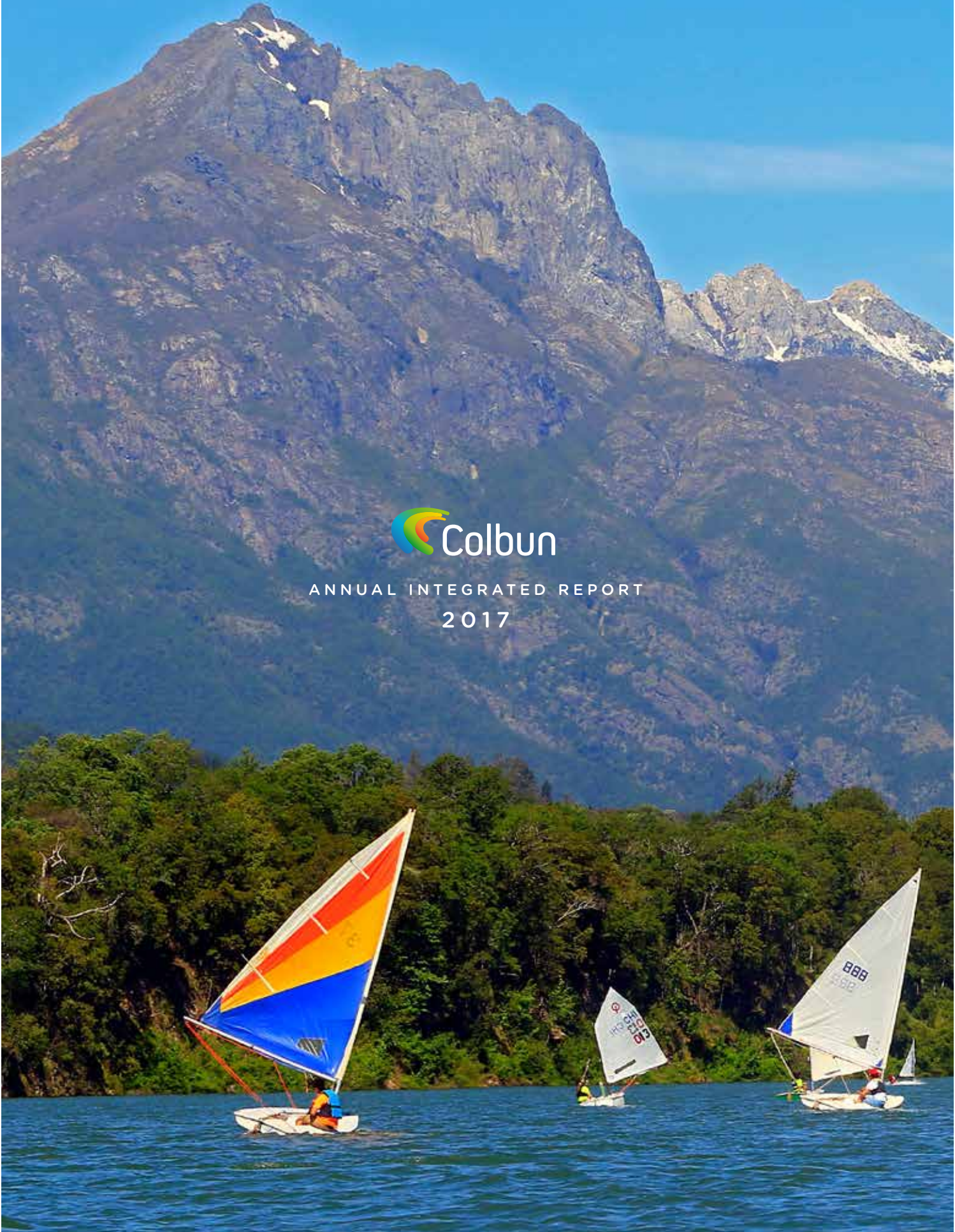




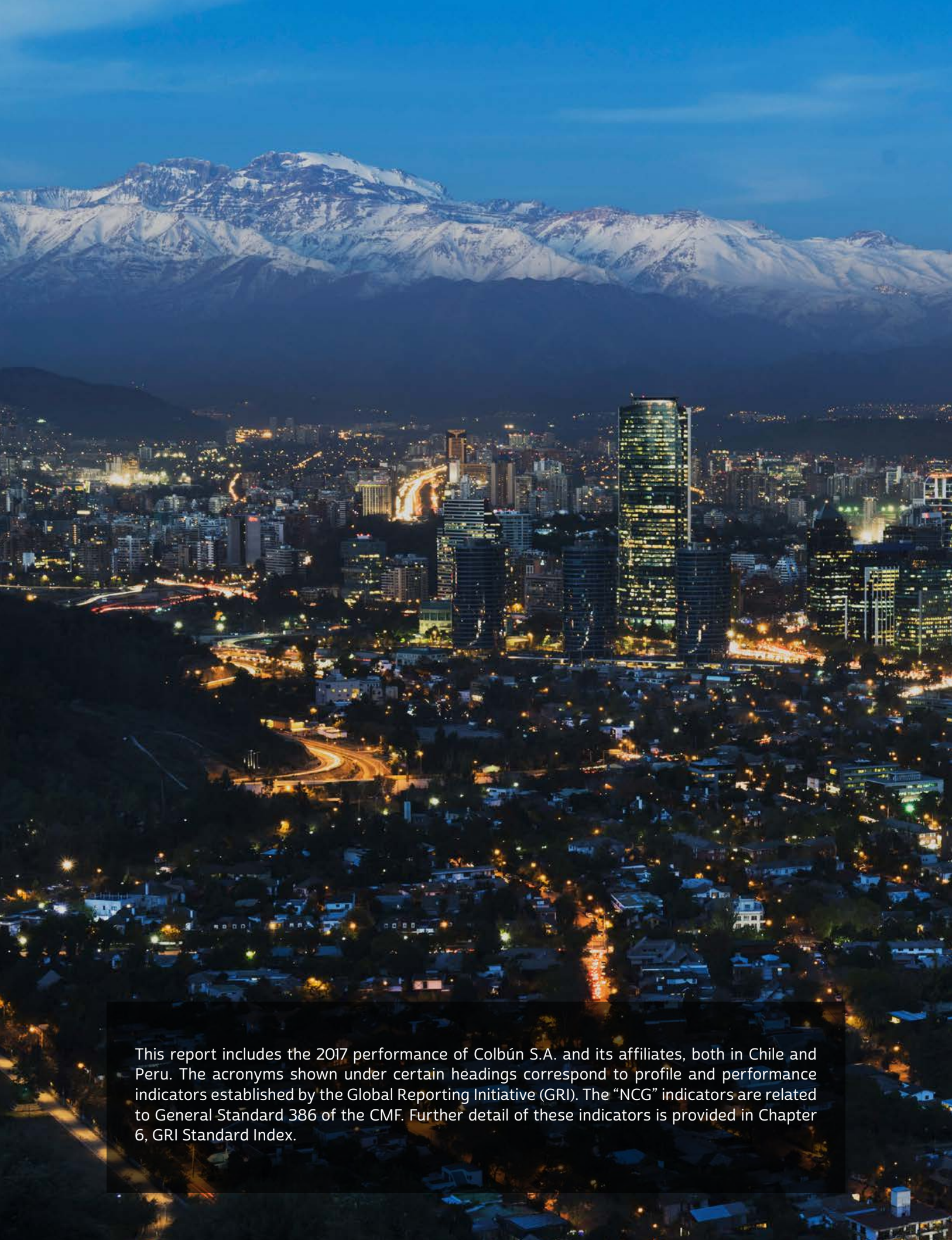
ANNUAL INTEGRATED REPORT
2017



2017

ANNUAL
INTEGRATED
REPORT 2017





This report includes the 2017 performance of Colbún S.A. and its affiliates, both in Chile and Peru. The acronyms shown under certain headings correspond to profile and performance indicators established by the Global Reporting Initiative (GRI). The “NCG” indicators are related to General Standard 386 of the CMF. Further detail of these indicators is provided in Chapter 6, GRI Standard Index.



Our purpose in Colbún

Contributing with the
best energy to the future
of our region





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Colbún in Numbers 2017

102-2, 102-4, 102-6, 102-7,
102-45, EU1, EU4

Due to the heavy participation of hydraulic generation in our matrix, renewable and non-polluting energy, Colbún has consistently offered the cleanest electricity supply of the whole Chilean power market: in 2017 our CO₂ emission factor was 3% lower than the average Central Interconnected System.

US\$
692.1

million in EBITDA.

US\$
288.6

million in Net Profits



992

workers in Chile



92

workers in Peru

Ownership

49.96%

MATTE GROUP

20.77% AFPs

9.58% Antarchile S.A.

19.69% Otros

45%

EBITDA MARGIN

Chile

2nd

largest generator in the SIC, system that covers 92% of Chile's population***.



23%

market share in the SIC (in GWh)



3,319 MW*

of installed capacity: 49% hydro / 51% thermal.



941 Km

Kms. of transmission lines



12,597 GWh

of generation:
47% hydro / 53% thermal



47 Clients**

19 clients are distribution companies
28 are free clients



2,944

contractors working for Colbún



Perú

4,113 GWh

Fenix's thermal generation in 2017.



565 MW

of installed capacity:
100% thermal.



8%

market share in the SEIN (in GWh).



10 Clients

6 clients are distribution companies
/ 4 are industrial companies.



* Including La Mina Power Plant ** Number of clients who received energy supply in 2017.

*** Measured by installed capacity. Starting October 2017, the SIC joined the SING forming the National Electricity System (SEN)

Colbún's Acknowledgments in 2017

Dow Jones Sustainability Index (DJSI)

In 2017 Colbún listed in the Dow Jones Sustainability Index Emerging Markets, being the Chile's first electricity company and one of the three in Latin America in being selected in this index.



Best Place to Innovate

Best Place to Innovate, through of a study conducted by GFK Adimark, Adolfo University Ibáñez and Microsoft, recognized to Colbún as one of the 50 most innovative companies Chile.



Informe Reporta

In this study, which evaluates the annual reports of the IPSA companies, Colbún reached the third place in the ranking general and the first place in the criterion of relevance of the subjects addressed.



Huella Chile

The Chile Footprint Program of the Ministry of the Environment awarded triple distinction to Colbún for the management of his footprint carbon. Colbún was the only one entity recognized in the three categories within the 80 participants.



The International Hydropower Association

Central Angostura in the Better Hydro: Compendium of Case Studies 2017, for being a multi-purpose project that benefits the development of Bio Bio region



Empresa Socialmente Responsable

Perú 2021, asociación civil promotora de la Responsabilidad Social y Desarrollo Sostenible del país, otorga a Central Fénix el Distintivo Empresa Socialmente Responsable.



Global Compact Chile

The Integration System of the Principles of the UN Global Compact, highlights the innovation in climate change of Colbún in the category Best Practices of Environment.



Pacto Global
Red Chile

Chilean-British Chamber

The Chilean-British Chamber of Commerce granted the Prize Environmental Innovation 2017 to the Water Treatment Plant of Nehuenco, which allows optimize the water used by that Complex.



WebAward 2017

WebAward 2017 distinguishes Colbún in the category “Standard of Excellence Energetic” for its website. There were 7 factors assessed: design, ease of use, writing, interactivity, technology, innovation and content



Trabajando.com

The fourth Brand Study Employer made by Trabajando.com awarded Colbún the first place in the category “Employer Brand of the Professionals and Postgraduate.



AlumniDIE Universidad de Chile

The Faculty of Sciences Physics and Mathematics of the University of Chile, through of AlumniDIE, recognized Colbún for its impact in the energy sector and the development of the country



Diversity Ranking

Diversity Ranking of the Senior Management of the University Adolfo Ibáñez located Colbún in the first place, considering diversity criteria age, nationality, gender and university at the executive and board level.





Letter from the Chairman

102-14, 102-15



**Juan Eduardo
Correa G.**

CHAIRMAN OF THE
BOARD OF
DIRECTORS, COLBÚN
S.A.

Dear Shareholders,

I am very pleased to present you with Colbún's 2017 Annual Integrated Report. As traditional in our company, this report does not only provide an account of our financial performance but also our environmental and social management performance under the premise that companies such as Colbún are relevant players that interact in several dimensions with their many stakeholders and that the objective of creating value for the shareholders relies on an adequate and comprehensive commercial, operational, environmental and social management.

In addition to meeting the standards required by the Securities' Law in matters of shareholders information, the matters addressed herein have resulted from a materiality study, which allows us to identify the relevant information to be provided to our stakeholders.

Consequently, this report cuts across Colbún's global management vision, with a focus on each stakeholder that interacts with the Company. In order to provide you with a robust and high quality document, all the information reported herein has

been verified by an independent auditing company.

This Report also provides an account on Colbún's performance and alignment with the United Nations' Global Compact, initiative under which our company remains fully compliant.

2017 Performance

In 2017, Colbún faced the slow economic growth of the markets where it operates, Chile and Peru. In the case of Chile, it underwent its fourth year of slow economic expansion, where the GDP grew by 1.5% while in Peru it grew 2.5%. Beyond the legitimate discussion of whether how much of this slow expansion is due to external or internal factors, it's true that one of the relevant elements in the economic performance of both economies has been the low private investment rate, which shrunk in Chile last year, and experienced an almost nil expansion in Peru. The good news, however, is that both countries are faced with better economic perspectives in 2018, which goes hand in hand with the rise in the price of raw materials, especially copper.

“Despite the above, 2017 was a very positive year for Colbún. In economic terms, the Company achieved its highest EBITDA ever, which amounted to US\$692 million, 15% up from 2016.”

In consequence, electric power demand experienced a weak increase in both markets. Both in Chile and in Peru, power supply generation only increased by 1.4% and 1.7% in 2017, one of the lowest growth rates achieved by both countries over the last few years.

Despite the above, 2017 was a very positive year for Colbún. In economic terms, the Company achieved its highest EBITDA ever, which amounted to US\$692 million, 15% up from 2016, confirming the upward trend of the last few years. This greater EBITDA had a direct bearing on the 41% rise in the net Company's profits, totaling US\$289 million in 2017, and is due mainly to greater sales to customers and the sale of energy and capacity on the spot market in Chile, due mainly to greater hydroelectric generation.

In the specific case of Fenix, our Peruvian affiliate closed the year with an EBITDA of US\$54 million, in line with the previous year.

Perhaps just as important as the increase experienced by the Company's profits last year is the steadiness of the consolidated results, with a consistent EBITDA growth over the last few years, despite the adverse hydrological

conditions.

The above is the result of a mature and stable operation, where we have put special emphasis on an adequate mitigation of the Company's risks and on implementing standards that allow achieving operational excellence in all areas.

It is worth stressing the good performance of our power generation plants in 2017, which closed the year with a record uptime of 91.6% in Chile. This will continue to be the main Company's focus of attention in the future, and we will incorporate new technology innovations aimed at increasing the efficiency and reliability of our operations.

The safety indicators also showed a positive evolution, ranging from a Frequency Indicator – that shows the number of lost time accidents both of our own workers and contractors – of 2 in 2016 to 1.1 in 2017. Over the last years, management has adopted the safety of our workers as one of their main battle flags, pushing forward an action plan that forces us to be better and better and to promote a daily culture which main driver is self-care.

Among the milestones of 2017,

Colbún made two successful bond placements in the international market. In October, the Company issued bonds by US\$500 to refinance debts that originally matured in 2020, obtaining one of the best rates for an instrument of these characteristics issued by a power generation company in Latin America. Meanwhile, in September and for the first time, Fenix issued bonds by US\$340 million at very attractive conditions.

Growth

As part of the future growth management of the Company, by mid 2017 Colbún and ENAP subscribed a “Natural Gas Supply Contract with Reserved Re-gasification Capacity”, for a 13-year term, whereby as from 2018 we will have direct access to the LNG market, making the supply more flexible and expanding the options to operate the Nehuenco Complex on the long run.

I would also like to outline the commissioning of La Mina Hydroelectric station (37 MW, equivalent to the energy consumption of 86 thousand people) in the Maule Region, which two turbines were synchronized to the Central Interconnected System by the end of May. Beyond the fact that this power plant will contribute renewable energy pursuant to NCRE Law 20,257, La Mina hydroelectric

power plant is characterized by three elements we would like to stress: 1) a design, engineering and construction process especially devised to meet high environmental standards; 2) a special focus on carbon footprint, which meant measuring for the first time in Chile the emissions associated with the construction of a power generation station; and 3) an innovative architectonic design of the Power House, aimed at mimicking a high-mountain refuge, with materials – such as stone and wooden tiles – that harmoniously merge into the landscape. La Mina power station is additionally our fifth plant certified to issue carbon credits, consolidating Colbún as the main issuer of this type of instruments among the hydroelectric power generation companies. Jointly with these growth milestones, the Company showed significant progress in its strategy to expand renewable production sources, which we will discuss later when we speak about our vision of the main trends prevailing in the power generation market. Finally, with respect to our future projects, in 2017 the Company decided to finish the “HydroAysén Hydroelectric Project” where it partnered with Enel, including the winding up of the partnership and the return of the water rights. Although Colbún has always believed hydroelectricity may represent a

source of value creation for the country and for the Company, two reasons triggered this decision: the inexistence of an energy policy broadly agreed upon around projects with the characteristics of HidroAysén, and economic conditions for the power market that made it impossible to develop this initiative.

Commercial Vision

I would like to delve in the Company’s commercial management: there is no doubt that the electricity market is being the subject of very strong pressure, which has translated into a record price downturn in the regulated clients segment, in the last tender called by the National Energy Commission in October 2017 – equivalent to 4% of the energy required by the SIC in 2016- the contracts were awarded at an average price of 32.5 US\$/MWh. Colbún was not awarded any block in this tender.

What is the vision of the Company and the Board of Directors I preside around this issue? It is true that the sustained reduction in the development costs of renewable energies, together with lower commodity prices in the international markets and the weak growth in demand partly explain the price downturn seen in the industry. It is also true that the entry of

“Colbún successfully closed contracts by approximately 1,600 GWh in Chile during 2017-”

new players has been a relevant factor that explains this greater competition, which is always welcomed. But we also note that some agents do not assign the same weight than Colbún to certain risks related to the regulated clients market, and they assess differently what the long-term price should be in this industry. Along these lines, a vision that takes care of the sector's sustainability is forcing us to be prudent when it comes to analyze what is happening in the market nowadays.

Consequently, our Company has placed strong emphasis on the free clients segment – medium and large size consumers, such as vineyards, industrial complexes, supermarket chains, malls – in order to design a value offer based on a reliable, competitive and sustainable supply. As a result, Colbún successfully closed contracts by approximately 1,600 GWh in Chile during 2017, totaling 47 clients supplied as of December last year, which add to the many clients we will start supplying in 2018. For a Company that the year before had only closed with 3 industrial clients (and supplied energy to 15 distribution companies), this is doubtlessly a relevant change that poses on us the challenge of deepening our value offerings, issue we have been working on for many months and where we have achieved significant progress.

Similarly, Colbún commercially manages 941 kms of transmission lines and 28 substations that provide the Company with stable flows and growth opportunities through the development of new works such as the new substation Puente Negro and standardization works at the substations.

Social and Environmental Management

Colbún's positive performance has reflected in the score achieved in the Dow Jones Sustainability Index, the most prestigious sustainability index at global level that measures environmental, social and corporate governance (ESG) aspects of the companies. In 2017 and for the second consecutive year, the Company was listed on the DJSI Chile that groups the 26 best evaluated companies among 65 companies invited to participate, and was also listed on the DJSI MILA, index that was created last year and which groups the 42 best evaluated companies in Latin America. Furthermore, in 2017 the Company became the first electricity company in Chile and one of the three among the region to be listed on the DJSI Emerging Markets, index that evaluates the performance of 95 power companies around the

world and where only the 10% with the highest scores qualify. In the environmental management field, in 2017 Colbún commissioned a Reverse Osmosis Plant at its Nehuenco Complex that allows reducing water consumption by 50% during water scarcity periods. In addition, both in its Nehuenco and Santa María Complex, Colbún implemented and validated before the SMA backup emission monitoring systems to ensure the follow up of emissions in the case of failure of the main monitoring system.

In the field of social management, in 2017 Colbún invested US\$7.5 million in Chile and US\$0.9 million in Peru, in social programs linked directly to the municipalities where we have power plants and projects in place. The most relevant programs in this area were those relating to undertaking, environmental education and training.

It is worth mentioning the scope and the relevance of our public account and reportability program at the power plants, where plant managers and their teams address the operational, environmental and social aspects of their facilities in front of the community. In 2017, 11 meetings were held in 13 municipalities, including Codegua, Mostazal, Colbún, Yerbas Buenas, Cochamó, Puerto Montt, Santa

“On behalf of the Board I would like to congratulate each and every Colbún employee for their dedication, professionalism and passion, as they have been the main drivers of the good performance achieved by the Company in 2017.”

Bárbara, Coronel, Quilaco, Quilleco, Antuco, Quillota and Curacaví. These open meetings that were attended by more than 500 people, are an instance where the Company not only reports in its management at local level, but constitute an instance of dialogue with the community members who live in the vicinities of our power plants, aimed at clarifying doubts, concerns and questions. With the same purpose, but addressed to other stakeholders, in 2017, Colbún conducted the Investor’s Day, a Customer Meeting and three meetings with suppliers from different regions of our country; all these meetings were attended by many people and were highly valued by the attendants and by us.

The Company has been especially concerned about opening communication channels with its stakeholders and the communities where it operates to promote better relations with these groups. One of these tools is the Compliance Hotline that allows any internal or external client to post a complaint relating to the compliance with ethics conduct standards. In 2017, we received 26 complaints through the hotline (23 in Chile and 3 in Peru). Another channel is Colbún’s Telephone Helpline, which enables any stakeholder to make comments, ask questions or raise any kind of concern. Last year, we received 1,023 inquiries, totaling more than 1,395 inquiries since the helpline was implemented two years ago.

Another relevant instrument is digital communication; the Company has a digital community close to 65 thousand people adding up the various platforms -Twitter, Youtube,

Linkedin and Facebook. The above adds to the 8 community bulletins -including Chilca in Peru- and two radio programs, apart from the program of visits to our power plants called the “Energy Tour” implemented at four power stations that were visited by more than 19,000 people in 2017.

Despite our openness and the work developed with the community across our operations in Chile and Peru, the Angostura station located at the Biobío region is where our efforts have become more visible, turning this power plant in our flagship to show that energy projects may and do contribute to local development. In its four years of operation, Angostura and the tourism sites developed on the shores of the reservoir have been visited by almost 500 thousand people, and last year the International Hydropower Association picked Angostura as an outstanding example of hydroelectric development around the world in a document called “Better Hydro: Compendium of Case Studies 2017”.

With respect to Colbún’s Corporate Governance Strategy, in 2017 we continued to strengthen our standards and practices. In February we published the last update of our Code of Ethics and Business Conduct, which was reinforced through an internal mailing campaign called “Eticápsulas”, to address subjects such as: conflicts of interest, respect for diversity and the compliance hotline. In terms of compliance, we again submitted our Crime Prevention Model, Law 20,393 Criminal Liability of Legal Entities to certification by the independent



Canutillar, in Los Lagos Region, the southernmost power plant of Colbún.

company “ICR Risk Rating Company”, and our Free Competition Compliance Program to certification by the company BH Compliance. Similarly, at our Fenix power plant, we have set up a model to meet the law that regulates the criminal liability of legal entities in Peru. In summary, and considering the main milestones and performance indicators discussed herein, on behalf of the Board I would like to congratulate each and every Colbún employee for their dedication, professionalism and passion, as they have been the main drivers of the good performance achieved by the Company in 2017.

