-based electricity distribution contributes to dependence on non-renewable resources, which are finite and unsustainable in the long term. The extraction and use of these resources can have significant environmental consequences, such as the degradation of ecosystems, water pollution, and the destruction of natural landscapes.

Policies and guidelines

Chilquinta

- Operational Environmental Management Master Plan

CGE

- Corporate Social Responsibility Policy

Target

Commence the measurement of greenhouse gas emissions as the initial step in their effective management.

Progress and actions

- Measurement of scopes 1 and 2 at Chilquinta.
- Measurement of fixed sources scope 2 at CGE.

Corporate emission management commitments

In its Operational Environmental Management Master Plan, Chilquinta establishes that measuring the carbon footprint is essential to understand the impact that the company's activities have on climate change and to identify opportunities related to its management. Initiatives related to this issue include emissions reduction, energy efficiency and the implementation of renewable energies.



In its Corporate Social Responsibility Policy, CGE declares its commitment to contribute to the mitigation and adaptation of climate change through low-carbon and renewable energies, the promotion of energy saving and efficiency, and the application of new technologies. While no specific actions have been implemented thus far, in 2022, Risk Management initiated an analysis of the phenomenon to formulate a course of action that will be presented to the Board of Directors.



Footprint measurement

GRI 305-1, 305-2, 305-3, SASB IF-EU-110a.1

During 2022, Chilquinta measured its carbon footprint (scopes 1 and 2), and CGE performed a CO₂ measurement corresponding to scope 2.

Scope (tCO ₂ -e)	2022	Gases included in the calculation: CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆ , NF ₃ or all.
 CHILQUINTA (*)		
Scope 1	239.09	CO₂, CH₄, N₂O
Scope 2	1,178.62	CO₂, CH₄, N₂O
		
Scope 2 (**)	166.57	CO₂

(*) Chilquinta uses the U.S. Environment Protection Agency's simplified GHG emissions calculator, whose methodologies and default values are based on the GHG inventory guidance documents of the Center for Corporate Climate Leadership and the Emission Factors Hub.

(**) CGE requested the calculation service to the company JHG Ingeniería, which used the data from the operations of the generator sets that the company has for backup in its facilities.

ABOUT THIS REPORT



07

- 7.1** Methodology
- 7.2** Materiality process
- 7.3** Index

7.1

METHODOLOGY

GRI 2-2, 2-3, 2-4, 2-5

This annual document corresponds to State Grid's first sustainability report for its electricity distribution operations in Chile, the companies Chilquinta Distribución and CGE, in which we report on the economic, environmental, people, and human rights aspects that are of interest to our stakeholders. The data presented here are aligned with the financial reports published by both companies for fiscal year 2022 in their annual reports.

In this accountability exercise, we have used Global Reporting Initiative (GRI), and Sustainability Accounting Standards Board (SASB) indicators for the electric utility industry, along with our own indicators.

As this is a first document, we do not present updated information. The report is also not externally verified.

In the first pages we mention Edelmag, CGE subsidiary in Magallanes. However, detailed information on its management is not provided in this report.



