

HUMAN RESOURCES MANAGEMENT POLICY

3rd version – September 2016



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The terms referred to in the present policy are defined in the Corporate Glossary.

1. OBJECTIVE

Set the principles and guidelines for the management of employees of Colbún and its subsidiaries (hereinafter “Colbún” or the “Company”).

2. SCOPE

Applies to all the company and all employees must comply with it, as applicable to their position.

3. BASIC PRINCIPLES

3.1 RECRUITMENT, SELECTION, HIRING AND TRAINING

The process of recruitment, selection, hiring and training has the following guidelines:

- Colbún believes in treating employers right to build long-term relationships, as well as for the development and permanence of the company over time, therefore it places emphasis on mutual respect among workers, through a fair, just and non-discriminatory treatment.
- The Company rejects discrimination by sex, age, religion, ethnicity, political preference, and any other condition, promoting diversity. Colbún also rejects forced labor and child labor in any form.
- Colbún seeks to attract and hire people who meet the profile defined for the position and who identify with its values and culture.
- Internal promotion is privileged under equal conditions, with the purpose of offering bigger development opportunities for workers.
- All workers entering the Company must participate in the training process defined by Colbún.

- To avoid possible conflicts of interest, it is forbidden to hire people who are direct relatives, such as parents, siblings, spouses and children in the same management or in related positions.

3.2 COMPENSATION AND ORGANIZATIONAL DEVELOPMENT

- The Company has updated profiles and/or job descriptions, which contributes to the organizational planning and guiding the recruitment and selection processes.
- Remuneration and benefits are established with reference to the conditions and parameters of the market in general and of the electricity generation industry in particular.
- Colbún's policy is to compensate workers offering better conditions than the average ones observed in relevant labor markets. Fixed salary, performance bonuses and benefits are considered for these purposes.
- The Company has an annual and formal process of Performance Assessment of its workers.
- The supervision formalizes the criteria for measuring performance and reports periodically.
- The Company uses the bottom-up assessment tool, which is the assessment workers make of their department heads. This exercise is performed annually and is confidential.
- Colbún has succession and career development plans to ensure the continuity of business plans and to train its staff.
- Training programs and plans are aimed at strengthening the knowledge and skills of workers, for their improved individual performance and contributing to achieve organizational objectives.
- Periodically, the Company carries out an assessment of the Work Environment, to measure the level of satisfaction of employees.
- There are processes and tools that facilitate and strengthen employees' involvement, sense of belonging, commitment and knowledge about the Company and its organizational culture.

3.3 WORKERS TRADE UNION

- Each worker may join the trade unions of the Company he deems appropriate.
- The Company will ensure a relationship with all trade unions based on respect and collaboration, constantly promoting opportunities for conversation.
- The freedom of unions to establish their by-laws, to elect their representatives and develop their action plans is recognized and respected.

3.4 TERMINATION

- The termination of the employment relationship by initiative or decision of the Company will always be handled with respect, dignity and privacy, enforcing the applicable provisions of current regulations.

4. ROLES AND RESPONSIBILITIES

4.1 MANAGEMENT, SUB MANAGEMENT, HEADS AND DEPARTMENT SUPERVISORS

- Apply the principles set forth in this policy.

4.2 HUMAN RESOURCES AND ORGANIZATION MANAGEMENT

- Define, design, implement and spread the practices that are functional to the fulfillment of this policy-

4.3 GENERAL MANAGEMENT

- Allocate the necessary resources for adequate human resources management, in order to have adequate infrastructure and staff.

4.4 BOARD

- Approve the present policy.
- Comply with the provisions set forth in the Board Policy and Procedure on the appointment and compensation of the General Manager and Chief Executives.

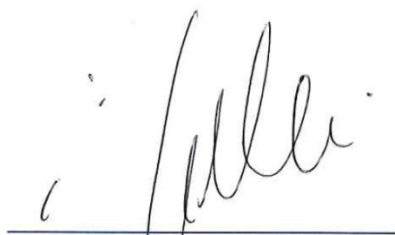
5. EXCEPTIONS

The exceptions must be documented and approved by the General Manager and reported to the Board.

6. NON-COMPLIANCE

If this policy is breached, the sanctions set forth in the Internal Regulations of Order and Safety may apply.

The present policy has been approved by the Board of Colbún on September 27, 2016.



Thomas Keller L.

Gerente General Colbún

General Manager of Colbún