Industry Transformation and Renewable Energies

We may not overlook the significant transformation undergone by the electric power industry, and our vision and strategy to address those changes.

Our industry, both in Chile and globally is experiencing a deep transition influenced by several drivers. First, there is a growing concern for the effects of the Climate Change, which has pushed our customers to prefer renewable energies.

Second, and along the same lines certain technology innovations are taking over, leading to the reduction in the generation costs of wind and especially solar energy. The above adds to other innovations, such as the development of batteries and the potential for the development of portable generators.

And a third trend that is quickly

progressing in developed countries is the penetration of digital technology in the demand and consumption management, which added to the distributed energy, point at a more active consumer role in the power system and a more complex management of the whole system. Although everything points at a single direction, cleaner energies, this transformation is not linear and poses several challenges on the system. As the photovoltaic solar and wind power are intermittent and not manageable sources of generation for the time being, the electricity systems need the complement of base generation – reservoir hydroelectric or efficient thermoelectric stations – to ensure a safe and reliable supply, attributes basically expressed in the so-called Complementary Services. This is not an especially critical need in Chile for now, but as the variable renewable energy sources (ERFV, per its acronym in Spanish) acquire more weight in the matrix, the need to have a reliable and efficient backup will also increase. In this sense, the regulatory incentives implemented by the authority to ensure that the market will provide robust and cost efficient Complementary Services, preventing cross subsidies between the various technologies will be crucial to transparently allocate the costs and benefits contributed by each technology to the system and to the whole society.

Colbún has embraced this transformation. We think the significant drop in the cost of solar and wind renewable energies open up an opportunity to expand and to add value to the Company. Furthermore, we believe this new energy offering, which adds to

our base stations, particularly our reservoir hydroelectric power plants, place Colbún in an advantageous position in front of its country and its customers.

Our renewable energies strategy has focused on three pillars: first, the construction and operation of own projects. Taking advantage of Colbún’s vast experience in the development of hydroelectric projects, the Company operates three power plants with this technology pursuant to the NCRE Law (Chiburgo, San Clemente and La Mina, all in the Maule Region) and is developing a new mini-hydro project (El Médano, 6.6 MW, Maule Region), which is in environmental evaluation stage. Toward the end of 2017, Colbún started the construction of its 9 MW Ovejería solar photovoltaic project in the Metropolitan Region, which commissioning is expected for 2018. In addition, by the end of last year the Company was awarded a 30-year land concession in Taltal in a tender called by the Ministry of National Assets to develop, build and operate a Wind Farm located approximately 70 kilometers northeast of Taltal. The project called “Horizonte” wind farm features 607 MW of installed capacity.

Colbún has also identified options to develop solar and wind renewable projects for approximately 4,000 MW, which constitute a starting point to undertake the projects with better resources, access and connection.

A second pillar revolves around tender processes which have enabled Colbún to select competitive solar or wind energy projects to incorporate them to its energy

“Although the electricity market is working properly in a scenario of low power demand growth and a vast offering of renewable energy projects, our objective is to be well positioned for the expected growth of the sector, to which end it is very important to have a diversified project portfolio with well located assets and plants provided with state-of-the-art technologies.”

”

portfolio. For example, the contract signed in 2014 with Acciona's Punta Palmeras wind farm (95 GWh), and the agreement subscribed in May 2016 with Total SunPower by 500 GWh/ year of solar photovoltaic energy.

Finally, and as a third pillar, the Company is open to purchase renewable energy assets in operation, an inorganic growth alternative which materialization will depend on the value contributed by these assets to the Company's portfolio.

Aimed at evaluating and building variable source projects, during 2017 we strengthened our professional and technical teams, retained new experts, set up multi-discipline teams and identified global vendors of this type of technologies. In addition, Colbún is part of the Atamos-TEC Consortium (Atacama Module and System Technology Center) a partnership of universities, companies and educational institutions (CEA INES of France, ISC Konstanz of Germany and Fraunhofer Chile) that will develop technology innovations for the solar energy industry, specifically tailored to the conditions existing in Chile, which in August 2017 was awarded

Corfo funds by US\$12 million, in addition to the private sector contributions by US\$5 million. Although the electricity market is working properly in a scenario of low power demand growth and a vast offering of renewable energy projects, our objective is to be well positioned for the expected growth of the sector, to which end it is very important to have a diversified project portfolio with well located assets and plants provided with state-of-the-art technologies.

These initiatives will add to our base energy projects becoming a very good complement in a scenario of greater flexibility, safety and contribution by the Variable Renewable Energy Sources. Some examples are the modernization of Nehuenco Complex, San Pedro hydroelectric project, and Guaiquivilo Melado hydroelectric project with regulation capacity. The progress of these initiatives will depend on the respective environmental approval processes, the power demand growth rates and the evolution of the standards and regulations of the Complementary Services.

Considering that the electricity markets are intrinsically long-term, and that investments may take

several years to mature, we deem it very important for the authority to act on time to anticipate the greater penetration by the Variable Renewable Energy Sources, by establishing adequate and transparent price signals that will create the necessary incentives so that the private sector may timely invest on base energy projects that will enable adequate levels of reliance on the system and where the costs of this greater flexibility are properly assigned.

But this is not the only regulatory challenge faced by the sector. In an industry where the technology disruption is permanent, other relevant regulatory challenges will be to promote standards that will level the playing field and improve the competitive conditions so that all consumers who select their power supplier do so under the best conditions possible, especially in the areas where the distribution companies have their concessions; and draft regulatory standards that will recognize and create the right incentives for energy storage in their diverse forms.

We have taken a big leap forward in the power sector, establishing a shared vision from the elaboration

of the 2050 Energy Policy under President Bachelet's administration. The new government led by President Sebastián Piñera together with several players linked to the development of this sector: companies, NGOs and communities, will be charged with deepening this effort and progressing toward a regulatory framework that enables a sustainable growth of the energy sector in Chile over the long term. Dear shareholders, after discussing the Company's 2017 management period and the challenges ahead of us, I would like to invite you to read this annual report, where you will find detail and extensive information about each matter referred to in this letter.

Thank you.

Juan Eduardo Correa G.

CHAIRMAN OF THE BOARD OF
DIRECTORS, COLBÚN S.A.

Canutillar, in Los
Lagos Region, the
southernmost power
plant of Colbún.

*Photo: Miguel Alfaro,
Aconcagua Complex*





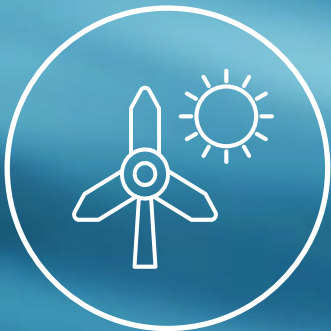
1.4%

growth of the electricity generation market in Chile and Peru in 2017.



11

regulations stemming from the new Transmission Law were drafted in 2017.



10%

of Chile's generation power was contributed by solar and wind sources in 2017

1

Chile and the
energy industry
context

This chapter contains the description of the general and regulatory framework where the power sector operates.

1.1

Chilean Market



The weaker economic activity was demonstrated by the modest growth in power demand: only considering the Central Interconnected System (SIC), the demand grew by 2.0% in 2017; if we take into account the National Electricity System (SEN, which comprises both the SIC and the SING), the increase was 1.4%.

Context

In 2017 the economy experienced a low growth level for the fourth year in a row, with a GDP increase of only 1.5%. This poor performance is due mainly to the slowdown of the mining activity and the weak investment and internal consumption performance. However, the behavior of several indicators during the second half of the year enables us to foresee a recovery for 2018. The GDP for the last quarter of 2017 – measured by the Monthly Economic Activity Indicator – went up by 2.9%, the highest rise since 2014, pushed by a 5.8% increase of the mining activity over the same period.

Several analysts expect that this greater dynamism will entail an investment recovery, key indicator which in 2017 recorded its fourth year of negative variation.

The above takes place within a context of relevant political change, after the victory of the candidate of the coalition Chile Vamos Sebastian Piñera in December 2017 during the second round of presidential elections, where he defeated the candidate of the Nueva Mayoría, Alejandro Guillier.

In the energy sector, the weaker economic activity was demonstrated by the modest growth in power demand: only considering the Central Interconnected System (SIC), the demand grew by 2.0% in 2017; if we take into account the National Electricity System SEN, which comprises both the SIC and the SING, the increase was 1.4%. Noteworthy is the fact that while the sales to regulated clients (distributors) dropped by 7.3% in the SEN, the sales to free clients went up by 11.9%.

This variable behavior is the result of the significant decrease in energy prices for new contracts, which has encouraged several industrial and commercial clients to resign to their condition of regulated clients (subject to contracts which by their nature will only reflect the lower prices of recent years on the medium to long term) and to subscribe supply contracts as free clients, process in which Colbún has had an active participation.

Together with this weak expansion in demand, a significant milestone verified during the year was the new electric power tender for regulated clients. Although the committed volume was lower –close to 4% of

the annual SIC's demand in 2016, the average price at which the contracts were awarded reached 32.5US\$/MWh, which meant a new minimum as compared to the 47.5US\$/MWh recorded in the tender of 2016. This fact confirmed the greater market competition driven by the lower fuel prices, the poor electricity demand performance and the impact of the entry of wind and solar generation, whose prices have significantly gone down over the last few years due mainly to its massification, among other reasons. All in all, many analysts in the sector agree that this price level continues to reflect the “freedom to choose” offered by the terms and conditions of the contracts tendered in the regulated clients segment.

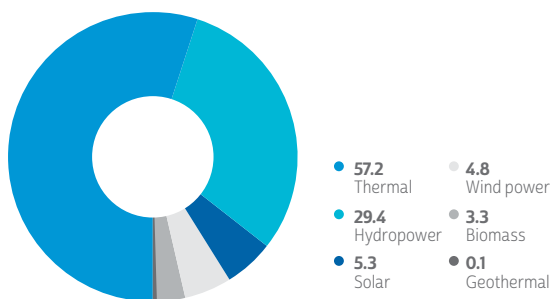


2017 confirmed that the penetration of variable renewable energy sources (ERFV), mainly solar and wind will continue to grow over the coming years.

At December 2017, 15.5% of the installed capacity in the National Electricity Market corresponded to wind and solar power plants, accounting for 10% of the gross energy generation last year.

Hydraulic generation, also renewable, accounted for 29.4% of the generation, while 57.2% came from thermal sources.

2017 SEN's gross generation according to the source
(% OVER THE TOTAL)



A study entrusted by the National Power Generation Companies showed that Variable Renewable Energy Sources are the most competitive option to grow the system over the medium and long-term, contributing between 37% and 46% of the supply toward 2030 in all the forecasts, and also contributing a 14% reduction in total emissions for that year as compared to 2021.



1.5%

The Chilean economy only grew by 1.5% in 2017, its fourth low economic activity year.

A study conducted by the association of power generation companies showed that solar and wind energies are the most competitive option to grow the system, although flexibility costs will range between US\$150 million and US\$350 million at 2030.

The above will entail a growing change in the composition of the generation mix over the coming years and an important challenge for the system, which operation will have to adapt to the intermittence of this type of technologies, reason by which highly responsive power plants will be required to provide greater flexibility and reliability, such as reservoir power plants with regulation capacity, natural gas power plants and eventually, the energy storage capacity contributed by the battery systems. The same study of the Association estimated that the system's flexibility costs would range between US\$150 million and US\$350 million/year in 2030, jumping from 7% to 21% of the total costs in 2030. This will entail a relevant regulatory challenge: how to give the right signals to each market agent for a proper allocation of costs, in agreement with an efficient system expansion, promoting a sustainable system development over time ensuring a reliable, competitive and reliable supply. Everything indicates that

this will be possible to the extent the government will foster a robust complementary services market that allows supplying and remunerating the services required by a more flexible system.

In regulatory matters, 2017 marked the continuation of the reforms implemented in 2016. In particular, the National Energy Commission (CNE) set up many work groups to discuss the new regulations of the Transmission Law passed in 2016.

Of the eleven regulations announced, five have been enacted, and we would like to stress the participative mode encouraged by the CNE through these work groups. Colbún was actively involved in the process, both directly and through the Association of Power Generation Companies (see section "Regulatory Changes and Draft Laws in Chile" in this chapter for further details on regulatory changes, as well as the plans and policies published by the Ministry of Energy within the framework of the 2050 Energy

Policy and others promoted by the authority).

Finally, an analysis of the context faced by the energy industry in 2017 cannot leave aside the constitution, early in the year of the National Electricity Coordinator, agency arisen from the new Transmission Law enacted in 2016, which replaced the Economic Load Dispatch Centers (CDEC) of the SIC and the SING in its duty of coordinating the operation of the National Electricity System (SEN). This milestone was followed in November by the start of the interconnection of the Great North and Central interconnected systems, with a first double-circuit 500 kV transmission line.

(1) Long-term Analysis for the National Electricity System in Chile (SEN) considering Variable Renewable Energy Sources (ERV)", developed by PSR of Brazil and Moray Energy of Chile.

Regulatory Framework in Chile

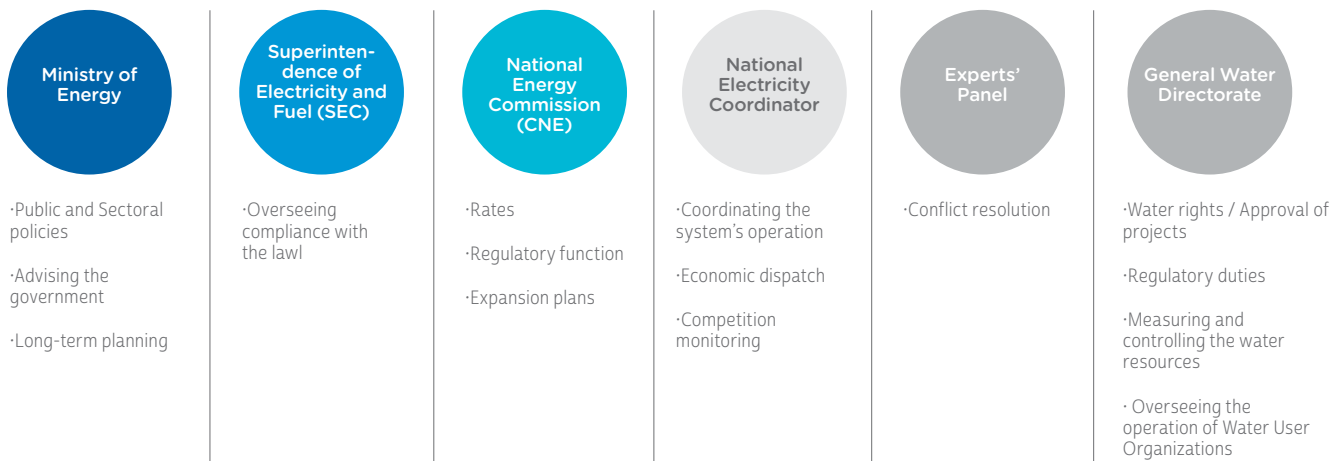
The regulatory framework governing the Chilean electricity sector and Colbún's operations mainly comprises the General Law on Electric Power Services, the General Environmental Law and the Water Code.

There are six main entities that oversee the application and compliance with the laws and regulations of the electric power sector:

1. Ministry of Energy
2. National Energy Commission (CNE)
3. Superintendence of Electricity and Fuel (SEC)
4. Coordinator of the National Electricity System (CEN)
5. Experts Panel of the General Law on Electric Power Services
6. General Water Directorate



Competent Entities of the Chilean Power Sector



Regulatory Changes and Draft Laws in Chile

Colbún-7.EC

TRANSMISSION AND COORDINATOR'S LAW

1. Regulations associated with the new Transmission Law

The Law 20,936 passed in July 2016, which establishes a new power transmission system and sets up an Independent Coordinator of

the National Electricity System introduced deep structural changes to the power sector, which call for the regulatory development of new standards and regulations for their proper application. Within this framework, the National Energy Commission (CNE) published or undertook the elaboration of eleven regulations, as shown below:



The process to elaborate the regulations of the new Transmission Law was open and participative, and Colbún was involved in all the stages of discussion and public consultation.



i. Regulation on Long-Term Energy Planning, which provides for the Energy Planning conditions, characteristics, term, stages and procedures. In 2016, the Commission worked on this regulation that was finally enacted in January 2017.

ii. Regulation on the determination of Preliminary Strips of Land for the new Transmission Systems works, enacted in March 2017.

iii. Regulation that sets the requirements and the procedure applicable to the international Exchange of Electricity Services, enacted in March 2017.

iv. Regulation for the Independent Coordinator of the National Electricity System, which purpose is to regulate the organization, composition and operation of the Coordinator. This regulation finished 2017 pending approval and enactment by the General

Controllership of the Republic.

v. Regulation on the enforcement of Technical Standards, which purpose is to regulate the elaboration and the modification of technical standards, enacted in September 2017.

vi. Experts' Panel Regulation that rules the integration, operation, financing, and the matters that will be submitted to the Experts' Panel. This regulation finished 2017 pending approval and enactment by the General Controllershship of the Republic.

vii. Regulation on the Coordination and Operation of the National Electricity System, which purpose is to regulate the matters required to allow the proper performance of the Coordinator's duties and the performance of the obligations of the entities subject to its coordination.

viii. Regulations on Transmission Systems and Transmission Planning, which started to be prepared in 2017 after the establishment of some work groups.

ix. Regulation on the Transmission Price Setting and Remuneration, which had no progress in 2017.

x. Regulation on Complementary Services that updates the provisions applicable to supplementary services arisen from the Transmission Law

xi. Regulation on Compensations from Power Shortages, published on the Official Gazette in March 2017.

In preparing these regulations, the CNE set up work groups with different players of the sector to propose better alternatives to the pending regulation. The process to elaborate the regulations of the new Transmission Law was open and participative, and Colbún was involved in all the stages of discussion and public consultation.

Among the work groups established in 2017 where the Company had an especially active role we may mention the Regulation on Complementary Services, the Regulation on the Coordination and Operation of the National Electricity System and the Regulation

on Transmission Systems and Transmission Planning.

1.1 Regulation on Complementary Services


Among the main changes introduced by Law No. 20,936 to Complementary Services, it is worth mentioning that the companies shall be required to pay for the new facilities used in providing Complementary Services to final users. The Coordinator and the National Energy Commission were empowered to introduce new services when they deem it necessary. The details of the application of these and other changes were submitted to the new Regulation on Complementary Services, to which end the Commission set up a work group that worked in 2017 with different industry players. Hence, the Company proposals were aimed at having the Complementary Services be recognized and promoted as an indispensable component of the reliable system's operation, especially in a scenario of high reliance on wind and solar renewable energies. In 2017 the new regulation was submitted to discussion and drafting and underwent a Public Consultation finishing 2017 under the control of the General Controllorship of the Republic pending approval and

enactment.

1.2 Regulation on the Coordination and Operation of the National Electricity System

The new Law granted new powers to the Coordinator of the National Electricity System (CEN), namely monitoring competition, functions associated with measuring the system's performance, maintaining a public information system and coordinating international power exchanges.

This regulation establishes the conditions for the coordination and operation of the National Electricity System, and the rights and duties of the entities subject to coordination, under the principles of safety, economic operation and ensuring open access to all transmission systems. Colbún was actively involved in this work group. Although this regulation was not passed in 2017, its enactment is expected for the first half of 2018.

A photograph of an industrial facility, likely a power plant. A worker wearing a white hard hat and a white long-sleeved shirt is standing on a bright yellow spiral staircase. The staircase is made of metal with a mesh railing. To the right of the staircase is a large, horizontal, light-colored industrial pipe. The background shows more industrial structures, including a blue-painted metal structure and a tunnel-like passage. The lighting is bright, casting shadows on the wall.

Adduction pipe in
Angostura Power
Planta, Biobío
Region



1.3 Regulation on Transmission Systems and Transmission Planning

This work group discussed matters relating to the access to the facilities, which with the new Law considers open access to all transmission facilities provided there is available capacity in the case of dedicated transmission facilities. This regulation will also deal with the transmission planning, tendering and the remuneration of expansion works and international interconnection systems.

In addition to participating in the regulations work groups, the power generation industry has been proactive in conducting studies and identifying the challenges to be faced in coming years. Some examples are the studies on Complementary Services and the system's operation, with the heavy incorporation of variable renewable energy sources undertaken by the Union Association of Power Generation Companies. These studies seek to measure the impact of variable renewable

energy sources on the electricity system, and to discuss the current regulations and the modifications that should be introduced for the proper incorporation of this type of renewable energies. This is very relevant as the complementary services will become increasingly necessary to ensure the required system flexibility. The regulation must provide adequate economic signals to encourage the investment and the delivery of these services that should be available when needed.

2. Planning Processes associated with the new Transmission Law

2.1 Long-Term Energy Planning (PELP)

The Ministry of Energy started the first Long-Term Energy Planning process mandated by the new Transmission Law, which purpose is to elaborate different energy scenarios that contemplate the growth in generation and consumption over a 30-year period to include these scenarios in the planning of electricity transmission

systems that will be undertaken by the National Energy Commission. Although some of these processes provide for the identification of renewable power development poles, these were not identified in this first exercise. Colbún participated in the citizen consultation relating to this process, making comments and suggestions to the preparation of this report.

2.2 Transmission Planning

In 2017, Colbún participated in the work group set up by the National Energy Commission in which the parties discussed significant matters that should be considered in preparing the studies for the transmission plan report. The work group considered the development of four workshops that delved on the following matters: System Sufficiency, Safety and Resilience, Shared Markets and Competition and Growth Planning Methodology.



*Dam and Reservoir
en Angostura Power
Planta, Biobío Region*

2.3 Other processes

Colbún signed up for the process of qualifying transmission facilities and elaborating the terms and conditions for the tendering of transmission prices that started late in 2017.

ANNUAL REGULATORY WORK OF THE CNE

Since the end of 2016 and in agreement with Article 72^o-19 of the Power Transmission Law, the National Energy Commission must set an annual work plan, through exempt resolution that allows proposing, facilitating and coordinating the development of the technical standards. This regulatory work must be conducted through a public and participative process, which may be started ex officio by the Commission or at the Coordinator's, the coordinated parties' request or at the request of any other stakeholder participating in the power sector.

Among the work done in 2017, progress has been recorded in the following areas:

- **Process to Elaborate the Technical Measurement, Monitoring and Control Systems Appendix**
- **Process to Modify the Technical Safety and Service Quality Standard**
- **Process to Modify the Technical PMGD Connection and Operation Standard**
- **Process to Modify the EG (NetBilling) Connection and**

Operation Standard

• **Process to Elaborate the Technical Transmission Facilities Design Appendix.**

In addition to the Plan established for 2017, the Commission went ahead with the outstanding work relating to technical standards of the 2016 work plan. Among them, we find the Technical Standard which purpose was to standardize the procedures of the former Economic Load Dispatch Centers (CDEC SIC and CDEC SING), the Technical Standard on Medium Size Power Facilities and the Technical Quality and Service Standard for Distribution Systems.

In connection with the latter, Colbún made observations to the Public Consultation process, raising public awareness upon stating that the regulatory provisions should ensure the transparency of the information provided by power distribution companies, thereby increasing the competition and enabling the clients to obtain more competitive prices. This standard was published on the Official Gazette in December 2017.

DISTRIBUTION WORK GROUPS

During 2017 we resumed the work started in 2016 to prepare a shared diagnosis for a new power distribution regulatory framework. Colbún appreciates the participation instances offered by the government and as such, it participated in the regulatory diagnosis of the transmission segment; it also participated in the distribution segment diagnosis. Within this context, great progress has been made in identifying the opportunities to make the power sector more competitive altogether, based on adjustments to the regulations that govern the distribution segment.