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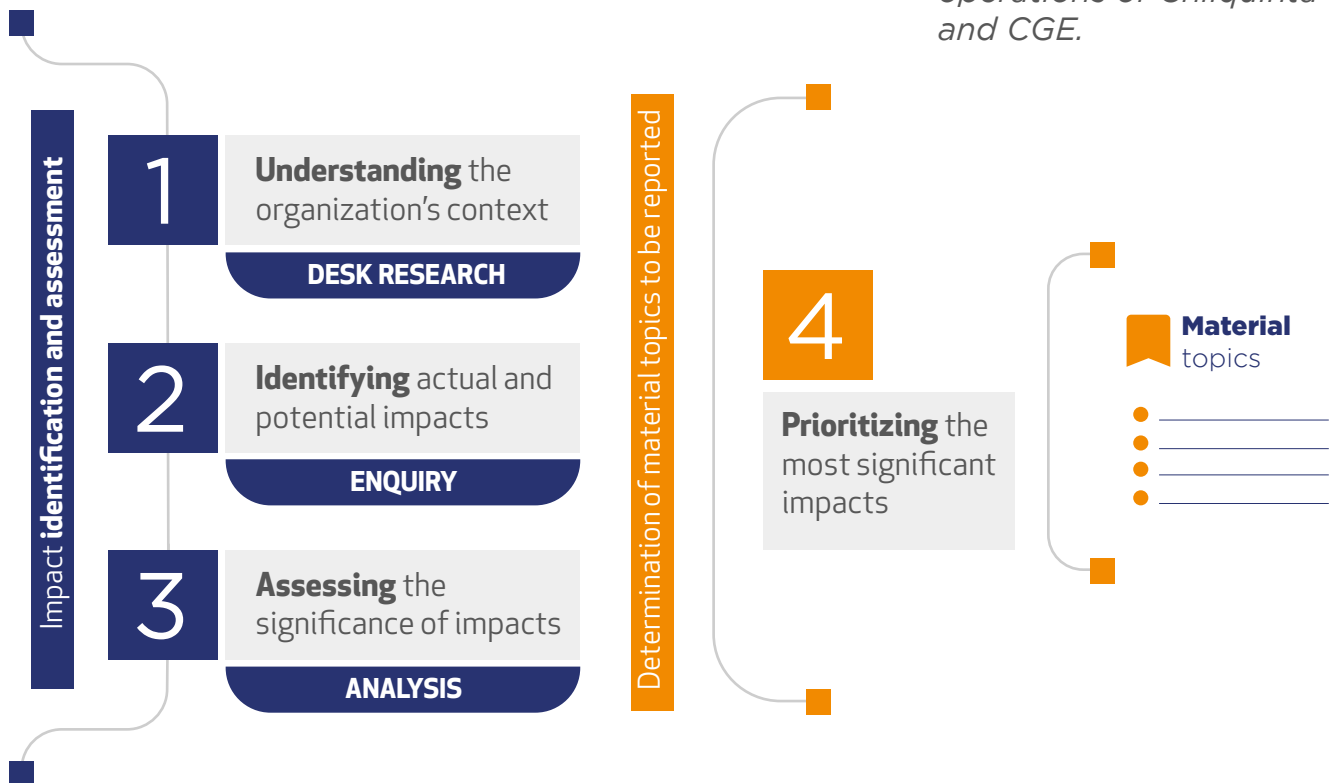


7.2

MATERIALITY PROCESS

GRI 3-1, 3-2

Stages



At State Grid we carried out a materiality process that followed the guidelines of the GRI 2021 methodology, in an abbreviated form, identifying the impacts generated by the operations of Chilquinta and CGE.

1. Desk research: in this stage, we reviewed internal documents, national and regional press, as well as information on trends in the energy industry, in order to understand the main issues of the period and where this sector is heading. We also conducted a benchmark with other companies in the industry, which allowed us to identify sustainability issues and good practices.

2. Identification of impacts: a consultation on actual and potential impacts was conducted with a group of 27 executives from both companies, who provided information both from the perspective of the companies and the feedback they received from the different stakeholders. In addition, interviews were conducted with ten people, representatives of workers, suppliers,

customers, authorities, and community leaders, who provided their opinions on the relationship with the companies and their main impacts.

3. Impact assessment: in this phase, an analysis of the impacts identified was carried out to determine their importance for stakeholders, whether their effects are positive or negative, their scope, nature, and level of severity or benefit. A scale of 1 to 5 was used in the evaluations, where 1 is "very slight" and 5 is "very high".

4. Prioritization of impacts: based on the analysis carried out in the previous stage, the issues were ranked according to their levels of impact and incidence on the business.



Material topics

-  Continuity of supply
-  Customer satisfaction
-  Occupational health and safety
-  Community safety
-  Biodiversity
-  Climate change and GHG emissions
-  Waste production and management
-  Diversity and inclusion
-  Local development
-  Technology and digitalization
-  Good governance



7.3 INDEX

GRI and own Indicators

State Grid has presented the information cited in this table of contents for the period between January 1 and December 31, 2022, using the GRI Standards for its companies Chilquinta and CGE as a reference.