POLICIES DEVELOPED BY THE MINISTRY OF ENERGY

During 2017, the Ministry of Energy developed a series of Energy Policy publications (PEN 2050) namely the Plan to Mitigate Greenhouse Gas Effects in the Energy Sector,

National Strategy on Portable Generators, Local Development Policy Linked to Energy Projects and Draft Project of the Climate Change Adapting Plan for the Energy Sector. Colbún participated in the public consultations developed by the Ministry in the elaboration of these plans and policies, and appreciates each and every instance of participation provided to the power market agents. Colbún's participation sought to cooperate with the effective development and implementation of the measures proposed; ensure that every proposal would meet the system's safety and reliability requirements; keep the cost-efficiency criteria in the implementation thereof and enable the long-term sustainability of the changes introduced.

WATER CODE, REGULATORY COMPLIANCE AND SANCTIONS

The Water Code reform presented by Michelle Bachelet's administration to the Congress introduced structural changes to the way in which water is currently regulated in Chile, namely, the establishment of the temporary quality of water rights, the termination of rights for several causes, mainly, for non-usage and the establishment of a retroactive ecological flow over rights already granted, among other matters. It is important that these changes do not adversely affect the investments in the development of hydroelectric power in Chile and consequently, the realization of the Energy Policy (PEN 2050) developed by President Bachelet's government, which explicitly establishes that hydroelectricity with regulation capacity is very important to enable a greater penetration of variable sources (solar and wind energy), adding flexibility and minimizing emissions and economic costs.





*Cavern Canutillar
Power Plant, in Los
Lagos Region*

Hydroelectric power plants use non-consumptive water rights, i.e., they do not consume the water but use it and return it to their natural flow to be reutilized with industrial, agricultural, tourism and human consumption purposes, among others.

Hydroelectric projects require especially long developmental periods and have a long useful lives, which is why any reform in this area should take this reality into account.

It is also worth stressing that hydroelectric power plants use non-consumptive water rights, i.e., they do not consume the water but use it and return it to its natural flow to be reutilized with industrial, agricultural, tourism and human consumption purposes, among others. Through the Association of Power Generation Companies Colbún has also pinpointed different aspects of the draft law that have a significant impact on water rights, as well as on their use.

However, this reform did not get to be approved by the Congress during President Bachelet's administration; we will have to wait for the decision made under Sebastián Piñera's administration.

Another reform to the Water Code that was sponsored in parallel to that mentioned above is that referring to regulatory compliance and sanctions, aimed at strengthening the regulatory power of the General Water Directorate. Among its objectives we may mention the increased transparency of the information regarding the actual amount of water extracted by the water right-holders, the strengthening of the sanctioning processes and the increase of fines relating to non-compliance with the regulations. This Reform was enacted early in 2018.

Fenix Power Plant,
Chilca, Perú. It
operates with
natural gas.



1.2

Peruvian Market

Peru's National Interconnected Electricity System (SEIN) demand experienced a 1.4% growth, significantly lower than the previous year (8.5%).

Context

Peru had an economic growth of 2.5% in 2017, lower than that of 2016 (4.0%). Although the Peruvian market experienced the highest growth rate among the Pacific Alliance economies (Chile, México, Colombia and Peru), 2017 was a difficult year for Peru.

The domestic demand was affected by several factors, such as El Niño coastal phenomenon in the summer which caused floods and hit production levels, the downturn in public spending during the first half of the year, the "Lava Jato" corruption scandal and the political conflicts between the Executive power and the Congress.

However, during the second half of the year, the international context evolved toward a more favorable situation for the country, which translated into a recovery of the global economy and the increase

in commodity prices, mainly mining commodities on which Peru has strong reliance. The above, added to the reactivation of public investment during the third quarter of the year helped boosting some economic sectors such as mining, construction and the non-primary industry, although the weakness in formal employment and domestic consumption could not be reversed.

Also important was the onset toward year-end of one of the worst political crises recorded in Peru over the last 15 years, after a group of congressmen sponsored an action to remove President Pedro Pablo Kuczynski over alleged payments relating to the Odebrecht case, accusation that did not prosper in such instance, but which in March 2018 brought about Mr. Kuczynski's resignation being replaced by Martín Vizcarra as Interim President. This political crisis took place within a context of a very low investment growth rate in Peru, which remained

stagnant in 2017.

Along these lines, the demand of the National Interconnected Electricity System (SEIN) grew by 1.7%, significantly lower than the previous year (8.6%).

Marginal costs went down by 52%, due to lower power demand, surplus capacity and a wet hydrology close to 40% of exceedance probability. Added to the above is a regulatory framework that allows thermoelectric power plants to declare lower than actual natural gas costs, reaching zero in some cases, which has created a series of distortions in the energy market.

Regulatory Framework in Peru

The Peruvian electricity sector has a well-established regulatory framework in place since 1992. The above has fostered a noticeable increase in the generation of power, with a compound growth of 8.8% in the installed capacity between 2007 and 2017.

The organization of the power sector is such that it allows its agents to participate in regulatory and promotional activities to achieve the objectives of the energy policy and to obtain broad agreements aimed at promoting the synergies among the power companies' rights to conduct activities and businesses, the final users' rights to be delivered high quality services, all the above ensuring the protection of the environment.



8.8%

was the compounded annual growth of installed capacity in Peru between 2007 and 2017

STATE INTERVENTIONS AND MARKET DISTORTIONS

The main reform proposed by the Law on Electric Concessions of 1992 was that the development of the power industry could be delegated, at least partly, to the market forces, limiting the intervention of the State to a subsidiary regulatory and business role.

This premise implied specifically that power generation investments should be guided by a signal of prices resulting from the free juggling of power supply and demand. Hence, the above also implied that private generation investors should undertake the risks in demand (price and/or volume).

However, the last interventions from the State promoted the entry of power generation plants through market mechanisms (tenders or auctions) isolating the investor from the risk in demand. Although this

has reduced the risk resulting from generation deficits because the market has greater reserve margins, this has taken place at the expense of higher costs for the users.

This intervention meant that a high percentage of generation was guaranteed by long-term tenders called by the distribution companies (Law No. 28,832) and/or by the Private Investment Promotion Agency (PROINVERSION) entity that reports to the Ministry of Energy and Mines, which produces the transfer of the demand risks from the generator to the demand itself, creating varied remuneration and regulatory regimes for each contract.

Together with a very weak expansion in demand, the above has brought about a situation where the generation supply exceeds the demand by more than 50%, causing an upward pressure on the rates paid by electricity users,

especially the regulated clients. At the same time, there is a downward pressure on marginal costs on the spot market, which is where the generation companies buy and sell their energy production.

In addition, given that regulated clients are subject to the contracts of these tendering processes, a difference has emerged between the relative energy price paid by a regulated client and the price paid by a free client, which has encouraged regulated clients to become free clients to take advantage of the lower prices offered by the free clients' market. The "exodus" of optional clients to free clients is leaving distribution companies over-contracted with the generation companies over the short-term, while over the medium term, when these users would want to return to their condition of regulated users, distribution companies will probably have no contracts with generation companies to provide them with power supply.



8%

Through Fenix, Colbún obtained 8% market share in the Peruvian electricity market in 2017 (measured by generated energy)

Likewise, electricity regulation still maintains the exception established by Supreme Decree No. 016-2000-EM of 2000, whereby natural gas generation plants are empowered to declare their variable costs and not to submit them audited, as is the case for other types of generation. It is worth noting that this standard can be understood to promote the natural gas industry, driven initially by the Law to Promote the Development of Natural Gas Industry enforced by Law No. 27,133 and its Regulations, approved by Supreme Decree No. 040-99-EM. However, this is a standard that involves sectoral program planning, incompatible with the principles established in the LCE.

Beyond the dubious nature of the differentiated treatment of generation for dispatch, the fact that only a single group of companies with a specific technology (natural gas) is given the freedom to offer a price is misleading because it

provides them with the possibility to offering prices above or below their actual variable generation cost. The above may impose upward or downward pressures on marginal costs according to the commercial positions of these companies, which in turn respond to the structure and regulation of the natural gas market (irrespective of the electricity market).

During 2017 the regulations associated with price understating has been modified up to three times, and a minimal price was established for each company for an initial term of six months (1st half of 2018) and then for a 12-month term. The Ministry is still working on a regulatory alternative to resolve the distortions generated by this mechanism.



Competent Entities of the Peruvian Power Sector



Ministry of Energy and Mines (MINEN)

- Sectoral policies
- Housing titles
- Standards and regulations



Energy and Mining Regulatory Agency (oSinerMin)

- Rates
- Regulatory and standard setting function
- Dispute resolution
- Complaints



Environmental Assessment and Regulatory Agency (oeFa)

- Compliance with the law
- Supervision



Economic Operation Center for the National Interconnected Electricity System (CoeS)

- Transmission plan and SEIN's procedures
- Coordination of the SEIN operations
- Economic dispatch



National Institute for the Defense of Free Competition and Intellectual Property (indeCoPi)

- Free and fair competition
- Ex ante merger control

1.3

Operational Model

(CHILE AND PERU)

The sector's operation is based on a marginal cost plan (cost incurred by the system to supply an additional unit of demand), which in turn includes the efficiency and safety criteria in the allocation of the resources.



To meet the “efficiency goal”, the power generation companies coordinate their operations through the CEN (National Electricity Coordinator) since January 2017 in the case of Chile, and through the COES (Center for Economic Operation of the National Interconnected System) in the case of Peru.

The coordinator seeks to minimize the operational costs and the failure of the electric system, in addition to ensuring the quality and reliability of the service provided by the generation and transmission companies. The main goal of the dispatch system is to ensure that the demand for electricity is served by

the most efficient units available at every moment.

The respective coordinating entity dispatches the plants in ascending order of their respective variable declared production costs, starting with the plants of lowest declared cost. The variable declared cost of the most expensive unit in operation, which represents the marginal cost of the system determines the price of the electricity on the spot market at the moment, and is measured in US\$/ MWh. In Peru, from 2008 to October 2017, an Ideal Marginal Cost was applied, which established that for purposes of calculating the energy spot price, the system should not consider restrictions on

natural gas production or transport or power transmission, and that the spot price could not be higher than a maximum value set by the Authority. With the end in the application of this Ideal Marginal Cost, the spot price calculation should account for all system variations, to which end transitory mechanisms were established until the enforcement of the Wholesale Market Regulations in January 2018.

In Chile, the costs declared by each company that owns a plant are subject to auditing, which is done on a weekly basis. In Peru the costs declared per thermal units that operate with liquid (oil) or solid (coal) fuels are audited every month; the

Machicura Power
Plant, Maule
Region.



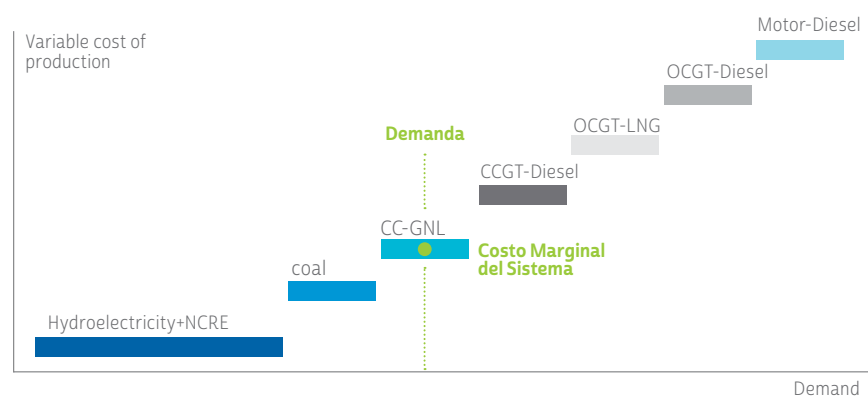
units that operate with natural gas, in turn, are free to understate their operational costs, with their actual operational costs being the upper limit.

The plants with lower than spot variable costs earn a margin from the energy injected to the system. In turn, the plant that is dispatched with the same variable costs than the spot price will only be able to recover its variable production costs. At all times, the power generation companies meet their contractual sale obligations with dispatched electricity, either produced by them or purchased from other power

generation companies on spot market.

In order to meet the “power supply reliability and continuity” goal, the rate-setting model also contemplates a “capacity charge” corresponding to an additional payment made to generation companies that keep their plants operational and which seeks to provide incentives to have backup capacity in the system. The said payment is measured in US\$/KW-month.

Energy dispatch model



1.4

Commercialization Model

Power generation companies in Chile and Peru may choose from:

(i) Committing themselves to sell energy to the clients under contracts (short/medium/long term); (ii) selling the energy produced to other power generation companies with deficits on the spot market; (iii) or choosing a combination of both. Power generation companies may enter into contracts with three types of clients: regulated clients (distribution companies), free clients (industrial, mining companies, etc.) or another power generation company.

Types of Clients and Contracts

| | Regulated (Distribution companies) | Option to Choose between Free or Regulated Clients | Libres |
|-------|------------------------------------|--|------------|
| Chile | < 500 kW | From 500 kW to 5,000 kW, they may choose the conditions as long as they remain for at least 4 years under that regime. | > 5,000 kW |
| Peru | < 200kW | From 200 kW to 2,500 kW they may choose the conditions. | > 2,500 kW |

Market share of each Business Group in the SIC (Chile) at December 2017
(% of installed capacity)

| | |
|-----------------|---------------|
| Enel Generación | 30.5% |
| Colbún | 19.1% |
| Aes Gener | 15.2% |
| Others | 35.2% |
| Total | 100.0% |



19.1%

Colbún's market share
in terms of installed
capacity in the SIC

In Chile, Colbún holds a market share of 19.1% in terms of its installed capacity in the Central Interconnected System (SIC). More than 150 companies participate in the highly competitive Chilean power market. This competition has increased over the last few years with the entry of new players and the impact of solar and wind power technologies, which cost has significantly dropped as a result of their massification. The above mainly accounts for the growing participation of these technologies

in the generation mix, a trend that is expected to continue into the future. Colbún thinks that this change in the electric power industry will provide it with an opportunity to grow and to add value to its operations, and is developing a strategy to increase its supply of renewable energies, which added to its base energy portfolio will improve the power supplied to its clients and the country.

4.5%

Colbún's market share
in terms of installed
capacity in Peru

MARKET SHARE OF EACH
BUSINESS GROUP IN THE SEIN
(PERU) AT DECEMBER 2017
(% OF INSTALLED CAPACITY)

| | |
|--------------|---------------|
| ElectroPeru | 8.2% |
| Engie | 18.9% |
| Enel Peru | 12.5% |
| Kallpa | 17.3% |
| Fenix Power | 4.5% |
| Others | 38.6% |
| Total | 100.0% |



3,884 MW*

Colbún's installed capacity in Chile and Peru.



941 KM

Transmission lines operated by the Company.



47%

Of Colbún's energy supplied in Chile in 2017 came from renewable sources.

**Including La Mina power station.*

A close-up photograph of several green fern fronds, showing their intricate vein structure and serrated edges. A large, white, stylized number '2' is centered over the image. The background is a soft, out-of-focus green.

2

Colbún:
who we are
and what we
do

2.1

History Highlights



1985

Commissioning of Colbún and Machicura reservoir hydroelectric power plants.

1997

CORFO ceases to be a main shareholder of the Company by selling 37% of its shares in Empresa Eléctrica Colbún Machicura S.A.

The subsidiary Empresa Eléctrica Industrial S.A. is created.

2001

CORFO sells most of its shares in the local stock market and the Company's name is changed to "Colbún S.A.", while it also expands its line of business.

2005

Commercial operation of Candelaria open-cycle thermoelectric power plant begins.

Minera Valparaíso S.A., an affiliate of Matte Group becomes the principal shareholder of Colbún S.A. as a result of the merger with Hidroeléctrica Cenelca S.A.

With the merger, the following run-of-the-river hydroelectric plants are incorporated:

Chacabuquito, Los Quilos, Blanco, Juncal, Juncalito, together with the reservoir hydroelectric plant Canutillar, and the thermoelectric plant Antilhue.

Purchase of 100% of the share ownership of Sociedad Hidroeléctrica Melocotón Ltda.

1986

The electricity company Colbún Machicura S.A., currently Colbún S.A., is created from the division agreement of Empresa Nacional de Electricidad S.A. (National Electricity Company).

1998

Commissioning of Rucúe hydroelectric power plant.

2002

Commercial operation of Nehuenco III open-cycle thermoelectric power plant begins.

1996

Commissioning of San Ignacio hydroelectric power plant.

1999

Commissioning of Nehuenco I combined-cycle thermoelectric power plant.

Through its affiliate Empresa Eléctrica Industrial S.A., Colbún S.A. acquires the run-of-the river hydroelectric power plant Carena.

2004

Commissioning of Nehuenco II combined-cycle thermoelectric power plant.

2006

Tractebel sells its entire share ownership in Colbún. In this sale Antarchile S.A., company related to the Angelini group, acquires 9.53% of Colbún's ownership.

A partnership is created for the development of HidroAysén project, where Colbún contributes 49% of Centrales Hidroeléctricas de Aysén S.A.'s capital and Endesa contributes the other 51%.

2007

Commissioning of Quilleco and Chiburgo run-of-the-river hydroelectric power plants. Chiburgo is the first power plant of the Company built within the legal framework of the law that promotes non conventional renewable energies.

The dual operation (natural gas and diesel oil) of the power plant Nehuenco II starts production.

Registration of Chacabuquito run-of-the-river hydroelectric power plant at the United Nations' Clean Development Mechanism, which will allow an annual reduction of approximately 80 thousand tons of CO₂e., equivalent to removing from circulation more than 20 thousand cars. It is the first hydroelectric power plant in the world that trades carbon credits.

Within the framework of the first tenders with distribution companies, Colbún is awarded supply contracts for 10 to 15-year term, with CGED, SAESA and Chilectra for 2,800 GWh annually starting in 2010; and 2,500 GWh annually starting in 2011.

2009

Begins the application of International Financial Reporting Standards (IFRS), and the U.S. dollar is adopted as the functional currency.

Commissioning of Los Pinos open-cycle thermoelectric power plant.

2010

Commissioning of San Clemente mini-hydro power plant.

Issue of the first International Bond by US\$500 million for a 10-year term.

Definition of Colbún's Sustainability Strategy.

2012

Commissioning of Santa Maria's Unit 1 (Biobío Region), the first coal-fired thermoelectric power plant pertaining to Colbún.

Publication of our first Sustainability Report, which compiles all the indicators that measure our performance in this matter according

to the Global Reporting Initiative (GRI) methodology.

Creation of the subsidiary Colbún Transmisión S.A.

The affiliates Hidroeléctrica Guardia Vieja S.A., Hidroeléctrica Aconcagua S.A. and Obras y Desarrollo S.A. merge with Colbún.

2008

Commissioning of Hornitos Hydroelectric power plant.

Registration of Hornitos and Quilleco run-of-the-river hydroelectric power plants at the United Nations' Clean Development Mechanism, which will allow an annual reduction of 118 thousand and 172 thousand tons of CO₂e respectively.

2011

Registration of San Clemente run-of-the-river hydroelectric power plant at the United Nations' Clean Development Mechanism (CDM), which will allow an annual reduction of approximately 17 thousand tons of CO₂e, equivalent to removing from circulation more than 4 thousand cars.

2014

Commissioning of the Angostura reservoir hydroelectric power plant.

Inauguration of the Angostura Park, tourism project associated with the power plant of the same name.

Colbún issues a second bond in the international financial market for US\$500 million.

2015

Creation of the subsidiaries Colbún Peru S.A. and Inversiones Las Canteras S.A. in Peru.

Acquisition of a 51% stake in Fenix Power Peru S.A., Peruvian company owner of a combined cycle thermoelectric power plant based on natural gas, located in Chilca, Peru.

2016

Publication of the first integrated report of the Company that contains an account of the Company's 2015 performance and gathers the Annual Report and the Sustainability Report in a single document.

Colbún acquires part SunEdison's assets in Chile, including supply contracts.

Colbún displays a new corporate image. The new logo gathers three central concepts: pride for the history of the Company; the evolution toward new technologies, and an invitation to take on the challenges that future brings.



2017

COMPLETION OF LA MINA HYDROELECTRIC POWER PLANT CONSTRUCTION:

The construction of this 37 MW power station that started in January 2015, ended in April 2017, and went through a series of tests in advance of its commissioning.

COLBÚN AND ENAP SUBSCRIBED A GAS SUPPLY CONTRACT WITH RESERVED RE-GASIFICATION CAPACITY:

The agreement will allow Colbún to have LNG from ERSA shipments and from international third party providers starting on January 1, 2018, for a 13-year period, increasing the flexibility and expanding the options to operate the Nehuenco Complex.

COLBÚN IS AWARDED A LAND CONCESSION TO BUILD A WIND FARM:

Through a tender called by the Ministry of National Assets, Colbún was awarded a 30-year land concession for the development, construction and operation of a wind farm located approximately 70 kilometers northeast of Taltal. The project, called "Horizonte", features 607 MW of installed capacity.

2.2 Milestones



January

FENIX INAUGURATES A POLYCLINIC IN LAS SALINAS

Fenix inaugurated a new polyclinic in Las Salinas, district of Chilca, Peru.

The new polyclinic will be operated by the company Red Médica and will take care of the approximately 1,000 inhabitants of Las Salinas. People from nearby areas may also receive medical attention.



February

COLBÚN, TECHO-CHILE AND HOGAR DE CRISTO PARTNER TO REBUILD HOUSES AFTER THE BIG FIRES

The alliance allowed the reconstruction of close to 34 houses in Carrizal and Cañete – both in the Maule Region – that were seriously affected by the fires that hit the center-southern zone of the country.



March

COLBÚN CONSOLIDATES AS THE MAIN HYDROELECTRIC COMPANY TO ISSUE CARBON CREDITS IN CHILE.

La Mina Hydroelectric power plant project was officially registered with the Verified Carbon Standard (VCS), becoming the fifth Colbún's power plant certified to issue carbon credits. The above will allow an annual reduction of approximately 670,000 tons of CO₂, equivalent to removing from circulation more than 167 thousand cars per year.



April

COMPLETION OF LA MINA HYDROELECTRIC POWER PLANT CONSTRUCTION

The construction of the La Mina run-of-the-river hydroelectric power plant that started in January 2015 ended its construction in April 2017, and went through a testing phase before its commissioning.



May

COLBÚN AND ENAP SUBSCRIBE A GAS SUPPLY CONTRACT WITH RESERVED RE-GASIFICATION CAPACITY

The agreement will allow Colbún to have LNG from ERSA shipments and from international third party providers starting on January 1, 2018, for a 13-year period.

S&P RAISES COLBÚN'S INTERNATIONAL RISK RATING PERSPECTIVE.

As a result of the Company's performance result consolidation, S&P risk rating agency raised Colbún's international risk rating from BBB- to BBB, situating it in a stable perspective.

NEW WATER TREATMENT PLANT AT THE NEHUENCO COMPLEX ALLOWS REDUCING WATER CONSUMPTION

In order to minimize water consumption and to ensure the operational availability during the periods of scarcity, Colbún commissioned a water treatment plant called Reverse Osmosis Plant, that allows treating and recycling the water.



During periods of water scarcity, this initiative will reduce by 50% the water used to cooling down the combined cycles in Nehuenco's I and II units.

June

COLBÚN IS INCLUDED IN THE RANKING OF THE TOP 50 MOST INNOVATIVE COMPANIES IN CHILE

The initiative "Best Place to Innovate" annually recognizes the 50 most innovative companies in the country, based on a perception study conducted by GFK and sponsored by Universidad Adolfo Ibáñez and Microsoft, among other entities.