GRI standard	Content	Page	
General disclosures	2-1 Organizational details	8	
	2-2 Entities included in the organization's sustainability reporting	8/81	
	2-3 Reporting period, frequency and contact point	8/81	
	2-4 Restatements of information	81	
	2-5 External assurance	81	
	2-6 Activities, value chain and other business relationships	10	
	2-7 Employees	30	
	2-8 Workers who are not employees	30	
	2-9 Governance structure and composition	14/30	
	2-10 Nomination and selection of the highest governance body	14	
	2-11 Chair of the highest governance body	14	
	2-12 Role of the highest governance body in overseeing the management of impacts	16	
	2-13 Delegation of responsibility for managing impacts	16	
	2-15 Conflicts of interest	22	
	2-16 Communication of critical concerns	21	
	2-17 Collective knowledge of the highest governance body	16	
	2-19 Remuneration policies	16	
	2-20 Process to determine remuneration	16	
	2-22 Statement on sustainable development strategy	6	
	2-23 Policy commitments	24	
	2-24 Embedding policy commitments	24	
	2-25 Processes to remediate negative impacts	25	
	2-26 Mechanisms for seeking advice and raising concerns	23	
	2-27 Compliance with laws and regulations	23	
	2-28 Membership associations	28	
	2-29 Approach to stakeholder engagement	26	
	2-30 Collective bargaining agreements	44	
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	82
		3-2 List of material topics	82
	MATERIAL TOPIC: GOOD GOVERNANCE		
GRI 3: Material topics 2021	3-3 Management of material topics	19	

MATERIAL TOPIC: DIVERSITY AND INCLUSION		Page
GRI 3: Material topics 2021	3-3 Management of material topics	32
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	14
Own Indicator	SG-8 Programs and initiatives to promote diversity and inclusion	32
MATERIAL TOPIC: SECURITY AND HEALTH		
GRI 3: Material topics 2021	3-3 Management of material topics	38
	403-1 Occupational health and safety management system	39
	403-3 Occupational health services	40
	403-4 Worker participation, consultation, and communication on occupational health and safety	40
GRI 403: Occupational health and safety	403-5 Worker training on occupational health and safety 13	41
	403-6 Promotion of worker health 14	43
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43
	403-8 Workers covered by an occupational health and safety management system	39
	403-10 Work-related ill health	43
MATERIAL TOPIC: SUPPLY CONTINUITY		
GRI 3: Material topics 2021	3-3 Management of material topics	46
Own indicator	SG-1 Projects to improve supply continuity	48
MATERIAL TOPIC: CUSTOMER SATISFACTION		
GRI 3: Material topics 2021	3-3 Management of material topics	52
Own indicator	SG-2 Service quality and customer satisfaction projects.	53
	SG-3 Customer satisfaction own measurement	54
MATERIAL TOPIC: TECHNOLOGY AND DIGITALIZATION		
GRI 3: Material topics 2021	3-3 Management of material topics	56
Own indicator	SG-10 Digital technologies and systems incorporation	57
MATERIAL TOPIC: COMMUNITY SAFETY		
GRI 3: Material topics 2021	3-3 Management of material topics	60
Own indicator	SG-4 Community's electrical risk prevention programs	60
	SG-5 Community's Accidents and fatalities	60
MATERIAL TOPIC: LOCAL DEVELOPMENT		
GRI 3: Material topics 2021	3-3 Management of material topics	63
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	64
	203-2 Significant indirect economic impacts	64
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	64
	413-2 Operations with significant actual and potential negative impacts on local communities	60
Own indicator	SG-9 Initiatives and programs to develop capacities in communities	64