The investigation consisted of a quantitative study, with interviews to more than 2,270 professionals in Chile.

FENIX IS DISTINGUISHED AS SOCIALLY RESPONSIBLE COMPANY

Peru 2021, a civil association that promotes Social Responsibility and Sustainable Development in the country, distinguished Fenix with the "Socially Responsible Company Award". This award recognizes good practices of sustainable and responsible competitiveness in private companies, including the social, environmental, commercial and corporate ethics areas, among others.



THE COMPANY INFORMS ITS DECISION NOT TO GO AHEAD WITH SANTA MARIA'S UNIT II

Colbún informed its decision not to go ahead with the construction of the second unit of Santa María's thermoelectric power plant in Coronel. The Complex features a total authorized capacity of 700 MW, of which the first unit is already built and operational.



July

ANGOSTURA IS CHOSEN AS AN INTERNATIONAL STUDY CASE OF A SUSTAINABLE HYDROELECTRIC POWER PLANT

The International Hydropower Association (IHA), in collaboration with the World Bank included Colbún's Angostura hydroelectric power plant among the outstanding cases of hydroelectric development around the world in a paper entitled "Better Hydro: Compendium of Case Studies 2017". In addition to being the cover photo, Angostura was the only Chilean case included in the document.



August

A STUDY UNDERScoreD COLBÚN AMONG THE THREE COMPANIES THAT PREPARE THE BEST ANNUAL REPORTS

The study Informe Reporta, which evaluates the annual reports of the IPSA companies according to the quality of the financial and non financial information made available to the shareholders and stakeholders, ranked Colbún among the top 3 companies out of a total of 40, and as the top one in terms of the relevance of the information provided.

SEMINAR WITH THE PROMOTER OF THE PARIS AGREEMENT AND THE FORMER PRESIDENT LAGOS

The Company organized a seminar attended by more than 600 people, which brought together distinguished speakers such as Cristiana Figueres, former executive secretary of the United Nations Framework Convention on Climate Change and promoter of the Paris Agreement; the former President Ricardo Lagos, and Colbún's Chief Executive Officer and president of CLG Chile, Thomas Keller.



September

COLBÚN WAS AWARDED A LAND CONCESSION TO DEVELOP A WIND FARM PROJECT

Through a tender called by the Ministry of National Assets, Colbún was awarded a 30-year land concession for the development, construction and operation of a wind farm located 70 kilometers northeast of Taltal. The project, called "Horizonte", features 607 MW of installed capacity.

FENIX PLACED BONDS ON THE INTERNATIONAL MARKET FOR THE FIRST TIME

The company issued bonds for US\$340 million at a 10-year term, obtaining a coupon rate of 4.317%. This transaction was aimed at refinancing Fenix's long-term debt, which matured in February 2020.

COLBÚN IS LISTED IN THE DOW JONES SUSTAINABILITY INDEX EMERGING MARKETS

Colbún S.A. was invited to list on the Dow Jones Sustainability Index Emerging Markets (DJSI Emerging Markets), maintaining its presence in the DJSI Chile. Colbún is the only Chilean power company to be listed on the 2017 DJSI Emerging Markets. This index is made up of the 10% of the best ranked companies, over a total of 800 companies invited to participate and which come from approximately 20 emerging markets.



October

COLBÚN ISSUED A NEW SERIES OF BONDS IN THE INTERNATIONAL MARKET

The Company issued bonds for US\$500 at a 10-year term. The funds from this transaction were used in refinancing bonds of the same type than those maturing in 2020.



COLBÚN'S WATER TREATMENT PLANT IS RECOGNIZED BY BRITCHAM

The Chilean-British Chamber of Commerce (BRITCHAM), through its 2017 Environmental Innovation Award, recognized Colbún as the best innovation under the categories of water and large companies for the project "Nehuenco Thermoelectric Complex's Water Treatment Plant", situated in the Quillota district.

December

COLBÚN FINISHES ITS 2017 REPORTABILITY PROGRAM WITH 13 MEETINGS IN 13 DISTRICTS

As a periodic exercise of transparency and direct relationship with the communities where its power plants operate, in 2017 Colbún conducted 13 reporting meetings in 13 districts. Company's executives discussed the main operational and community related aspects in front of authorities, neighbors and community representatives.

This activity included the following Colbún's complexes and power plants in 2017:

- Nehuenco complex
- Santa María complex
- Candelaria power plant
- Canutillar power plant
- Angostura power plant
- Rucúe and Quilleco power plants
- Carena power plant
- Colbún complex

November

HIDROAYSÉN S.A. INFORMED THE CEASE OF ACTIVITIES AND THE CANCELLATION OF THE PROJECT

The company Hidroaysén S.A., in which Colbún S.A. holds a 49% stake, informed the cease of activities and the cancellation of "Hidroaysén Hydroelectric Project" due mainly to two reasons: first, in the context of the current power market situation and its future perspective the project was not economically viable, and second, the development of projects such as HidroAysén need to have an energy policy broadly agreed to, which was impossible to achieve.

Due to the reasons mentioned above, the owners agreed to dissolve the company and to liquidate the assets, withdraw the pending legal claims and renounce to the water rights of the project.

COLBÚN CONDUCTS THE FIRST INVESTOR DAY

In an attempt to get closer to its investors, Colbún conducted its first Investor Day. Eight senior executives gave a speech on Colbún's strategy to address the challenges of the power market in Chile and abroad.

MEETING WITH CUSTOMERS

To create an environment of free exchange of information and dialogue with our customers, and share our views of the business and the challenges faced by the industry, Colbún organized an Annual Customers' Meeting. The meeting was attended by approximately 25 customers and was led by Juan Eduardo Vásquez, Colbún's Energy and Business Manager, and Carlos Batlle, outstanding professor of the MIT and the University of Comillas.

2.3

Our facilities

102-6

Colbún operates 24⁽¹⁾ power plants in Chile and a natural gas generation power plant in Peru, acquired in December 2015.

In addition, the Company owns 28 substations, close to 941 km of transmission lines and various concessions and patents, among which it is worth mentioning the concession for the development of a wind farm in Taltal, geothermal, electrical and transmission concessions and water rights that allow building projects for a total estimated capacity of 600 MW. Colbún and its affiliates own all power facilities and water rights, and they are commercialized under the trade name Colbún.



Angostura Power Plant



Rucúe Power Plant



Santa María 1 Power Plant

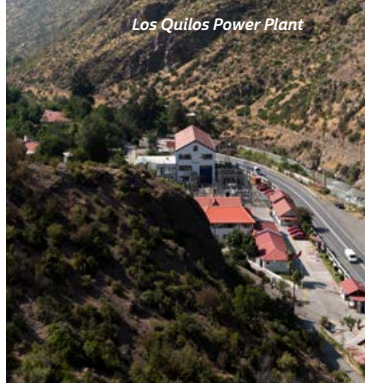


Fenix Power Plant



La Mina Power Plant

(1) Including La Mina, power plant which at the closing of this Annual Report was in its final commissioning stage.



Concession for the development, construction and operation of a wind farm in Taltal



25

Power generation plants in Chile and Peru



941

KM of transmission lines

Map of Colbún's and third-party suppliers' power plants' *

47%

Of the energy generated by Colbún in Chile in 2017 came from renewable sources.

17

HYDROELECTRIC POWER PLANTS (RENEWABLE ENERGIES)

08

THERMOELECTRIC POWER PLANTS

- 1 FENIX POWER**
565 MW / Gas
Chilca, Department of Lima
- 2 NEHUENCO COMPLEX**
874.7 MW / Diesel / Gas
Quillota, Valparaíso Region
·Nehuenco I (368.4 MW)
·Nehuenco II (398.3 MW)
·Nehuenco III (108.0 MW)
- 3 CANDELARIA**
253.9 MW / Diesel / Gas
Mostazal, Codegua O'Higgins Region
- 4 LOS PINOS**
104.2 MW / Diesel
Cabrero, Biobío Region
- 5 SANTA MARÍA**
350 MW** / Coal Coronel,
Biobío Region
- 6 ANTILHUE**
102.5 MW / Diesel
Valdivia, Los Ríos Region

02

REVS ENERGY AND/OR ATTRIBUTES PURCHASE

- 1 PUNTA PALMERAS (ACCIONA)**
45 MW / Wind Farm Canela,
Coquimbo Region
- 2 LAUTARO POWER PLANT (COMASA)**
26 MW / Biomass Lautaro,
La Araucanía Region



- 1 ACONCAGUA BASIN**
210.3 MW / Run-of-the-river
Los Andes, San Esteban,
Valparaíso Region
Los Quilos (39.9 MW)
·Chacabuquito (25.7 MW)
·Blanco (53 MW)
·Juncal (29.2 MW)
·Juncalito (1.5 MW)
·Hornitos (61 MW)

- 2 CARENA POWER PLANT**
10 MW / Run-of-the-river
Curacaví, Metropolitan Region

- 3 MAULE BASIN**
668.5 MW / Reservoir - Run-of-the-river
Colbún, Yerbás Buenas, San Clemente, Maule Region.
·San Clemente (5.9 MW)⁽¹⁾
·Chiburgo (19.4 MW)⁽¹⁾
·La Mina (37 MW)⁽¹⁾⁽²⁾
·Colbún (474 MW)
·Machicura (95 MW)
·San Ignacio (37 MW)

- 4 EL LAJA BASIN**
249.2 MW / Run-of-the-river
Antuco, Quilleco, Tucapel,
Biobío Region
·Rucúe (178.4 MW)
·Quilleco (70.8 MW)

- 5 ANGOSTURA**
323.8 MW / Reservoir Santa Bárbara, Quilaco, Biobío Region

- 6 CANUTILLAR**
172 MW / Reservoir. (Chapo Lake), Cochamó, Los Lagos Region

** Corresponds to capacity delivered to the SIC in 2017.

* Capacity informed to CEN (National Electric Coordinator for its acronym in Spanish) as of December 31, 2017.

(1) Qualify as of NCRE under the Law N°20.257.

(2) In final stage of commissioning as of the date of closing of this report.

Colbún's power transmission lines



2.4

Ownership Structure

102-5, 102-10

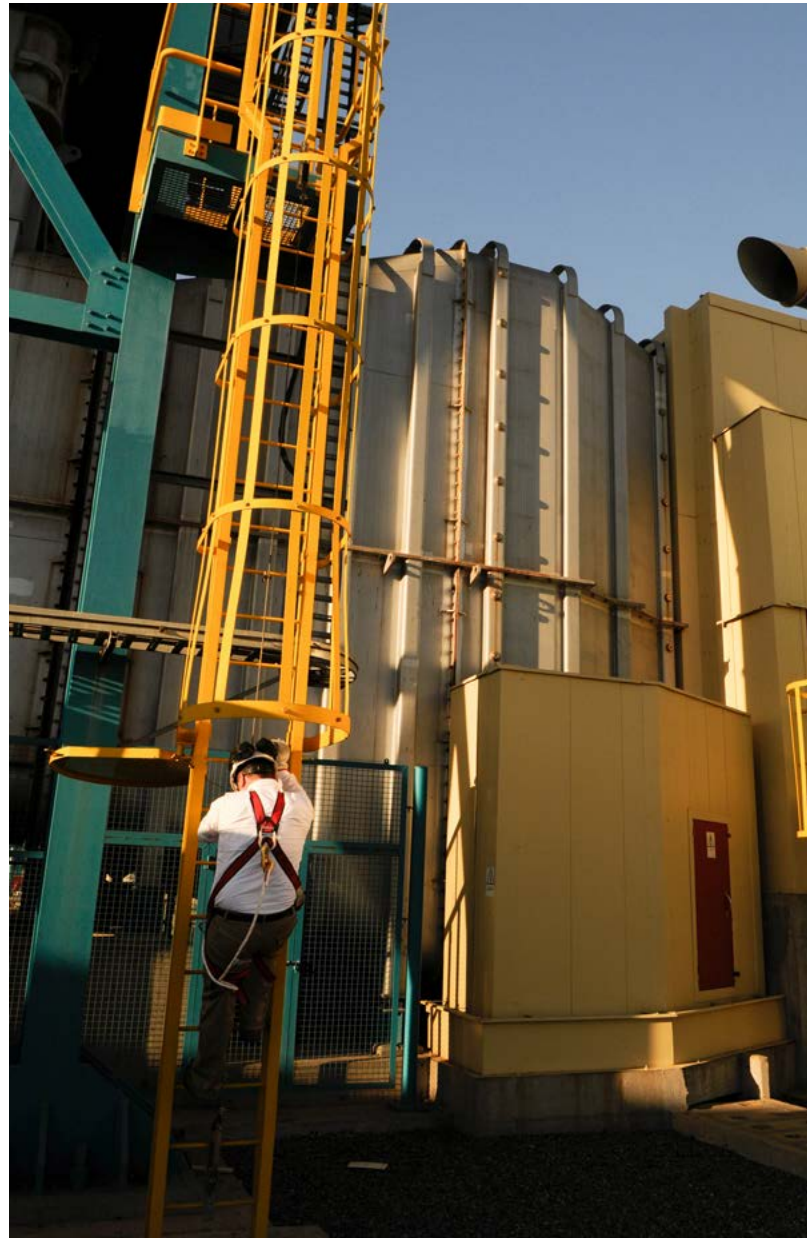
Twelve major shareholders As of December 31, 2017 (%) (102-5)

| | |
|---|------------|
| Minera Valparaíso S.A. | 35.17 |
| Forestal Cominco S.A. | 14.00 |
| ANTARCHILE S.A. | 9.58 |
| FONDO DE PENSIONES HABITAT S.A. | 6.26 |
| FONDO DE PENSIONES PROVIDA S.A. | 4.79 |
| Banco de Chile por cuenta de terceros | 4.11 |
| Fondo de Pensiones Cuprum S.A. | 4.09 |
| Banco Itaú por cuenta de inversionistas | 3.71 |
| Fondo de Pensiones Capital S.A. | 3.70 |
| Banco Santander - JP Morgan | 1.78 |
| BCI CORREDOR DE BOLSA S.A. | 1.44 |
| Other shareholders | 11.37 |
| Total subscribed and paid shares | 100 |

NOTE: as of December 31, 2017 the capital stock of the company consisted of 17,536,167,720 single series, fully subscribed and paid, non-par value shares. The number of shareholders at the closing date amounts to 2,979.

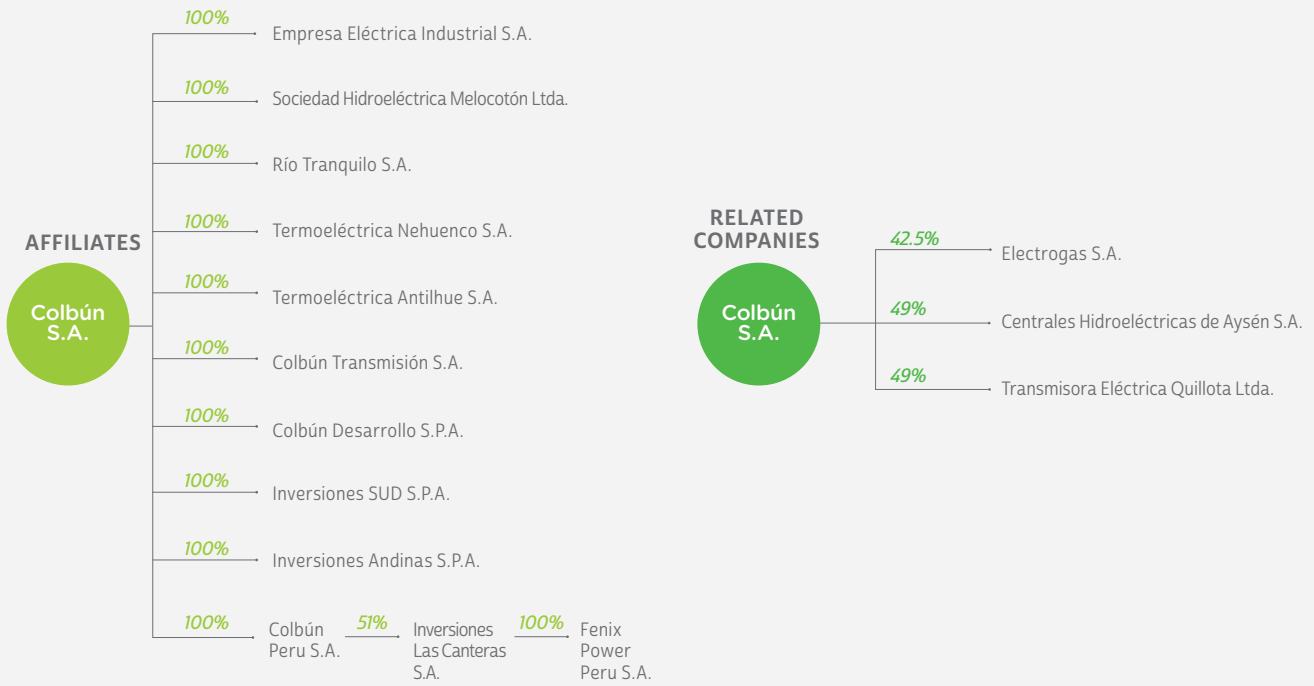
As of December 31, 2017, the Matte Group directly and through other affiliates holds the control of the Company - 49.96% - in single series shares. The Matte Group holds investments in the energy, financial, forestry, real estate, telecommunications and port services sectors.

AntarChile S.A. (taxpayer number 96.556.310-5) holds 9.58% ownership of Colbún, allowing it to appoint a Board member. In addition, the AFPs altogether hold a stake of 20.77% in Colbún.



Property Structure

(102-10)



51%
Colbún Peru S.A.

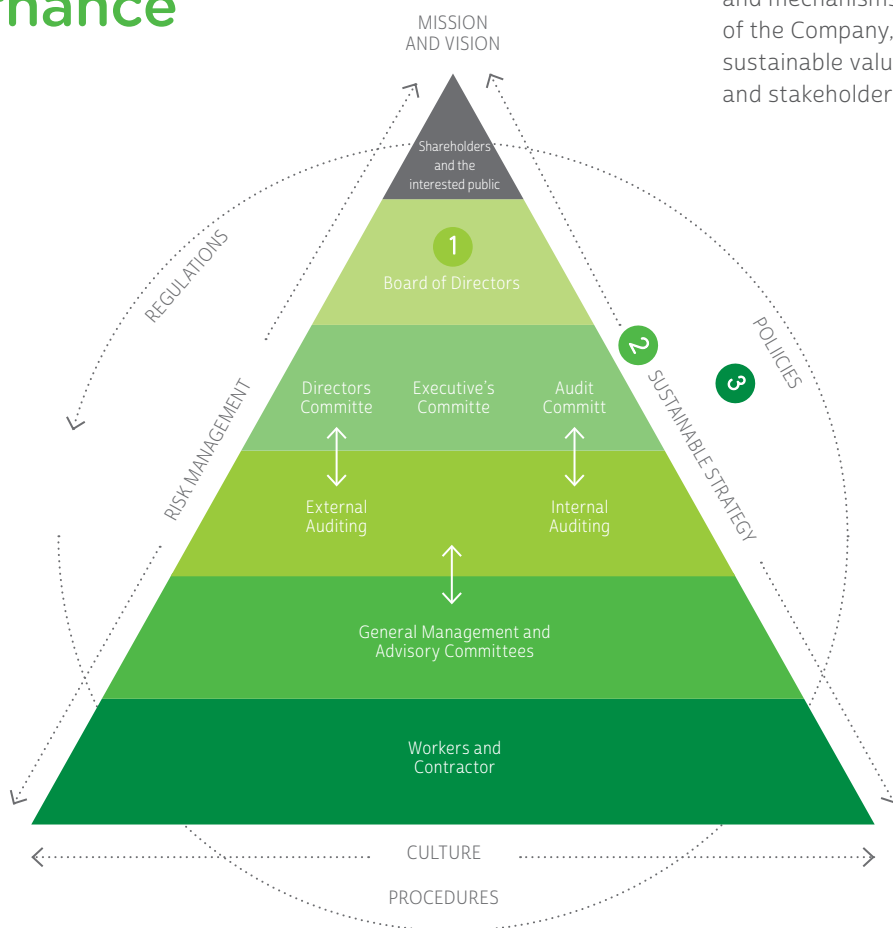
36%
Blue Bolt A 2015 Limited
(subsidiary controlled by
Abu Dhabi Investment
Authority)

13%
Infrastructure
Investment Fund
of Sigma del Peru SAFI



2.5 Corporate Governance

Corporate governance refers to the whole set of principles, standards and mechanisms ruling the operation of the Company, in order to create sustainable value for its shareholders and stakeholders.



1 CORPORATE GOVERNANCE STRUCTURE

The bodies responsible for enforcing the corporate governance are the Board of Directors, its advisory committees, the Management and the workers.

At the top of the structure, we find the shareholders and other stakeholders who are impacted by the governance strategy of the Company.

2 CORPORATE GOVERNANCE STRATEGY

Set of principles, values, policies and procedures that promote an adequate governance of the Company, its affiliates and operations in general.

3 CORPORATE GOVERNANCE FRAME WORK

Internal (policies and procedures) and external standards (regulations) ruling the manner in which Colbún's corporate governance is implemented.



Canal in Aconcagua
Hidroelectric Complex,
Valparaiso Region.

*Picture: Ricardo Latorre.
Aconcagua Complex.*

Members of the Board of Directors

102-18, 102-19, 102-21, 102-22, 102-23, 102-24, 102-33, 102-34, 102-35, 102-36, 405-1, 102-37

Colbún's Board of Directors is the highest governing entity of the Corporate Governance.

Our Board of Directors is composed by nine members who do not hold executive positions, can be re-elected indefinitely (except for the Directors who represent pension funds), and may or may not be shareholders.

The Board holds regular monthly meetings to address all relevant matters relating to the Company's performance and operation and extraordinary meetings when there is the need to address a specific or contingent matter. In addition, once a year the Board holds the Regular Shareholders' Meeting, where all shareholders can participate with voice and vote. The Board validates corporate objectives once a year, including several dimensions: financial results, social and environmental management, occupational safety, work environment and growth. The Board Policies and Procedures contemplates an annual individual or group visit to the Company's facilities by the board members, which represents an instance of direct

communication with the workers. Hence, in December 2017, all the Board members traveled to Santa María Thermolectric Complex to hold its meeting there, opportunity in which they were acquainted with the details of the power plant operations.

The Board of Directors delegate part of its authority in the Company's Management through the document called Delegation of Authority of the Board Policy.

The executives that render account or report directly to the Board are the General Manager and the Internal Auditing Manager. However, the meetings are usually attended by the Business Manager, the Finance Manager and the Legal Manager, who acts as the Secretary of the Board.

Other managers who report directly to the General Manager may also attend the meetings, as required and depending upon the subject to be discussed by the Board; this is the case, for example of the Sustainable Development Manager who submits relevant sustainability issues to the Board's consideration.

At Board meetings, the General Manager reports on the monthly Company performance in its main line of business, showing the most relevant business indicators (Account of the General Manager); he also discusses the special or most significant situations, subjects or transactions that need to be informed to or approved by the Board, including the main activities undertaken with our stakeholders (workers, community, etc.).





The Board relies on an information system that allows remote, safe and permanent access to the information of the relevant Board and Committee meetings.

The General Manager and his team provide periodic report to the Board on risk and sustainability matters.

Board Training Sessions

102-27, 102-28

In 2017 the Board members received training on two main subjects: Free Competition, and Integrity and Human Rights Promotion Strategies by external experts. The above, in line with the Board's training policy.



The board has a performance self-assessment procedure, which was applied for the second time in the Board session of December 2017. This process, led by the Chairman of the Board, allowed detecting opportunities to improve the performance of our highest governance body.



Board of Directors



1

1. JUAN EDUARDO CORREA GARCÍA

CHAIRMAN

Civil Industrial Engineer PUC

2. VIVIANNE BLANLOT SOZA

VICE-CHAIRMAN

Economist PUC

3. MARÍA IGNACIA BENÍTEZ PEREIRA

INDEPENDENT DIRECTOR

Chemical Civil Engineer U. de Chile



2



3



4. LUZ GRANIER BULNES
INDEPENDENT DIRECTOR
Commercial Engineer U. de Chile

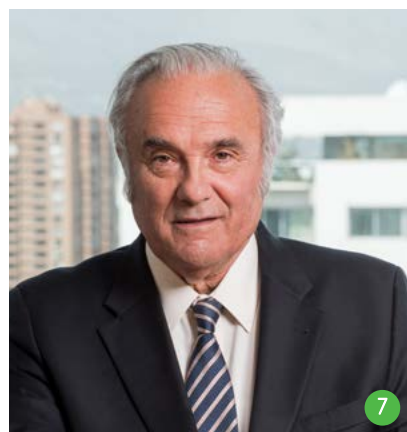
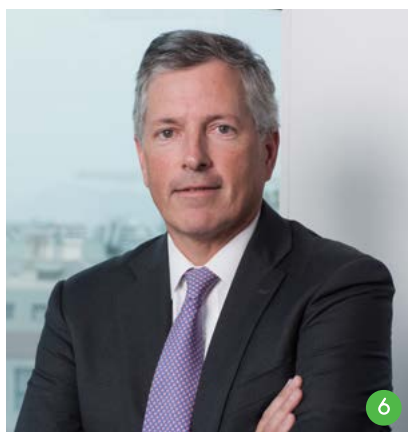
5. BERNARDO LARRAÍN MATTE
DIRECTOR
Commercial Engineer PUC

6. ANDRÉS LEHUEDÉ BROMLEY
DIRECTOR
Commercial Engineer PUC

7. ARTURO MACKENNA ÍÑIGUEZ
DIRECTOR
Civil Industrial Engineer U. de Chile

8. JORGE MATTE CAPDEVILA
DIRECTOR
Commercial Engineer U. de los Andes

9. FRANCISCO MATTE IZQUIERDO
DIRECTOR
Lawyer PUC





Board Compensation

102-35

| Name | Position | January-December | | | |
|--------------------------------------|---------------|-----------------------------------|---|-----------------------------------|---|
| | | 2016 | | 2017 | |
| | | Colbún's Board (thousand US\$) | Directors' Committee (thousand US\$) | Colbún's Board (thousand US\$) | Directors' Committee (thousand US\$) |
| Juan Eduardo Correa ⁽¹⁾ | Chairman | 66 | 18 | 124 | 8 |
| Vivianne Blanlot ⁽¹⁾ | Vice-Chairman | 66 | 5 | 74 | - |
| Bernardo Larraín ⁽¹⁾ | Director | 132 | - | 98 | - |
| Luz Granier ⁽¹⁾ | Director | 66 | 22 | 74 | 25 |
| Arturo Mackenna ⁽¹⁾ | Director | 66 | - | 74 | - |
| Eduardo Navarro | Director | 60 | - | - | - |
| María Ignacia Benítez ⁽¹⁾ | Director | 54 | 18 | 74 | 25 |
| Jorge Matte ⁽¹⁾ | Director | 54 | - | 74 | - |
| Francisco Matte ⁽¹⁾ | Director | 54 | - | 74 | 17 |
| Luis Felipe Gazitúa | Director | 16 | 5 | - | - |
| Eliodoro Matte | Director | 16 | - | - | - |
| Juan Hurtado | Director | 16 | - | - | - |
| Andrés Lehuedé ⁽¹⁾ | Director | 6 | - | 74 | - |
| TOTAL | | 672 | 68 | 740 | 75 |

(1): Board members as of December 31, 2017

NOTES:

· At the Regular Shareholders' Meeting held on April 27, 2017 the Board approved to maintain the compensation agreed to at the Regular Shareholders' Meeting of 2016, which contemplates the payment of an annual variable compensation equivalent to 0.75% of the profits for the management period.

· At the Regular Shareholders' Meeting held on April 27, 2017, the Board renewed its members, choosing María Ignacia Benítez Pereira, Vivianne Blanlot Soza and Luz Granier Bulnes, Juan Eduardo Correa García, Bernardo Larraín Matte, Andrés Lehuedé Bromley, Arturo Mackenna Iniguez, Jorge Matte Capdevila and Francisco Matte Izquierdo. María Ignacia Benítez Pereira and Luz Granier Bulnes were elected as Independent Directors.

· At the Extraordinary Shareholders' Meeting held on May 3, 2017, the Board elected Juan Eduardo Correa García as its Chairman, in substitution of Bernardo Larraín Matte, who remained as director.

Diversity Indicators of the Board

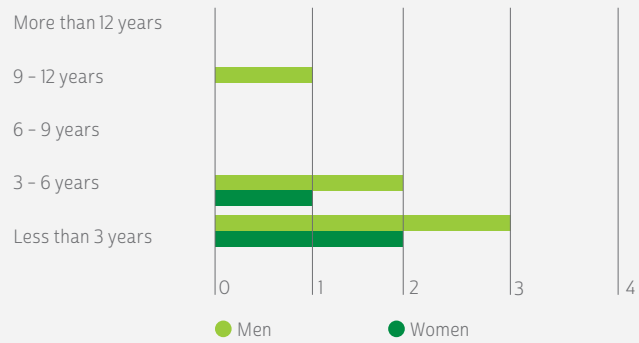
NCG.386

Matters of inclusion, diversity and non-discrimination are part of our “Code of Conduct and Business Ethics”. Colbún has not implemented a procedure or policy establishing diversity criteria for the designation and election of Board members, as its shareholders are legally entitled to consider and define the candidates for the Board.

A study conducted by Universidad Adolfo Ibáñez called “Ranking de Diversidad de la Alta Dirección-Empresas IPSA”, published in March 2017 by El Mercurio, distinguished Colbún as a leader in matters of diversity, particularly in the gender diversity indicator.

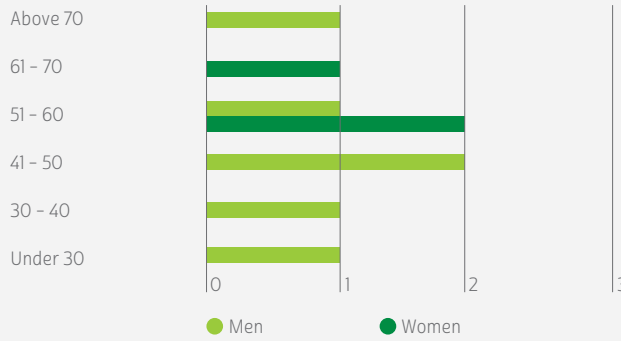
Number of Board members by seniority

(NCG.386)



Number of Board members by age and gender

(NCG.386)



Advisory Committees and their Sustainability Agenda

102-18, 102-19, 102-22

There are 3 committees that advise the Board of Directors: The Directors' Committee, the Executives Committee and the Audit Committee.

The Board's sustainability agenda is present across the three Advisory Committees. The Executives' Committee is an internal body that strengthens communications and serves as a link between the Executive Management and the Board in matters relating to sustainability. In addition, the General Manager informs the relevant sustainability issues of the Company at the Board sessions.

The Board members usually visit the operational sites in order to know personally the problems faced by the power plants (operational and social-environmental issues, among others).

During 2017, the Board of Directors met ten times to discuss the transactions with related companies and to review the requirements established by the law.

In connection with the latter, the Committee made sure that these transactions match the fairness conditions prevailing in the market for this type of operations to

then submit them to the Board's consideration.

The Audit Committee met four times during the year and, in general terms they discussed the internal auditing plan, the functioning of the compliance hotline and the compliance with the crime prevention model, in agreement with the provisions set forth in the Law 20,393.

The Audit Committee presents a summary of the meetings held every quarter to the Board of Directors.



Board of Directors

DIRECTORS' COMMITTEE

Entity foreseen in the Law of Open Stock Corporations, made up of independent directors and which purpose is to review certain matters to be submitted to the Board's consideration. These matters include: Review of the Financial Statements, transactions with related companies, and executive compensation and remuneration plans, which pertains to the Company's sustainability.


In the meeting of May 3, 2017, the Board appointed the independent directors Luz Granier, María Ignacia Benítez and Francisco Matte as members of the Directors' Committee.

EXECUTIVES' COMMITTEE

Entity set up by Colbún, composed of the General Manager, the Chairman and the Vice-Chairman of the Board to which other Board members and executives are invited to discuss issues relating to the progress or the development of the businesses to be later presented to the Board. Some of these issues have a clear sustainability component, e.g., Colbún reservoirs' water level and use, potential conflicts with the community and compliance with environmental standards, and presentation of state-of-the-art technologies for the power market..

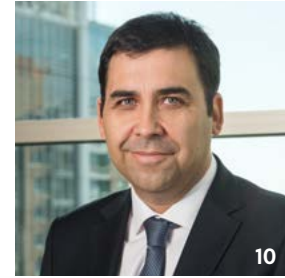
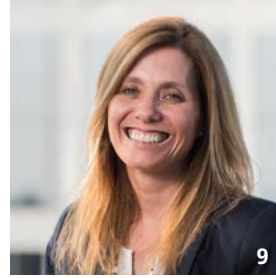
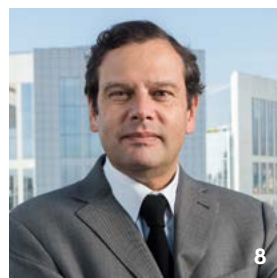
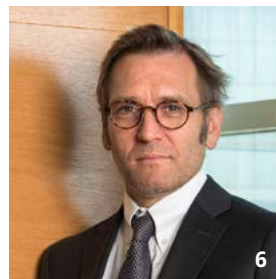
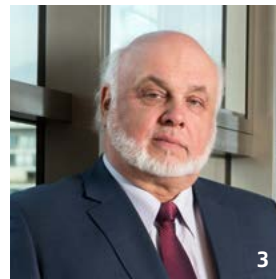
AUDIT COMMITTEE

Among its several functions, this Committee is charged with supervising the Internal Audit activities, the functioning of the Compliance Hotline and the compliance with Law 20,393 on Criminal Responsibility of Legal Entities; all these issues bear a significant sustainability component. This Committee is made up of the independent directors Luz Granier, María Ignacia Benítez and Francisco Matte. The Internal Auditing Manager serves as the Committee Secretary.

A photograph of a dam spillway. In the foreground, a worker wearing a white hard hat and a light-colored shirt stands on a concrete platform with a metal railing. A tall, thin pole with two floodlights is positioned next to the worker. The spillway structure is made of concrete and has a white metal railing on top. In the background, there is a large, forested hill under a clear blue sky. The text "Colbún Power Plant dam's spillway, Maule Region" is written in a white circle in the upper right corner.

Colbún Power
Plant dam's
spillway, Maule
Region

Colbún's Executives



1. Thomas Keller
5.495.282-1
CHIEF EXECUTIVE OFFICER
Commercial Engineer, Universidad Adolfo Ibáñez

2. Juan Eduardo Vásquez
7.868.160-8
BUSINESS AND ENERGY MANAGER
Civil Electrical Engineer, Universidad de Chile

3. Eduardo Lauer
6.994.492-2
ENGINEERING AND PROJECT MANAGER
Civil Mechanical Engineer, Fach Hochschule de Munchen (Germany)

4. Carlos Luna
25.046.079-1
GENERATION MANAGER
Civil Engineer, Escuela Colombiana de Ingeniería

5. Sebastián Moraga
12.026.836-8
FINANCE AND ADMINISTRATION MANAGER
Commercial Engineer, Universidad Adolfo Ibáñez

6. Juan Pablo Schaeffer
10.373.614-5
SUSTAINABLE DEVELOPMENT MANAGER
Lawyer, Pontificia Universidad Católica de Chile

7. Sebastián Fernández
10.673.365-1
DEVELOPMENT MANAGER
Commercial Engineer, Universidad de Los Andes

8. Rodrigo Pérez
10.313.675-K
LEGAL AFFAIRS MANAGER
Lawyer, Pontificia Universidad Católica de Chile

9. Paula Martínez
14.449.738-4
ORGANIZATION AND PEOPLE MANAGER
Psychologist, Universidad Diego Portales

10. Heraldó Álvarez
12.369.371-K
INTERNAL AUDITING MANAGER
Certified Public Accountant and B.S. in Accounting, Universidad de Talca

Diversity Indicators of Colbún Chile Executives

NCG 386, 202-2

MANAGERS BY NATIONALITY

9

Chile

1

Colombia

MANAGERS BY GENDER



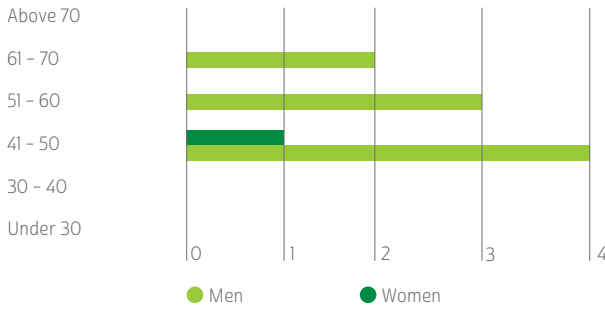
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1

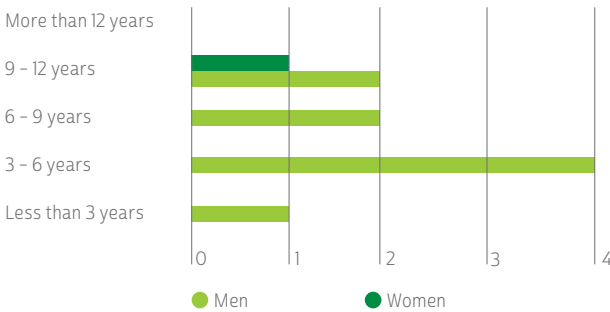
Managers by age and gender

(NCG.386)



Managers by seniority

(NCG.386)



Notes: 1. Chile and Peru are defined as locals.
 2. 90% of top executives in Chile are Chilean and 10% are foreigners; in the case of Peru, 50% are Peruvian and the rest are Chilean. 3. Top executives are defined as those who report to the General Manager, in addition to the General Manager himself.
 4. The locations with significant operations are Chile and Peru.

Diversity Indicators of the Peruvian Executives

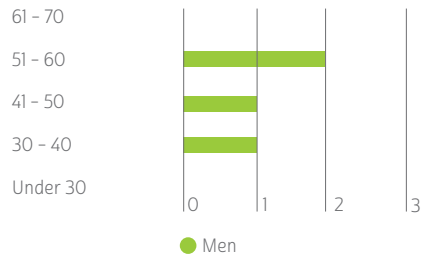
NCG 386



Juan Miguel Cayo

General Manager of Fenix Power

Managers by age and gender



Managers by Nationality

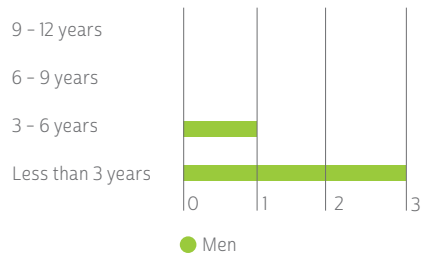
2

Chile

2

Peru

Managers by seniority



Management Support Committees



Instance where the main executives share and report on the progress of the plans, actions and strategies of their respective areas; it meets once a week.



Supervises the Company's information security process, making sure of the availability of the necessary resources for an ongoing monitoring; it meets on a quarterly basis.



Tracks the comprehensive management of the main Company risks, including environmental and social sustainability risks; it meets once a month.



Tracks and reviews the tax issues of the Company; it meets at least once every quarter.



Controls and supervises the development and execution of Company's projects; it meets once a month.



Tracks the status of the legislative and administrative processing of the draft laws, regulations and decrees that affect the development of the Company's activities; it meets once a month.

(*) A representative of the Board's Executive Committee (Chairman or Vice-Chairman) and other Company's Directors may attend these meeting.

2.6

Our Business Model

102-9, 102-11, 102-19, 102-20, 102-21, 102-27, 102-33, 102-34, 102-40, 102-42

Colbún's objective is to generate and commercialize continuous and reliable energy to our clients, at competitive prices and in an environmentally sustainable manner. To achieve this goal, we count on several inputs, primarily financial, technical, industrial, social, natural and human capital resources to which we give value added through our business model.

Our business model is aimed at building and operating power plants with high technical and environmental standards to ensure a high efficiency and availability of

our power plants and an adequate protection of our natural resources and the environment. It allows us to add value to our shareholders, contribute to the local development in the communities where we operate, and contribute to the quality of life of our workers and contractors. In order to maintain business sustainability, we identify, evaluate and manage the risks that may have an impact on our results and stakeholders.



Colbún's Business Model

Colbún is a power generation company that owns power generation plants and sells its electricity to distributors (regulated customers) and industries (non-regulated customers) through contracts and/or by selling that energy to other generation companies on the spot market. It also participates in the power transmission business by operating its own power transmission lines.

INPUTS

We strive to achieve an efficient and careful use of the resources involved in our business.

FINANCIAL CAPITAL

- Shareholders' capital
- Bond issuance
- Bank loans
- Other funding sources

INDUSTRIAL CAPITAL

- Power plants
- Transmission lines
- Projects under construction

HUMAN CAPITAL

- Workers
- Contractors and providers
- Expertise in construction and operation

CAPITAL SOCIAL

- Clients
- Communities
- Authorities
- Unions
- NGOs
- Media
- Universities

NATURAL RESOURCES

- Water
- Wind
- Sun
- Natural gas
- Coal
- Diesel

CONSTRUCTION

We build safe and efficient projects, minimizing their socio-environmental impact.



GENERATION

We operate power plants to supply safe, reliable and efficient energy, at competitive prices, minimizing socio-environmental impacts.



MATERIAL ASPECTS

POTENTIAL IMPACTS

ECONOMIC AND GOVERNANCE:

New Sources of Generation (REVS) / Changes in the energy industry / Operational Excellence / Profitability / Relationship with Customers / Corporate Governance and Regulation

The changes in the industry and the greater penetration of solar and wind energy impact the business model of that sector. The relationship with customers is key to the development of the companies, while good corporate governance allows a good valuation of the financial market..

MAIN RISKS

ECONOMIC PERFORMANCE AND GOVERNANCE RISKS

• Power business risks:

Hydrology / Fuel prices / Fuel supply / Equipment failures and maintenance / Project construction / Regulatory breaches / Variation of supply, demand and prices / Natural disasters / Cyberattacks / Supply of key providers / Contracts dilution

• Financial risks:

Exchange rate / Interest Rate / Credit risk / Liquidity risk / Credit Rating / Regulatory breaches

• Ethics and governance risks:

Reputational damage / Unethical behavior / Information theft or leakage

TRANSMISSION

We operate power transmission lines to supply reliable energy, minimizing the environmental impacts.



OUTPUTS



Commercialization of reliable, competitive and sustainable energy

VALUE ADDED



CLIENTS

(distributors and industries)

- Reliable, competitive and sustainable energy.
- Long-term relationships

▶ Customers' Value



INVESTORS

- Profitability and value.

▶ Shareholders' Value



WORKERS

- High-quality jobs.
- Career development.



CONTRACTORS

- Excellence in the value chain.
- Contracting of local providers and contractors.

▶ Social Value



COMMUNITY

- Local development.
- Fluent dialogue.



ENVIRONMENT

- Superior environmental management.

▶ Environmental Value

2017 FIGURES

16,587

GWh of energy sold*

692.1

million US\$ in EBITDA *

940

Workers trained *

306

million US\$ in purchases from providers and contractors in locations where Colbún operates *

8,5

million US\$ in social investment *

19.124

People visited our power plants

382

thousand tons of CO2 reduced by power plants under the Clean Development Mechanism

33,1%

Of the water used in the hydroelectric power generation is reused in other Colbún power plants

*Consolidated numbers from Chile and Peru

SOCIAL

Occupational safety and health / Organizational Climate and Culture / Local relations/ Local development

Failure to comply with safety regulations could harm our workers or third parties; bad labor relationships can lead to strikes; to have a negative relationship with the community can risk the integrity of our plants or be subject to Judicial actions. All this could have an impact on the business performance

ENVIRONMENTAL

Water / Emissions / Biodiversity and Climate Change

A potential breach in environmental regulations not only can affect the relationship of the power plant with its environment, otherwise it could result in a penalty or affect the operation of the power plant, and with it, the cost effectiveness. Climate change, meanwhile, may affect the availability of water resources to generate energy or promote new regulations.

SOCIAL PERFORMANCE RISKS

• Work-related risks:

Talent retention / Strikes / Occupational accidents / Regulatory breaches / Professional diseases

• Community risks:

Suspension of projects and/or operations / Work incidents

ENVIRONMENTAL PERFORMANCE RISKS

• Environmental risks:

Climate change / Regulatory breaches / Environmental incidents

2.7

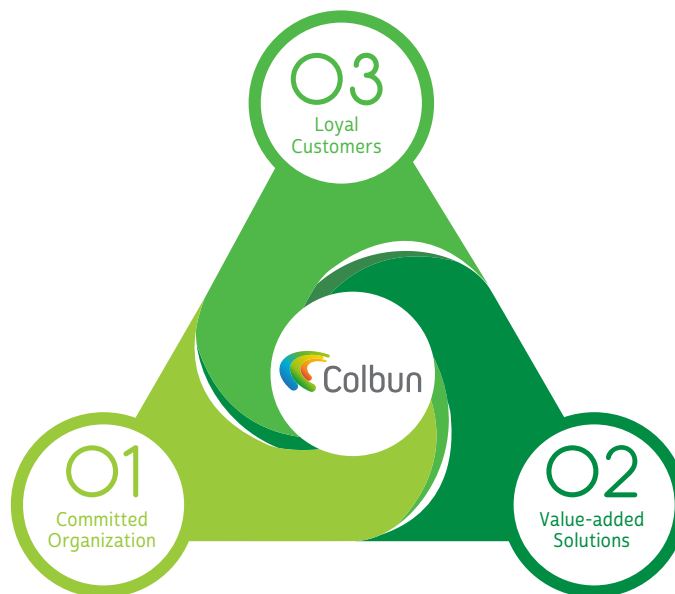
Colbún's Purpose

The energy industry is undergoing relevant changes and at Colbún we have strived to adapt ourselves to this new environment. To this end, we have defined a Company's purpose that reflects our reason of being, why we exist, which translates in what we seek to achieve on the long run through our daily work.

This purpose guides our actions and has been defined in the following sentence:

“We exist to contribute with the best energy to the progress of our region”.

Colbún's purpose is tied to what the Company does, and is based on three fundamental pillars: 1) be a committed organization; 2) seek value added solutions, and 3) gain customers' loyalty. These pillars and their fundamental components are shown in the following diagram:



O1

- Entrepreneurial and service oriented culture.
- Honest, flexible and innovative people.
- Collaborative structure, fluent relationship with our stakeholders

O2

- Diversified matrix, with special emphasis on renewable energy.
- New businesses tailored to different needs.
- Efficient processes based on robust digital technologies.

O3

- Close experience.
- Reliable, competitive and sustainable energy.
- Customized products and services.



Finally, by having a definition of what we do as a Company and why, we have identified how we want to go ahead, which translates into four principles:

We generate closeness: we strive to establish direct, collaborative and empathetic relationships with our stakeholders.

We provide reliable energy: our goal is to excel in delivering a reliable and safe service

We seek to add value in everything we do: we work jointly to create long-term value for our stakeholders

We adapt ourselves to the requirements of our environment: since our industry is changing, we seek innovative solutions to provide a high-quality service.