MATERIAL TOPIC: BIODIVERSITY		Page
GRI 3: Material topics 2021	3-3 Management of material topics	67
Own indicator	SG-7 Biodiversity protection programs	67
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	69
	304-2 Significant impacts of activities, products, and services on biodiversity	71
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	72
MATERIAL TOPIC: WASTE PRODUCTION AND MANAGEMENT		
GRI 3: Material topics 2021	3-3 Management of material topics	73
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	74
	306-2 Management of significant waste-related impacts	74
	306-3 Waste generated	75
	306-4 Waste diverted from disposal	76
	306-5 Waste directed to disposal	77
MATERIAL TOPIC: CARBON FOOTPRINT		
GRI 3: Material topics 2021	3-3 Management of material topics	78
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	79
	305-2 Energy indirect (Scope 2) GHG emissions	79
	305-3 Other indirect (Scope 3) GHG emissions	79

SASB

Indicators

METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE	COMMENT
GREENHOUSE GAS EMISSIONS & ENERGY RESOURCE PLANNING					
(1) Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	IF-EU-110a.1	79	Information reported only by Chilquinta
(2) Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Percentage (%)	IF-EU-110a.1	n/a	Not available
(3) Gross global Scope 1 emissions, percentage covered under emissions-reporting regulations	Quantitative	Percentage (%)	IF-EU-110a.1	n/a	Not available
Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Metric tons (t) CO ₂ -e	IF-EU-110a.2	n/a	Not available
Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	NOT APPLICABLE	IF-EU-110a.3	n/a	Not available
1) Number of clients served in markets subject to renewable portfolio standards (RPS)	Quantitative	Number	IF-EU-110a.4	n/a	Not available
2) percentage of compliance with the RPS objective, for each market	Quantitative	Percentage (%)	IF-EU-110a.4	n/a	Not available
AIR QUALITY					
Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Quantitative	Metric tons (t),	IF-EU-120a.1	n/a	Not available
Percentage each of them in or near densely populated areas	Quantitative	Percentage (%)	IF-EU-120a.1	n/a	Not available
WATER MANAGEMENT					
(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	IF-EU-140a.1	72	
Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	IF-EU-140a.2	72	
Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	IF-EU-140a.3	72	
COAL ASH MANAGEMENT					
Amount of coal combustion residuals (CCR) generated,	Quantitative	Metric tons (t)	IF-EU-150a.1	n/a	n/a
Porcentaje reciclado	Quantitative	Percentage (%)	IF-EU-150a.1	n/a	n/a
Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	n/a	n/a

METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE	COMMENT
ENERGY AFFORDABILITY					
Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	Rate	IF-EU-240a.1	54	
Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Presentation currency	IF-EU-240a.2	55	
Number of residential customer electric disconnections for non-payment	Quantitative	Number	IF-EU-240a.3	51	
Percentage reconnected within 30 days	Quantitative	Percentage (%)	IF-EU-240a.3	51	
Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	n/a	IF-EU-240a.4	54	
WORKFORCE HEALTH & SAFETY					
(1) Total recordable incident rate (TRIR)	Quantitative	Rate	IF-EU-320a.1	n/a	
(2) Fatality rate	Quantitative	Rate	IF-EU-320a.1	n/a	
(3) Near miss frequency rate (NMFR)	Quantitative	Rate	IF-EU-320a.1	n/a	
END-USE EFFICIENCY & DEMAND					
Percentage of electric utility revenues that come from rate structures that (1) are decoupled and (2) contain a loss of revenue adjustment mechanism (LRAM)	Quantitative	Percentage (%)	IF-EU-420a.1	n/a	n/a
Percentage of electrical load supplied with smart grid technology	Quantitative	Percentage (%) by megawatt hours (MWh)	IF-EU-420a.2	n/a	n/a
Electricity savings by customers, thanks to efficiency measures, for each market	Quantitative	Megawatt hours (MWh)	IF-EU-420a.3	n/a	n/a
NUCLEAR SAFETY & EMERGENCY MANAGEMENT					
Total number of nuclear power units, broken down by results of most recent independent safety review	Quantitative	Number	IF-EU-540a.1	n/a	n/a
Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	n/a	IF-EU-540a.2	n/a	n/a
GRID RESILIENCY					
Number of incidents of non-compliance with physical or cybersecurity standards or regulations	Quantitative	Number	IF-EU-550a.1	49	
(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days ⁴	Quantitative	Minutes, number	IF-EU-550a.2	50	