Hornitos Power Plant, Aconcagua, Valparaiso Region

Picture: Carlos Leiva, Aconcagua Complex

2.8 Sustainability management

The main objective of Colbún's Sustainability Policy is to establish management criteria to develop the business in a sustainable manner, creating long-term value for Colbún S.A., its shareholders and other stakeholders.

To Colbún, sustainability is not a part of the business but the business itself. As seen in our Sustainability Turbine shown on this same page, sustainability is integrated to all the Company areas. At the center of the turbine we have growth

and profitability, as without them we would be prevented from adding value for our stakeholders, while each blade of the turbine represents a particular stakeholder and the value the Company may contribute by working together with them. In turn, the turbine is driven by our excellent people, socio-environmental and operational management.



During 2017 Colbún further deepened its focus on sustainability management, which reflects in the Dow Jones Sustainability Index score reached by the Company, the most prestigious global sustainability index that measures environmental, social and corporate governance (ESG) aspects of the companies.

In 2017 the Company became the first energy company in Chile and one of the three among the region to be listed on the DJSI Emerging Markets, index that evaluates the performance of 95 power companies around the world.

In addition, the Company was listed for the second consecutive year on the DJSI Chile and for the first time on the DJSI MILA, index that was created last year and which groups the 42 best evaluated companies in Latin America.

In the economic dimension of the assessment, Colbún stood out for its code of business conduct and its risk and crisis management. With respect to the environmental dimension, it obtained outstanding scores in environmental policies and management systems and in climate change strategies. And in the social dimension, the Company stood out for its commitment with the stakeholders and for its occupational, health and

safety management.

The Sustainable Development Division promotes the application of sustainability criteria across the Company and is responsible for supporting the dissemination and the management of sustainability inside the organization. Hence, it's been four years since Colbún undertook a data collection of the sustainability gaps of each company's area. The responsibility for managing the gaps falls upon each Company area, and is coordinated by the Sustainability Committee, which is made up of members from all the management units of the company and reports to the General Manager each quarter.

In turn, compliance with the Sustainability Policy and the risks involved are a matter of discussion and analysis in the monthly meetings of the Risk and Sustainability Committee. The most relevant aspects identified through the process are presented by the General Manager at the monthly regular Board meetings, including the progresses in social, environmental and safety performance of the Company, as well as the main socio-environmental contingencies, eventual fines, sanctions or complaints and the issues relating to the progress of the projects and/or operations. In connection with the internal control and the adherence to the Code of Conduct and Business Ethics, they are regularly informed by the Auditing Manager to the Auditing Committee and to the Board on a quarterly basis.





Due Diligence in Human Rights

412-1, 412-2

In August 2017, the Government of Chile presented the National Action Plan on Business and Human Rights, an instrument designed to guide the Chilean State in its duty to protect Human Rights and the companies in their duty to safeguard and repair them. Within the framework of this Plan, Colbún has developed a series of actions aimed at incorporating this subject to the Company's activities.

POLICIES AND GOVERNANCE

Our Company has implemented a Human Rights Policy, which is also addressed in our Sustainability Policy, Code of Business Conduct and Ethics, Community Relations Policy, Procurement Policy, People Management Policy, Donations Policy, Policy on the Contracting of Goods and Services Supplied by "Politically Exposed Persons" (PEP), Crime Prevention Model and Colbún's Internal Order, Hygiene and Safety Regulations.

Our actions in this area are guided

by the following governance instances:

- *Upper governance body: Board of Directors*
- *Supervised by: Sustainable Development Division and Risk Management Division*
- *Implemented by: People Organization Management, Procurement Management, Public and Legal Affairs Management and all Colbún's Management areas.*
- *Reviewed by: Internal Auditing Management.*



HUMAN RIGHTS' RISKS AND IMPACTS

During the Human Rights Diagnosis conducted to Colbún's operations in Chile and Peru, and finished in February 2017, nine relevant issues were identified:

- *Freedom of Association*
- *Occupational Safety and Health*
- *Non-discrimination at the Workplace*
- *No Forced Labor, No Child Labor*
- *Right to be Heard and the Right to be Informed*
- *Communities' Safety*
- *Water and Environment*
- *Corruption and Business Ethics*
- *Land Rights*

For the 2017 Due Diligence study, we used the following tools:

- *Reputational Risks Survey conducted by a third party, which last version was done at the end of 2017 and involved all our stakeholders in Chile: communities, suppliers, investors and clients, and included human rights related questions. The survey was applied to 689 people.*
- *Work climate surveys in Chile and Peru with 871 and 96 people interviewed, respectively.*
- *"Safe Community Management at the Power Plants" Project aimed at identifying and prioritizing the potential risks posed by our facilities on the communities' activities.*
- *Reports on the Compliance Hotline, Telephone Helpline, public accounts, citizen participation instances, occupational safety and health statistics, among others.*

INTEGRATION OF HUMAN RIGHTS WITHIN THE ORGANIZATION

In order to integrate and disseminate the Human Rights Policy among our workers, in 2017 we undertook the following actions:

- *We presented the Human Rights Diagnosis to the Directors Committee, Organization and People Management and Sustainable Development Division.*
- *We disseminated general human rights concepts at the Union Leaders' Day and the Sustainability Weeks developed at every power plant and corporate offices in Chile and Peru.*
- *In November 2017, the Board of Directors was trained on matters of Integrity and Human Rights by an expert.*
- *Three people with key human rights responsibilities were trained in a Business and Human Rights Workshop given by SHIFT (John Ruggie).*
- *At the Candelaria Public Account, we presented the main results of the Diagnosis.*
- *We disseminated ethics and integrity issues through our Eticápsulas, videos and ongoing training within the framework of the Crime Prevention and Free Competition Model.*
- *Throughout 2017 and to date, we have led the Human Rights Committee of the United Nations' Global Compact, where the companies have defined short-term commitments. We have also led the Companies and Territory work group linked to Acción Empresas.*

MONITORING AND COMMUNICATIONS

Human Rights' risk scenarios at Colbún are monitored and informed to the upper management. Our neighboring communities have been informed at the Public Accounts and our stakeholders have also received information through our Annual Integrated Report.

GRIEVANCE AND REMEDIATION MECHANISMS

Colbún's Compliance Hotline and Telephone Helpline are mechanisms available to our stakeholders on the Company's webpage. An additional communications channel is provided on Colbún's Contractors webpage.

We have implemented remediation mechanisms as required, for example, in situations where some communities close to our projects have been resettled or when workers have suffered any workplace accident.

We are striving to improve the communication and the training to facilitate the use of our grievance channels.

2.9

Innovation Strategy

Our innovation strategy is inspired in a broad and comprehensive business vision, where we constantly explore value-added processes, technologies and business models.

The Company relies on a dedicated innovation team that has developed its own intervention methodology at the power plants and at a corporate level, based upon a highly participative, open, digital and transparent process. The active involvement of our workers and contractors is a fundamental aspect to consolidate the success of this methodology.

Hence, our innovation process does not only seek to identify valuable opportunities, and to quickly and cost-efficiently turn them into prototypes, but also to install new capacities and practices into our organizational culture. This approach opens up many new opportunities, but the risks and the costs are always under our control.

During 2017 several workshops and innovation meetings were held, with the participation of 246 people (both from power plants and the corporate offices). These activities were aimed at looking for new ways to develop our business, beyond the ordinary

industry practice but, moreover, making sure these alternatives will add value to the Company. Along these lines, we worked in the fields of safety, availability, efficiency, maintenance and renewable energies (among others).

With respect to renewable energy, it is worth stressing that Colbún joined the Consortium Atamos-TEC (Atacama Module and System Technology Center) in 2017, a partnership of universities, companies and educational institutions (CEA INES of France, ISC Konstanz of Germany and Fraunhofer Chile) that will develop technology innovations for the solar energy industry, specifically tailored to the conditions existing in Chile. This consortium was awarded Corfo funds for US\$12 million, in addition to the private sector contributions of US\$5 million.

Apart from the solar and wind energy projects undertaken by the Company, we are exploring other generation sources, alternative fuels

and non-conventional residual heat recovery systems, in addition to the future role of electricity storage in batteries and other means.

As a result of all these efforts, in 2017 Colbún was awarded the “Best Place to Innovate”, under the energy category together with other leading edge innovation companies. This study was developed by GFK Adimark, and sponsored by the Center for Innovation, Undertaking and Technology of Universidad Adolfo Ibañez, Microsoft, XPGConsultNet and América Retail.

Below is a list of the main innovations developed by Colbún last year:



Water Treatment Plant, Nehuenco Complex

Combined-cycle thermoelectric power plants require water to operate their systems, mainly the cooling down circuit. In the case of Colbún's Nehuenco Thermoelectric Complex (located in the Quillota district), approximately 98% of the water is used to such end. Water is extracted from a group of wells located inside the Complex.

The initiative developed by Colbún's Engineering and Projects Division and based on the treatment and purification system called Reverse Osmosis allows optimizing the water used to cool down Nehuenco's Units I and II, reducing water consumption at the unit by 50% during water scarcity periods.

This initiative is aimed at minimizing the use of the resource and ensuring the operational uptime of the Complex, allowing Nehuenco to operate smoothly with half the water it used to consume during water scarcity periods. The plant required an approximate investment

of US\$9 million, its construction took 12 months and it was commissioned early in 2017.

This project was awarded the best Innovation prize in the categories Water Management Innovation in Large Companies and Environmental Innovation in Large Companies (Gestión Hídrica en Grandes Empresas e Innovación Ambiental en Grandes Empresas), granted by the British Chilean Chamber of Commerce (BRITCHAM), through its 2017 Environmental Innovation Award.

Sediment Cleaning System, Aconcagua Complex

Colbún owns six run-of-the-river power plants distributed across the Aconcagua River basin, which is characterized for the detachment of a large amount of sediments during the melting season; these sediments are captured by the hydraulic works of the power plants, wearing out the turbines and affecting the generation efficiency and the maintenance costs.

As Colbún faces this problem year-over-year, it has sought several medium and long-term solutions. In a first stage, the engineers designed and implemented a Sediment Cleaning Equipment at the Loading Chamber of the Chacabuquito power station. This equipment uses the hydraulic potential of the river to operate, which makes it environmentally friendly.

Consequently, it allows cleaning the sediments continuously and at low cost, preventing them from being turbinated at the Chacabuquito power plant, reducing the wear of its equipment and the maintenance costs.

Over the coming years, Colbún will apply similar solutions to the sediments of other power plants at the Aconcagua River basin.

Efficient Use of Water at our Hydroelectric Power Plants

The low level of precipitation recorded over the few past years in the center-south zone of Chile has had a major impact on the availability of water for the various economic activities in the country. In the current situation where the renewable energies acquire an increasingly important role to reduce the impact of greenhouse gas emissions, hydroelectric generation power plants need to be highly efficient in their operation.

With this challenge in mind, Colbún developed an arithmetic model that allows an optimal distribution of water to the various generation units, based on the respective efficiency curves, specific characteristics and the year-to-date wear and tear of the unit.

In 2017 the Company put in place an internal pilot plan at two Aconcagua Complex's stations, obtaining an approximate power generation increase of 2% with the same amount of water. In addition, the increase in hydroelectric power injected to the system brings about a reduction of the CO₂e tons for the whole electricity system.

For 2018, we expect to finish implementing the model, with the respective operational rules for the Aconcagua Complex, and to go forward integrating this solution to other Company's hydroelectric power plants.

Other Operational Innovation Projects

During 2017, the innovation area worked with several management units and teams to implement projects aimed at boosting competitiveness and ensuring the business operational continuity.

Among the projects developed at the hydroelectric power plants, it is worth mentioning the operational enhancement of the Carena power plant cooling system. This project consisted in the installation of a bypass system between the treatment ponds, thereby permitting the entry of refrigerated water of the best quality possible, reducing the risks of an eventual failure of this system (key for the power plant operation).

In addition, at the thermoelectric power plants we have mainly worked on energy efficiency projects trying to optimize the use of resources and the competitiveness of this technology. One of the most outstanding projects along these lines is the implementation of a de-mineralized water recirculation system at the Antilhue reverse osmosis plant for the out-of-service condition of the facility to reduce water consumption at the power plant.

Innovation in Climate Change

Just as in 2016, Colbún continued promoting the development of Carbon Neutral Destinations to support the tourism businessmen who are interested in incorporating the sustainability component in their businesses, and to raise awareness on this issue that affects us all.

Hence, in 2017 Colbún developed the Valdivia CO₂ Neutral Destination, engaging businessmen from the hotel accommodation, gastronomic, commercial and entertaining sectors. Under this Project, we measured the carbon footprint of 17 facilities, provided compensation with Colbún's carbon credits, held educational and training meetings, and went forward with a communication process around the city using the shop windows of the associate stores, the social media, written press and TV shows.

The development of these destinations and their contribution to the achievement of the Sustainable Development Goals, in particular SDG13 - Climate Action, was recognized by the Global Compact at the end of 2017.

Massive Innovation Activities in 2017



1. Open Safety Innovation Challenges

During 2017, the Company went ahead implementing the priority initiatives collected in the Open Safety Innovation Challenges from previous years.

- Total number of participants in the Safety Challenge meetings (2014 to 2017): 560
- Total number of ideas received through the platform: 248
- Total number of ideas implemented as of December 2017: 124

| Power Plant | No. of Ideas Implemented |
|----------------|--------------------------|
| Santa María | 29 |
| Nehuenco | 15 |
| Colbún | 17 |
| Carena | 5 |
| Candelaria | 16 |
| Aconcagua | 9 |
| Rucúe-Quilleco | 5 |
| Angostura | 14 |
| Los Pinos | 7 |
| Antilhue | 3 |
| Canutillar | 4 |
| Total | 124 |

2. Open Innovation Challenges at the Power Plants

In 2017 Colbún undertook an Open Innovation Challenge at the power plants with a new focus, engaging Colbún's workers and contractors who were asked the following question: "How to optimize our efforts and resources to ensure the business operational continuity?" In 2018, the Company will expand this initiative to all the power plants and complexes, including Fenix in Peru.

- Number of Challenges: 3
- Total number of participants: 220
- Total number of ideas received through the platform: 77

3. Innovation Days at the Power Plants

Based on the ideas proposed during the new Innovation Challenges at the power plants, middle management employees, experts and power plant operators gathered to discuss the initiatives posted on the Open Innovation Platform. As a result, work teams were set up to develop the main initiatives raised during the workshop.

During 2017, the Company only held the Innovation Day at the Biobío Complex; and expects to expand the initiative to the other power plants in Chile and Peru in 2018.

- Innovation workshop: 1
- Total number of participants: 20
- Total number of ideas pre-selected for implementation: 5

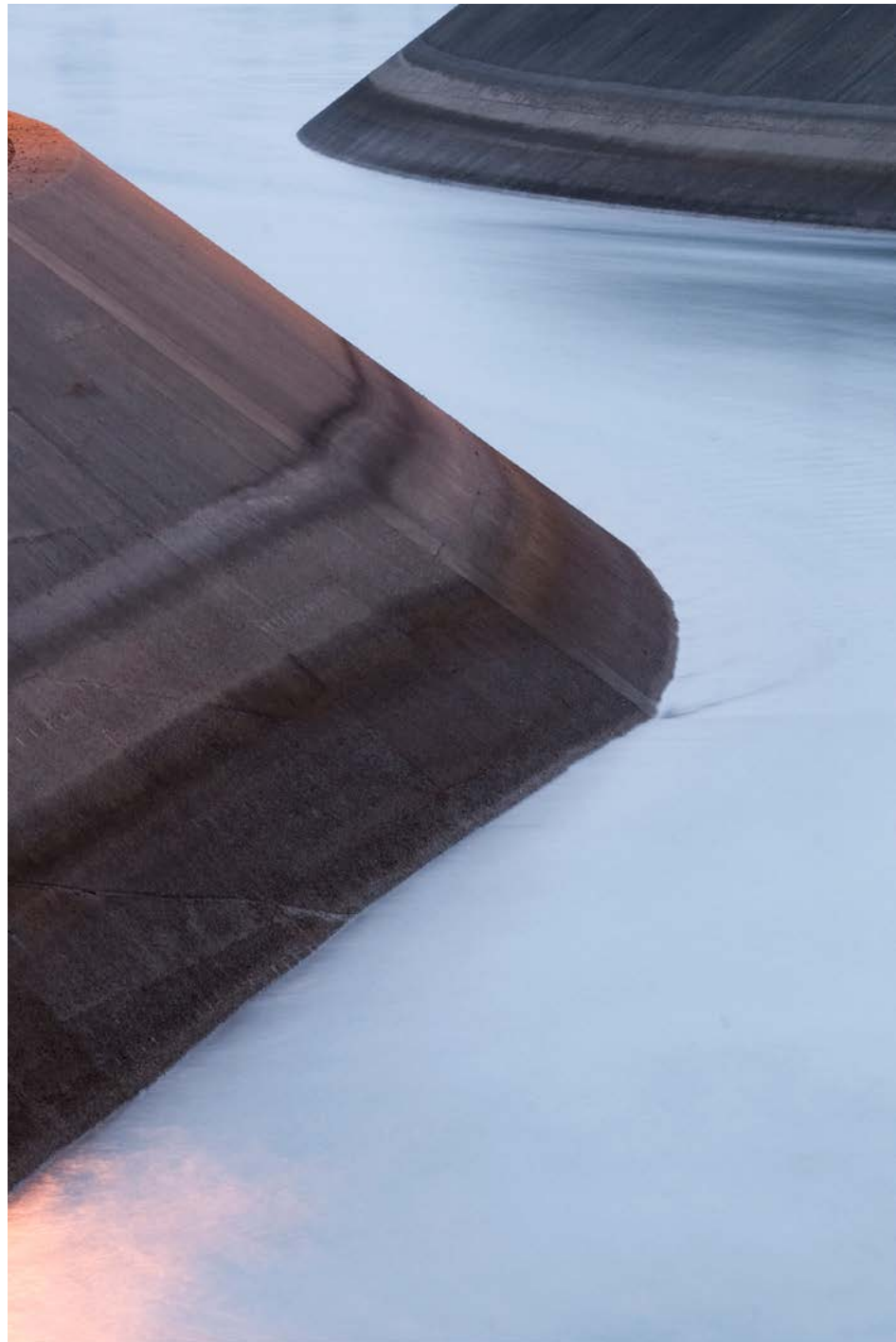
2.10

Communication Channels

102-43, 103-2

The Company has implemented an External Communications Management Policy made up of four principles that form the foundation of our relationships with third parties: (1) transparency, recognizing the importance of this value, but considering that we handle confidential financial or commercial information that must be protected; (2) dialogue, that implies seeking bi-directional communication channels with our various stakeholders; (3) timing, understanding that speed in information delivery is crucial, and (4) collaboration: the Company believes open communication is the starting point for a collaborative work with third parties.

Based on these principles we have encouraged the creation of different communication channels with our stakeholders, the mass media and the society in general.



As part of its Annual Public Account Program, in 2017 Colbún held 13 meetings at 13 districts throughout Chile, which were attended by more than 500 people.



The main milestones and progresses achieved in 2017 were the following:



• *Public Accounts*

As part of its Annual Public Account Program, in 2017 Colbún held 13 meetings at 13 districts throughout Chile, which were attended by more than 500 people. This program has been in place at Colbún since 2014 and has gradually expanded its territorial coverage. Also, last year a standard survey was applied to all the attendants to find out their perception and doubts.



• *+Energía Digital*

Creation of a digital edition of the Bulletin +Energía in the districts of Curacaví (Carena power plant) and Codegua-Mostazal (Candelaria power plant), expanding the presence of this community bulletin to seven districts. The above adds to the development of a Corporate Newsletter, which is sent every quarter to a database of NGOs, opinion leaders, customers, contractors, workers, investors, among others..



• *Radio programs*

The development of radio programs in the districts where Colbún operates (Voces con Energía) and in Santa Bárbara (Vecino Angostura) broadcasted by local radio stations over 2017.



• *Facebook ColbunEnergia*

In March 2017, Colbún opened a Facebook account called Colbún Energía, which at year-end had approximately 8,600 followers. We are also present in Twitter (9,500 followers) and LinkedIn.

The following chart summarizes the dialogue and communication channels continuously available through the year and the most outstanding relationship instances. It is worth mentioning that these channels had a relevant role in bringing up the materiality issues addressed in this Integrated Report.



INVESTORS

- Area in charge of Investors' Relations.
- Breakfasts, work meetings and national and international conferences.
- Investor's Day.
- Reputational Risks Survey.



ENVIRONMENT

- Early and voluntary citizen participation.
- Participation as speakers in seminars and talks.
- Committee for Environmental Action and Center of Leaders for Climate Change.



CLIENTS AND SUPPLIERS

- Commercial team with specialized customer and supplier service.
- Reputational Risks Survey.



WORKERS

- Collective negotiations.
- Meetings of middle management employees with the General Manager.
- Visits and meetings of the General Manager with power plants' unions and workers.
- Visit of the General Manager to all power plants.
- Organization and People Management meetings with unions and collective workers' associations.
- Quarterly general meetings of the General Manager with all the middle management employees of the Company.
- Workplace environment surveys and focus groups, bottom-up evaluations and internal service reviews.
- Sustainability weeks.



COMMUNITY AND SOCIETY

- Work groups / dialogue.
- Periodic meetings with authorities and neighbors.
- Participation in union and regional associations.
- Periodic meetings with the media.
- Visits to power plants.
- Public accounts.
- Twitter account @ColbunEnergia.
- Facebook account ColbunEnergia.
- Reputational Risks Survey.
- Reception of letters and phone calls.
- Daily presence on the media (bulletin + Energía, radio programs, webpage).



CLIENTS AND SUPPLIERS

- Participation in entrepreneurial meetings.
- Providers' Days.
- Providers and bidders' website.
- Feedback meetings.
- Reputational Risks Survey.
- Sustainability Weeks.



Punta Palmeras wind farm, property of Acciona, Colbún's supplier



Compliance Hotline

Both in Chile and Peru, Colbún has a Compliance Hotline, where Company workers and stakeholders can post direct and anonymous complaints related to the compliance with its standards of ethical behavior, conflicts of interest and topics related to non-compliance, financial statements and situations that may require attention from the Management or the Board of Directors, as the case may be. These complaints may be made by email, telephone, regular mail or web form. This channel reports to the Ethics Committee, which reports to the Audit Committee, which in turn reports to the Board of Directors. We assure an independent, confidential and non-retaliatory analysis of the case.



Telephone Helpline

In 2016, Colbún implemented a communications channel called Telephone Helpline, which allows any stakeholder to make commercial, operational, labor or socio-environmental inquiries, and to post complaints, suggestions or congratulations relating to any of these aspects. A standard form is provided and a follow-up number is generated after filling in the form. The maximum response time is 15 business days. A total of 1,023 inquiries were generated in 2017 of which only 13 were complaints.

1.023
Total number of inquiries in 2017



US\$692
million in EBITDA



US\$288,6
million in Net Income



BBB
S&P/ Fitch Ratings

International credit
rating

3

Economic
performance
and governance

This chapter reviews the material aspects related to the Company's financial and industrial capital management.

Managing different types of financial, capital, human, natural resources, among others, to generate economic results aligned with the expectations of our shareholders enables us to continue operating over time, ensuring the sustainability of the business.

Materiality Analysis of the Chapter

103-1, 103-2, 103-3

Based on the Materiality Study that considered internal and external Company's sources of information (see detail in Chapter 6 of this Annual Integrated Report) we identified six material Economic Performance issues involving our stakeholders. A description of each issue is provided below.



| | |
|---------------------------|--|
| Material Issue: | New Generation Sources (Renewable Energy from Variable Sources) |
| Scope | Solar and wind energy; Horizonte project in Tatal; projects under study, purchased from SunEdison; Ovejería solar project; end of HidroAysén and Santa María's Unit II projects. |
| Why it is material | In the tender for the supply to regulated clients conducted in October 2017, all the energy was awarded to solar or wind projects. In 2016, this number exceeded 50%. Beyond the challenges the intermittent nature this energy represents for the system, this technology has become quite competitive and represents a source of opportunities for future growth. The type of generation project to be driven by Colbún in coming years is a topic that involves all of our stakeholders: for shareholders, it represents the source for the future growth of the company; for the workers, employment opportunities; for communities, the type of projects they will host in their locations; for vendors, suppliers and contractors, business opportunities; for the government, the type of matrix Chile will have. |
| Related Risks | Mayor competencia y el ingreso de nuevos oferentes; futuros precios en el mercado; régimen de operación de nuestras centrales térmicas, y remuneración de Servicios Complementarios necesarios para dar seguridad al sistema ante la mayor incertidumbre. |
| How do we Manage | The Company has established a Commercial Policy that has adapted to the new market conditions and to the entry of new bidders; Client Management seeking to add value to those who purchase our energy; Growth Plan designed to build up on the opportunities involved in the onset of these new generation sources at competitive prices while maintaining a diversified project portfolio, and an active involvement in matters associated to regulation in order to contribute to the to the safe insertion of the new technologies. |



| | |
|---------------------------|--|
| Material Issue | Changes in the Power Industry |
| Scope | Business opportunities; slower growth in demand; tenders for regulated customers; business model; market share; market atomization. |
| Why it is material | The power industry is going through a significant transformation, partly focused on the arrival of new renewable sources, but also expressed in the development of batteries, electro-mobility, distributed generation and intelligent systems for demand management. This will result in a more complex and diverse future power system; all these changes will impose challenges upon the generation companies, the authorities and consumers themselves. The transformation that is currently affecting the power industry is relevant for our workers, since such changes represent an opportunity and a challenge; for our investors, who remain alert to how the Company business model will evolve and the impact this will have on profitability; vendors and suppliers, since they will have to adapt to future Company demands; clients, who need to know how this will impact their supply, and the authorities, for which the new trends will result of regulatory challenges. |
| Related Risks | Future profitability; market share and client evolution; regulatory changes. |
| How do we Manage | On a permanent basis, the Company reviews its business model and prospects new business options, through specialized teams; the international growth strategy also helps detect new opportunities in other markets, while at regulatory level the Company conducts active monitoring and involvement in the changes proposed. |



| | |
|---------------------------|---|
| Material Issue | Operational Excellence |
| Scope | Energy supply, energy efficiency; vendor and contractor management; payment of invoices; supply availability, innovation and technology. |
| Why it is material | Operate our assets in the most efficient manner, with high availability and reliability, without any environmental incidents is a priority for Colbún and can make a big competitive difference. Operational excellence is a very relevant topic for our investors, who expect a fair retribution for the money invested in the Company; for our workers, whose performance assessment is tied to operational indicators; and for our clients, who expect a safe and reliable supply. |
| Related Risks | External threat to Company assets (for example, acts of God and fires); fuel supply; threatened cyber-attacks to key Company's assets. |
| How do we manage | The Company develops several continuous improvement plans in order to increase asset availability, reliability and efficiency , this being one of the main focal points of the Generation Division; the Company maintains a Policy on the Relationship with Contractor and Subcontractor Companies, so as to have available a continuous supply chain that responds to the excellence standards we seek; and develops a Policy on Risk Management and Control . |



| | |
|---------------------------|--|
| Material Issue | Profitability |
| Scope | Fluctuation in share prices; EBITDA; presence in the DJSI; bond issue; growth; relationship with investors, corporate image. |
| Why it is material | Colbún has shown a very good operational performance in recent years, with a growing trend in EBITDA and great stability of Company flows. In the current scenario of great changes in the power sector, maintaining this trend in the medium and long term is one of the Company's biggest challenges, a challenge to which all the players in this industry are subject. In that sense, the Company profitability is a relevant issue for all our stakeholders, since, as defined by Colbún in its Sustainability Turbine, profitability - and growth - is the engine that drives the creation of Company value for shareholders and for its relationship with all stakeholders. |
| Related Risks | Interest rate variations; exchange rate variations; reduced access to liquidity; reduction in own, client, and bank counterpart credit capacity; fuel price variation; variation in the hydrological conditions; regulatory risks. |
| How do we manage | The Company maintains different policies to manage risks and opportunities associated with the profitability of the business. Among these are the Commercial Policy ; the Financing Policy ; the Investment Policy ; the Dividend Policy ; the Risk Management Control Policy and the Investor Relations Policy . |



| | |
|---------------------------|--|
| Material Issue | Relationship with Customers |
| Scope | Service quality; relationship with customers; added value; unregulated customers. |
| Why it is material | In a more competitive environment, the entry of new players, the drop in prices and the onset of new technologies are restating the relationship between generation companies and their customers. This means not only a significant increase in customers migrating from regulated rates to unregulated contracts, but also a much closer and dynamic relationship. Under this scenario, clients expect a quality, safe and reliable and value-generating supply. Moreover, this topic is relevant for investors, vendors and workers, since the retention or hiring of new clients is a key factor in the future evolution of the Company. |
| Related Risks | Evolution in the number of customers; greater competition and entry of new bidders; supply assurance; future contracting prices. |
| How do we manage | The Company maintains a Commercial Policy and Customer Management system that seek to establish long-term relationships with customers and add value to this relationship; additionally, in order to have safe and reliable supply, the Company has ongoing plans to improve the availability, reliability and efficiency of its assets, this being one of the main focal points of the Generation Division. |



| | |
|--------------------|--|
| Material Issue | Corporate Governance and Regulation |
| Scope | Corporate governance; ethics and integrity; anti-corruption; regulatory changes in Chile and Peru; Peruvian political setting. |
| Why it is material | Good Corporate Governance, expressed in transparency, excellent regulatory compliance, unswerving ethical behavior and high standards in the management of potential conflicts of interest are all priorities. Within the context of significant mistrust in Chile, including questioning of institutions and relevant players, good Corporate Governance is the foundation upon which to establish trust relationships between the Company and each stakeholder, trust that is crucial for a collaborative relationship enabling the generation of value. |
| Related Risks | Reputational damage; unethical behaviors or at odds with the laws; fines or sanctions; loss of trust; theft and/or leak of confidential information. |
| How do we manage | Manual on the Handling of Information of Interest for the Market; General Standard 385/386 issued by the CMF; Code of Business Ethics; Information Management Policy; Policy on the Hiring of Goods and Services Supplied by Politically Exposed Persons; Board of Directors Policy and Procedure; Policy on the Delegation of Authority of the Board of Directors. |

3.1

Financial Management



During the 2017 management period, for the fourth consecutive year the Company obtained a historical EBITDA, reaching US\$692.1 million, up from the US\$601.8 million achieved in 2016.

The positive result for 2017 was mainly achieved by higher revenues from ordinary activities resulting from an increase in sales to customers and energy and capacity sales on the spot market in Chile. The good performance for 2017 was also driven by a higher hydroelectric generation resulting from improved conditions as compared to the previous year.

Operating Income in Chile

Revenues from ordinary activities for the year amounted to US\$1,355.6 million, 11% up from 2016, mainly due to higher: (1) revenues from energy and capacity sales on the spot market (2) customer sales; (3) revenues from transmission tolls, resulting from an increase in the single charge to regulated customers as a result of the node price decree published in July 2016; and (4) higher "Other Operating Income" associated with the tax portion that levies thermal power plant emissions (enforced in January

2017) transferred to unregulated customers. In turn, the raw materials and consumable costs used in 2017, totaled US\$614.2 million, 6% up from 2016 due to higher: (1) gas and coal consumption; (2) costs recorded in the "Other" accounting entry due to a provision reversal done in the fourth quarter of 2016, stemming from differences relating to supplies agreed with the customers and the portion of the tax that levies thermal power plant emissions transferred to unregulated customers; and (3) transmission tolls costs. These greater costs were mainly offset by lower energy and capacity purchases on the spot market and lower diesel consumption.

Operating Income in Peru

Income from ordinary activities at Fenix totaled US\$192.8 million in 2017, 11% down from 2016 due mainly to greater sales volumes on the spot market at lower marginal costs. Likewise, raw materials and

consumables amounted to US\$141.5 million, 2% down from the previous year, mainly due to lower energy and capacity purchases on the spot market, partially offset by higher gas consumption associated with higher generation as compared to the same period of the previous year. Consequently, Fenix's EBITDA reached US\$53.6 million, 4.5% down from 2016. The decrease is due mainly to lower revenues from ordinary activities resulting from the higher volume of sales on the spot market at lower marginal costs, offset by lower expenses recorded in the "Other Expenses, by Nature" associated with the reversal of provisions from uncollectible accounts, recorded in 2016.

Consolidated Financial Indicators

Financial Debt amounted to US\$1,659.5 million, a slight decrease as compared to December 2016. In turn, Financial Investments totaled US\$810.2 million, 21% up from



December 2016, mainly due to higher cash flows from operating activities in the period. Hence, Colbún's Net Debt totaled US\$849.3 million. On its part, EBITDA LTM increased 15% as compared to 2016 closing.

The lower short-term debt and the higher EBITDA account for the fact that as of December 31, 2017 Net Debt / EBITDA LTM ratio experienced a reduction from 1.7 times to 1.2 times. At the end of 2017 the debt ratio (total liabilities over net equity) of 0.75 times and a leverage ratio (EBITDA over net financial expenses) of 9.58 times.

At 2017 closing, Standard & Poor's (S&P) and Fitch Ratings rated Colbún with AA-, both with stable perspectives. At international level, S&P and Fitch Ratings rated the Company with BBB, both with stable perspectives.



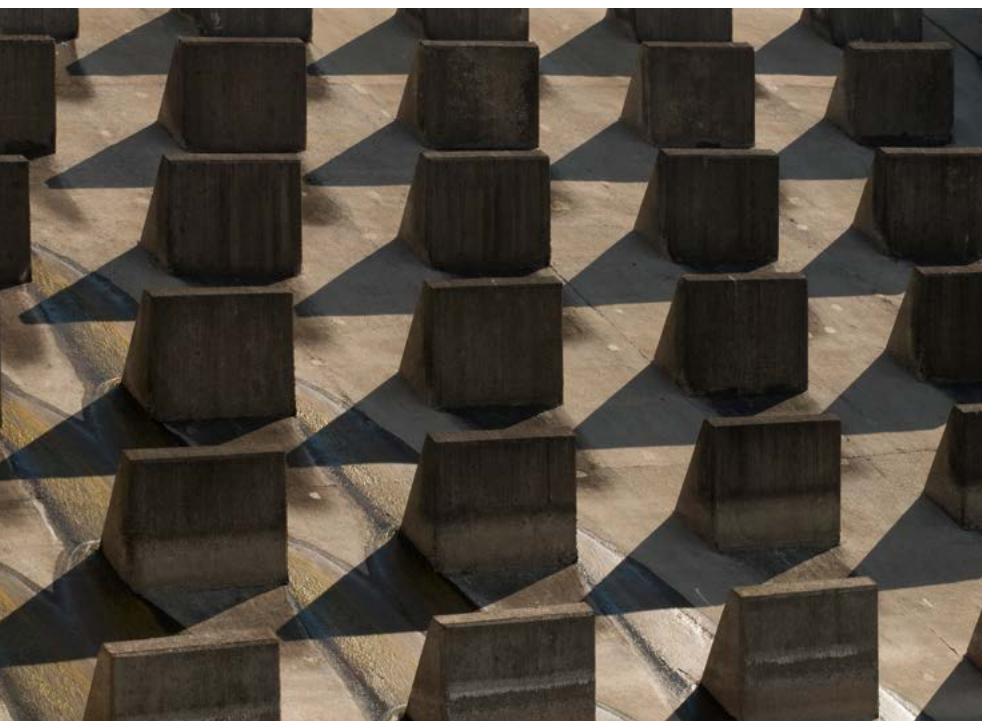
increase in revenues from ordinary activities as compared to 2016

US\$288,6

million in Net Income at
2017 closing

0,75

times is the ratio of
total liabilities/net
equity



Direct economic value, generated and distributed, in US\$ million consolidated results for Chile and Peru (201-1, 201-4)

| | 2016 | 2017 |
|--|----------------|----------------|
| Operating Income | 1,635.9 | 1,838.3 |
| Financial Income | 18.3 | 22.7 |
| Other Income (1) | 7.9 | |
| Total direct economic value generated (EVG) | 1,662.2 | 1,861.0 |
| Operational Expenses | 1,012.1 | 1,083.0 |
| Employees' salaries and benefits | 62.0 | 69.8 |
| Payment to Capital Suppliers (2) /Financing Activities (3) | 212.7 | 306.3 |
| Government payments (4) | 60.6 | 97.2 |
| Community Investments (5) | 6.9 | 6.8 |
| Environmental Investments | 5.2 | 5.4 |
| Fixed Asset and Other Investments | 83.6 | 594.7 |
| Total economic value distributed (EVD) | 1,443.1 | 2,163.1 |
| Net Effect of Financing Activities | (528.3) | (32.1) |
| Retained Economic Value (REV) | (309.2) | (334.3) |

NOTE:

1) Income from tax returns (PPUA: provisional payment over absorbed profits).

2) Payment of dividends (shareholders) and interests (banks).

3) Net value between loan interests and payments (only capital, excluding interests).

4) Accrued taxes by MMUS\$ 66.9 and 34.1 for 2016 and 2017, respectively.

5) This community investment does not include the water production delivered by Fenix to the Chilca community (303,190 m³/year).

The amounts shown in the chart correspond to the Company's cash flows for 2016 and 2017, which is why they do not match what is stated in the Comprehensive Income Statements.

Although Colbún did not receive direct contributions from the state, it was granted tax exemptions over donations to non for-profit organizations and SENCE credit, and recorded tax-free donation expenses, totaling US\$ 2.98 million.

Consolidated statements of Financial Situation (US\$ million)

| | 2016 | 2017 |
|-------------------------------------|----------------|----------------|
| Current assets | 947.6 | 1,147.2 |
| Non-current assets | 5,875.0 | 5,775.4 |
| Total Assets | 6,822.6 | 6,922.5 |
| Current liabilities | 360.1 | 354.8 |
| Non-current liabilities | 2,672.7 | 2,617.0 |
| Equity | 3,789.8 | 3,950.7 |
| Total liabilities and Equity | 6,822.6 | 6,922.5 |

Statement of comprehensive income, by nature (January-December, US\$ million)

| | 2016 | 2017 |
|---|--------------|--------------|
| Income from ordinary activities | 1,436.2 | 1,548.4 |
| Raw materials and consumables used | (724.6) | (755.7) |
| Employees' benefit expenses | (67.8) | (76.8) |
| Depreciation and amortization expenses | (227.9) | (223.5) |
| Other miscellaneous expenses | (42.1) | (23.8) |
| Other income (loss) | (17.6) | (84.8) |
| Income from operating activities | 373.8 | 468.8 |
| Financial income | 10.1 | 12.7 |
| Financial costs | (103.4) | (85.0) |
| Share in other comprehensive income from related companies and joint businesses accounted for by using the share method | 5.4 | 2.9 |
| Exchange rate differences | 3.4 | 8.2 |
| Results from readjustment units | (0.1) | - |
| Income before tax | 271.7 | 322.7 |
| Income tax expense | (66.9) | (34.1) |
| INCOME FROM CONTINUING ACTIVITIES | 204.7 | 288.6 |
| INCOME | 204.7 | 288.6 |
| Income attributable to | | |
| Comprehensive income attributable to the controller's owners | 201.4 | 271.0 |
| Comprehensive income attributable to non-controlling participations | 3.3 | 17.6 |

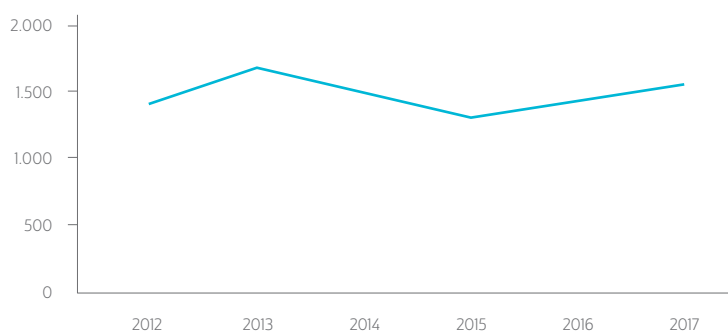




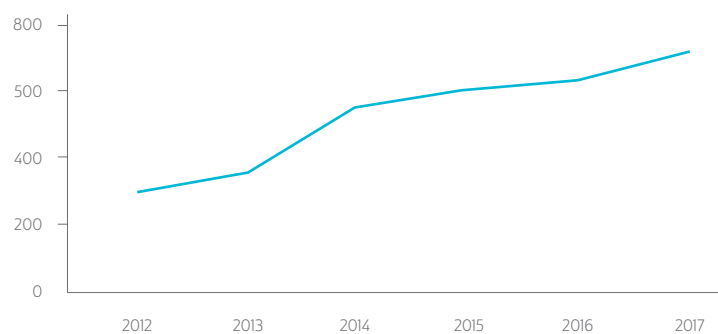
Evolution of Colbún's main financial metrics

The following charts show consolidated figures.

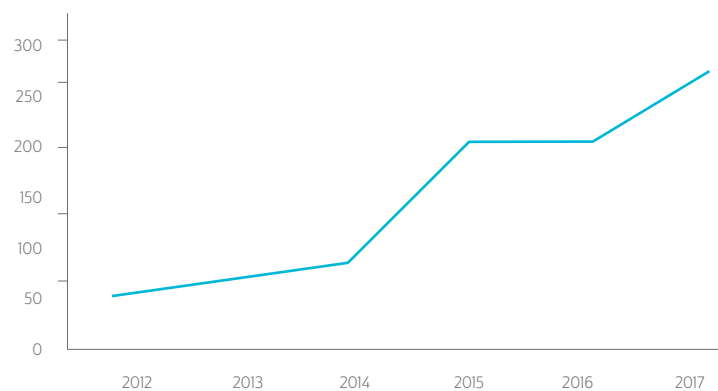
Total Income from Ordinary Activities (US\$ million)



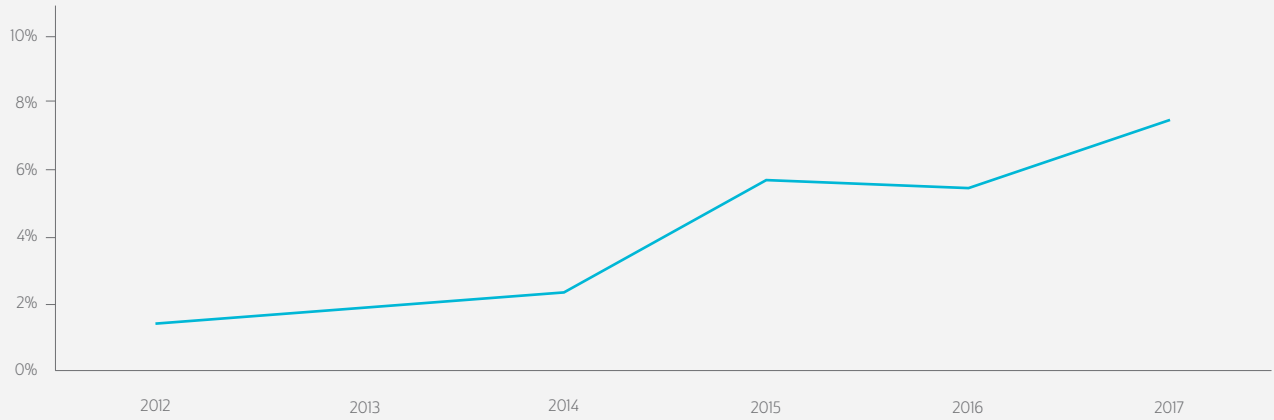
EBITDA (US\$ million)



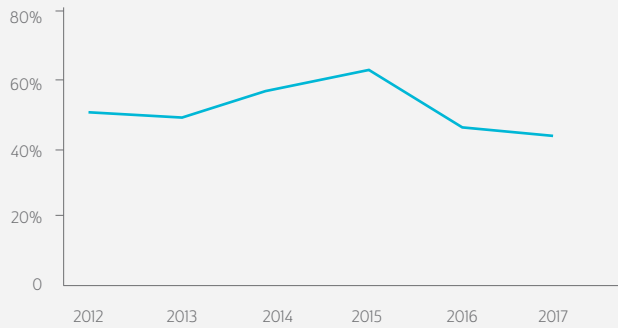
Income attributable to the parent Company (US\$ million)



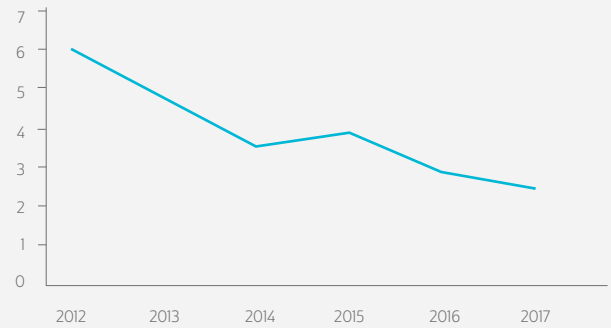
Income attributable to the parent Company /Equity (%)



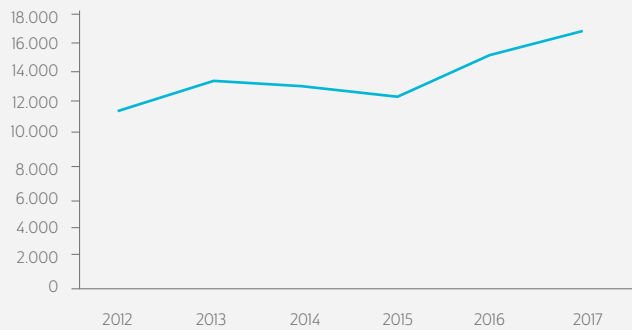
Gross Financial Debt / Equity (%)



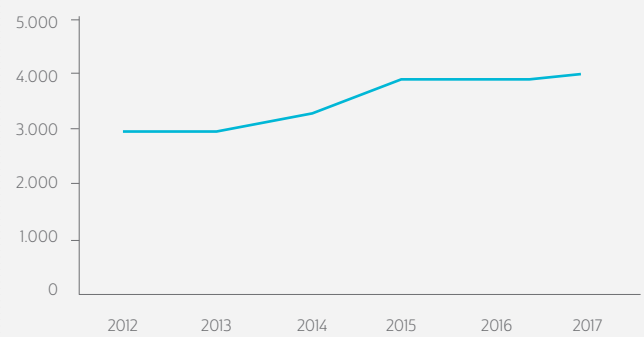
Gross Financial Debt / EBITDA (x)



Consolidated Colbún Generation (GWh)



Total Installed Capacity (MW)



3.2 Investor Relations

According to Colbún's annual survey, 89% of the investors interviewed agreed or highly agreed to the Company's transparency standards.



At Colbún we have implemented an Investor Relations model and Policy whereby we seek to provide our investors with transparent, relevant and timely information, regardless of their size, to keep them duly updated of the Company's operations.

In addition, the Company seeks to maintain long-term and trust relationships with its investors, to which end it has set up an exclusively dedicated Investor Relations Area that takes care of information requests both from Chile and from our Fenix Power affiliate in Peru.

Therefore, by means of our investor relations area, we have strengthened the communication with industry investors and analysts through a

series of initiatives, namely, the visits to our power plants, participation in breakfasts, periodic meetings at our offices and attendance to national and international conferences, where we provide timely response to their requests.

Along these lines, in 2017, Colbún conducted its first Investor Day, aimed at deepening our relationship with Company investors. In said opportunity, Company executives spoke to the audience providing some input on Colbún's strategy to face the Chilean and international power market challenges.

Colbún's management in this area is reflected on the perception survey conducted every year among its

various stakeholders to find out the risks and the gaps, where 89% of the investors interviewed agreed or highly agreed to the Company's transparency standards, while 100% positively evaluated the relationship with shareholders.

In addition, on occasion of the quarterly publication of Colbún and Fenix's financial results, this area prepares analysis reports and holds international conference calls to update the presentation of results to our investors. This material is available for any interested individual at our Company website, where it is periodically updated.



*Colbún Reservoir
Maule Region*

Investor Relations Model

Dedicated and trustworthy relationship

- I. Conference calls and breakfasts to present the quarterly results.
- II. One-on-one meetings: with market investors and analysts who so require.
- III. Attendance to national and international conferences.
- IV. Timely response to the inquiries by email and telephone.

Relevant and timely information

We seek to provide our investors with timely information, regardless of their size, to keep them duly updated of:

- I. the Company's operations and latest developments
- II. its future plans, and
- III. other relevant facts.

Transparent information

Our webpage contains information available to all our investors:

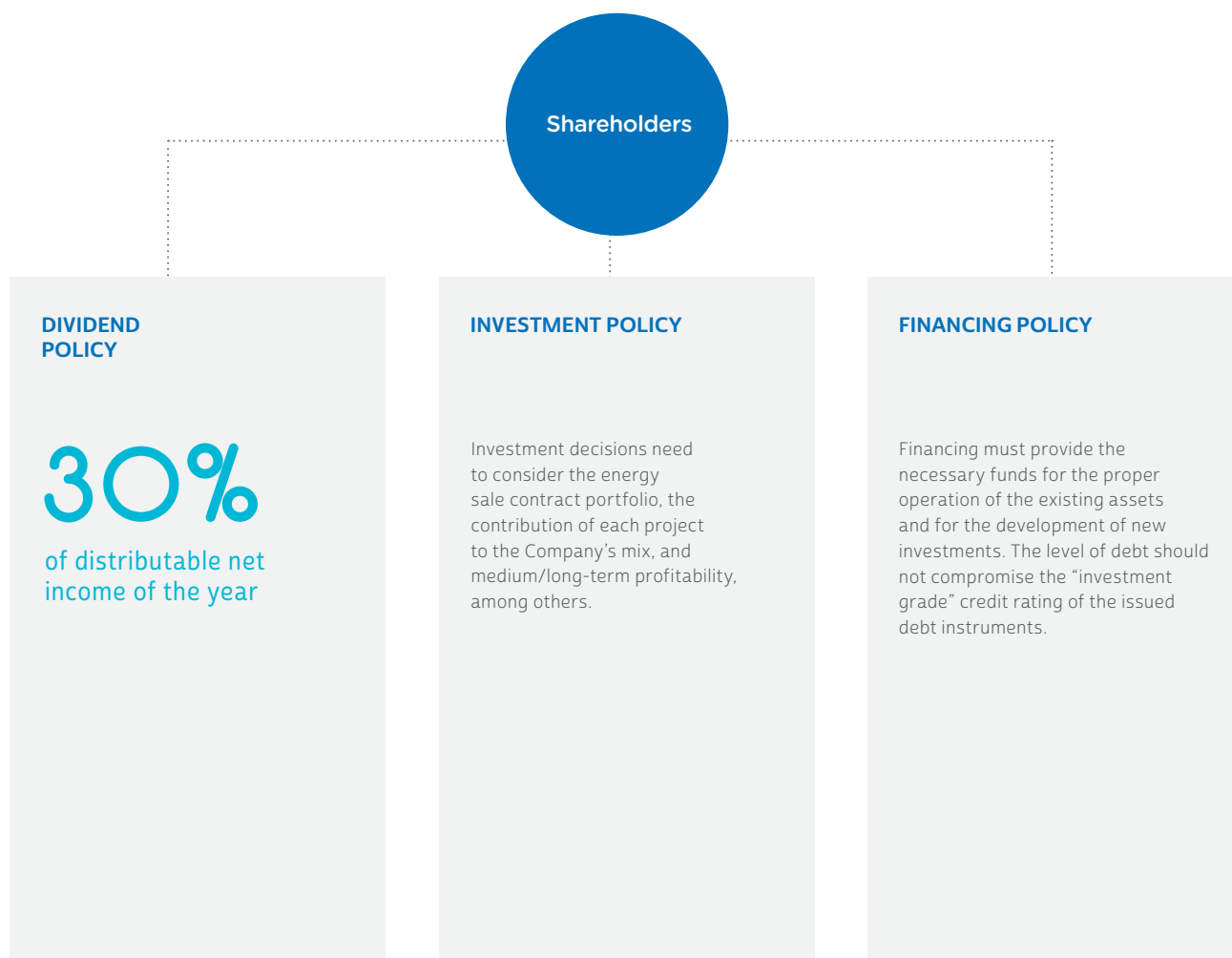
- I. Company's financial information
- II. Market information
- III. Main newss
- IV. Corporate presentations

Our Investor Relations Policy

This policy is aimed at establishing the general guidelines on the Company's information, its content and the manner in which it is provided to the investors. The core principle of this policy is to

deliver information on the Company's historic performance in an equitable manner without privileging any specific group, maintaining an active and open dialogue with the Investors Community, always in abidance by the applicable laws.

Financial policies approved by our shareholders





The first half of 2018 is scheduled to start operating Ovejería solar plant

3.3

Business Management: Commercial Policy and Energy Supply

Two relevant elements in Colbún's business are its Commercial Policy and its management that allow an ongoing and reliable energy supply. Below is a description of the main management elements in this field, which are supplemented with the Company's growth strategy, as shown in the end of this chapter.

Commercial policy and customer relationships

EU3

Colbún seeks to provide its customers with a reliable, sustainable and competitive energy supply. To that end, it has defined a Commercial Policy that considers an optimum contracting level based on its generation capacity, the hydrological risk, the demand and supply forecasts, and the indexation mechanisms in the contracts, among others.

CHILE

Regarding long-term energy contracting price, it has maintained a downward trend especially among the regulated customers segment. In the last tender to supply these clients – which volume was equivalent to 4% of the SIC's demand, in October 2017, the average price at which distribution companies were awarded the supply reached 32.5 US\$/MWh, approximately 30% down from the price at which energy supply was awarded in the last tender in August 2016. The results of this tender show an increased market competition due to the impact of the onset of new technologies, namely solar and wind power, demonstrating that its development cost in Chile can compete against the conventional technologies. The above also takes place within a context of lower fossil fuel prices over the last few years and a low growth in demand.

What is the Company's position in this matter? No doubt that the increased competition and the onset of new competitors is a positive signal for the market. However, we believe that competition in the power market must take into account sustainability, reliability and quality of supply over the long-term, and hence it is important to reinforce the financial tools to ensure the materialization of projects and that the projects meet the contracts they have been awarded in the regulated market tenders. In addition, we also note that some market players do not assign the same weight than Colbún to certain risks related to the regulated customers market, and they assess differently what the long-term price should be in this industry. Colbún has adapted to the new market conditions, identifying growth opportunities, particularly in the free customer segment – medium and large size consumers – where

we have detected attractive growth rates and for which the Company has designed a value proposition. Consequently, Colbún added the contracting of unregulated customers in the amount of 1,700 GWh for the period between October 2016 and December 2017, contracts that will start their supply in 2017 and 2018. In 2017, we supplied power to 47 clients, of which 19 are regulated (distribution companies) and 28 are unregulated customers.

Colbún added the contracting of unregulated customers for 1,700 GWh in the period between October 2016 and December 2017.

Evolution in the number of Colbún customers in Chile (EU3)

| Type of customer | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Distribution companies | 16 | 15 | 15 | 19 |
| Industrial customers (unregulated) | 6 | 3 | 3 | 28 |
| TOTAL | 22 | 18 | 18 | 47 |



In 2017, we conducted our First Annual Customer Meeting.

Regarding our customers, we have placed emphasis not only in supplying sustainable, safe and reliable energy, but also in that our supply will match our customers' requirements, generating close and long-term relationships with them. Within this context, in 2017 we conducted the first Annual Customer Meeting, aimed at sharing our general business vision and addressing the challenges of the sector so as to build a space of information and dialogue with our customers.

In addition, we presented Colbún's view on the evolution and main challenges of the power industry. Carlos Battle, a renowned international expert, professor at the University of Comillas and the MIT and one of the authors of the influential study Utility of the Future, also from the MIT participated in the event.

In the annual survey conducted by the Company to its different stakeholders to identify risks and gaps, 70% of the customers said they "agreed" or "highly agreed" to



The two units of Fenix Power Plant, Chilca, Peru

Colbún's sustainable management strategy.

Regarding the protection of our customers' data, we haven't received complaints relating to data loss or privacy violation.

PERU

Through Fenix we supply energy to eight large customers, among which are six regulated (distribution companies) and two unregulated or industrial customers.

In addition, this subsidiary has two contracts with other generators.

As in Chile, in Peru the Company also seeks to generate a close relationship and good customer service. All this was reflected in the annual survey carried out by this subsidiary to its customers, where the level of satisfaction reached 90%.

Number of customers, per type, in Peru (EU3)

| Type of customers | 2017 |
|------------------------|----------|
| Distribution companies | 6 |
| Industrial customers | 2 |
| TOTAL | 8 |



Customer Management Model

103-3, 418-1, 103-2

We seek to maintain a customized and long-term relationship with each of our clients. Our Customer Strategy is based on the following pillars:

RELIABLE, SUSTAINABLE AND COMPETITIVE SUPPLY

Our goal is to design, build and operate generation projects with high technical, economic, social and environmental standards to offer a sustainable and long-term energy supply to our clients in the markets where we operate. This sustainable supply implies meeting two important conditions:

Reliable Supply: To provide our customers with a reliable and

safe supply, we have a diversified generation mix that comprises an important base of renewable technologies (mainly hydropower, supplemented by commercialization of energy or NCRE attributes namely wind power and biomass) and thermoelectric power generation plants with high environmental standards. Our current hydraulic and thermoelectric assets are located in different zones of the country, helping the electricity system to maintain the reliability conditions required and offsetting the intermittence of variable energy generation sources.

Competitiveness: The management and the operational efficiency of our thermoelectric and hydroelectric power plants are very important to be in a position to offer competitive prices. We have progressed towards incorporating new technologies, namely solar and wind power to

To provide our customers with a reliable and safe supply, we have a diversified generation mix of technologies.

our generation portfolio to be able to supply even more competitive energy, from a more diversified mix, contributing to a safe and reliable energy transition in Chile.

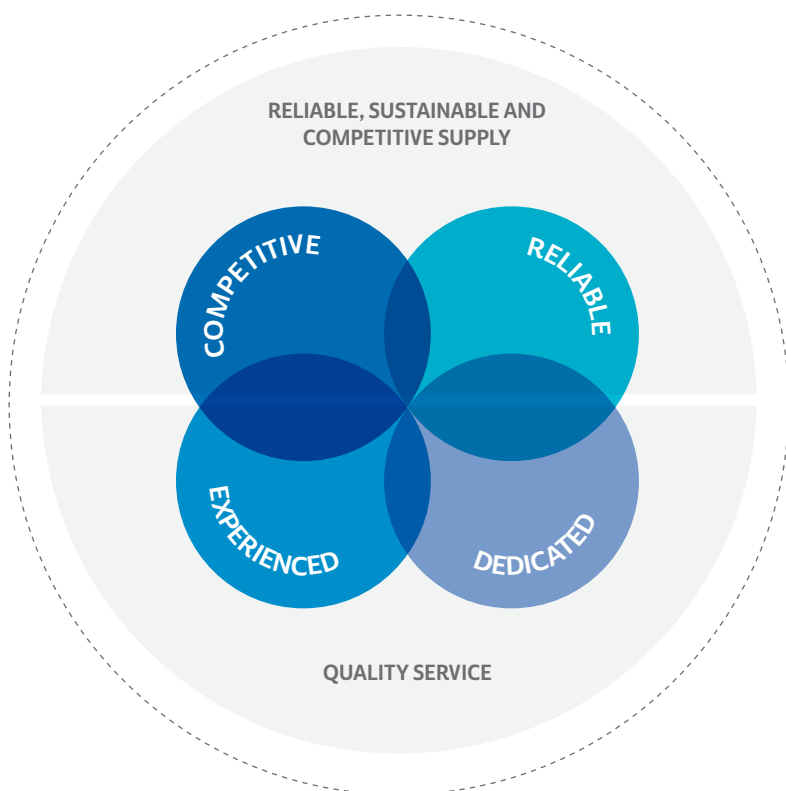
HIGH QUALITY SERVICE

We aim at building close and long-term relationships with our customers, based on mutual benefit, transparency and permanent dialogue. To meet this objective, we are driven by two principles, which will help us make a difference in the market:

Experience: Colbún has 30-year experience in the power generation business, with a professional, technical and highly committed team that is recognized among our competitors.

Dedication: Colbún manages its contractual relationships in a personalized manner, delivering quick, effective and customer-tailored solutions. To continue improving our customer service, we conduct an annual customer perception and satisfaction survey to detect opportunities for improvement in the service we provide.

Customer Management Model



Spillway at the
Colbún Power
Plant, Maule
Region.



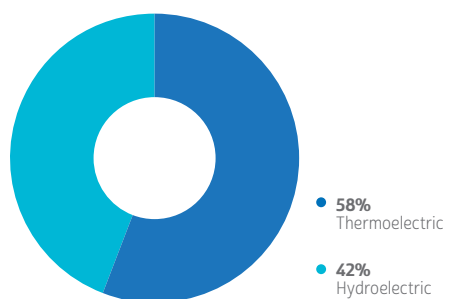


Power Generation and Commercialization

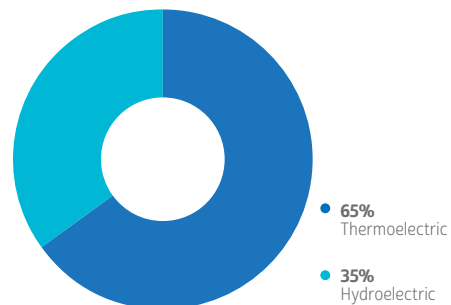
EU1, EU2

Colbún Consolidated

INSTALLED CAPACITY (MW)

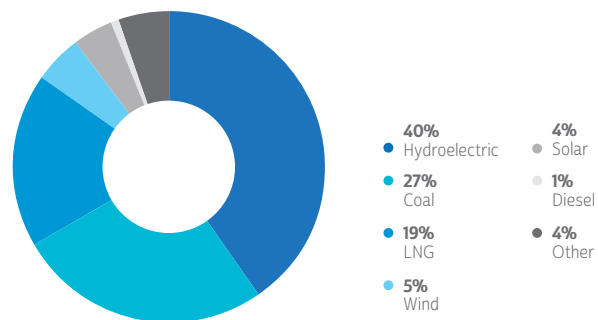


GENERATION (GWh)

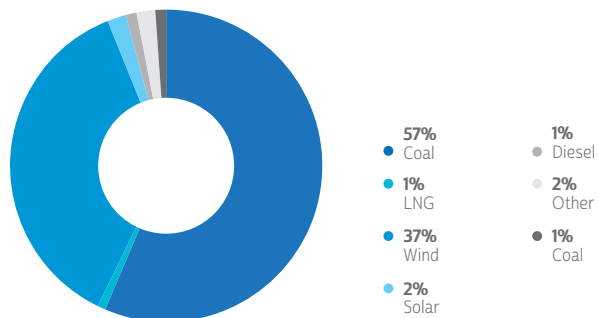


Sistem

Generation by Technology in the SIC, Chile



Generation by Technology in the SEIN, Peru



Colbún power generation and sales in Chile

Installed Capacity, by technology

| | |
|---------------|--------------|
| Hydroelectric | 1,634* |
| Thermolectric | 1,685 |
| Total | 3,319 |

Includes La Mina Power Plant.

Energy sales by type of customer

| | 2016 | 2017 |
|-----------------------------------|---------------|---------------|
| Distribution Companies | 6,534 | 6,332 |
| Industrial | 4,507 | 4,708 |
| Total sales under contract | 11,041 | 11,040 |
| Sales to the SEN | 919 | 1,435 |
| Total | 11,960 | 12,475 |

Average capacity sales by type of customer

| Customer | 2016 | 2017 |
|------------------------|--------------|--------------|
| Distribution Companies | 963 | 947 |
| Industrial | 617 | 661 |
| SEN | 40 | 83 |
| Total | 1,620 | 1,692 |

13%

Colbún's total generation increase in 2017

In year-to-date terms, physical sales in Chile amounted to 12,475 GWh in 2017, 4% up from December 2016. The greater physical sales for the period are due mainly to higher sales on the spot market (919 GWh in 2016 vs. 1,435 GWh in 2017) and higher sales to unregulated customers, partly offset by lower energy withdrawals from regulated customers.

Colbún's total year-to-date generation in 2017 increased by 13% as compared to the previous year, due mainly to higher hydraulic generation (+24%) and higher natural gas and coal thermoelectric generation, partly offset by lower diesel generation.

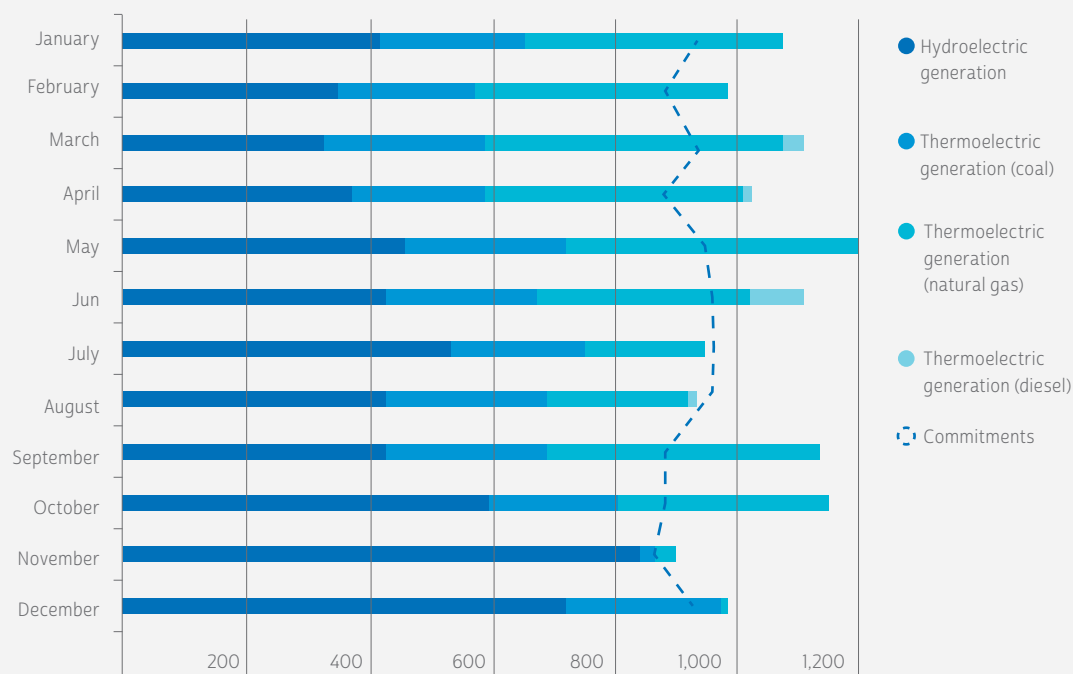
Own generation and purchases on the spot market (GWh)

| | 2016 | 2017 |
|-------------------------------|---------------|---------------|
| Hydraulic | 4,766 | 5,895 |
| Thermoelectric gas | 3,603 | 3,822 |
| Thermoelectric diesel | 305 | 163 |
| Thermoelectric coal | 2,505 | 2,716 |
| Total own Generation | 11,179 | 12,597 |
| Purchases from the SEN | 906 | 61 |
| Total | 12,086 | 12,658 |

Efficient base generation (hydroelectric, coal and natural gas) covered 100% of the yearly commitments.

The following chart shows the behavior during 2017; Colbún recorded a deficit only in July and August.

2017 Generation versus Commitments (GWh)



GENERATION AND SALES IN PERU

INSTALLED CAPACITY (MW)

| Type of Energy | 2017 |
|----------------|------------|
| Thermal | 565 |
| Total | 565 |

Energy sales 2017 per type of customer (GWh)

| | 2016 | 2017 |
|-----------------------------------|--------------|--------------|
| Distribution companies | 1,981 | 1,827 |
| Industrial clients | 378 | 409 |
| Generation companies | 828 | 776 |
| Total sales under contract | 3,187 | 3,012 |
| Sales to the spot market | 881 | 1,100 |
| Total | 4,068 | 4,112 |

Average capacity sales per type of customer (MW)

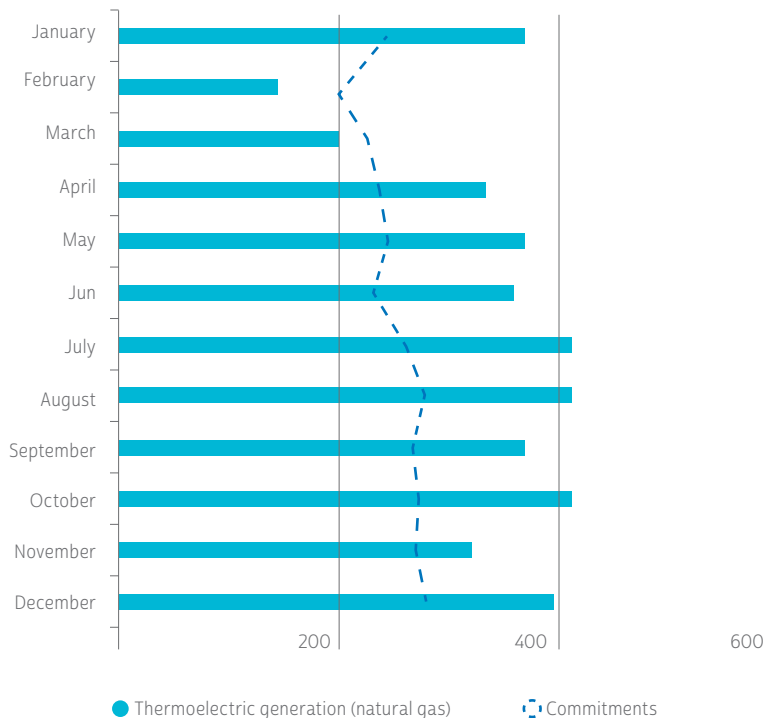
| Type of customer | 2016 | 2017 |
|------------------------|------------|------------|
| Distribution companies | 346 | 281 |
| Industrial customer | 8 | 54 |
| SEIN | 208 | 222 |
| Total | 562 | 557 |

Own generation and purchases on the spot market (GWh) 2017

| | 2016 | 2017 |
|--------------------------------|--------------|--------------|
| Thermal Gas | 3,576 | 4,113 |
| Thermal Diesel | 5 | 0 |
| Total own generation | 3,582 | 4,113 |
| Purchases from the spot market | 486 | 93 |
| Total | 4,068 | 4,206 |

Physical sales to customers under contract in Peru as of December 2017 amounted to 3,012 GWh, 5% down as compared to the same period of the previous year, mainly due to the expiration of bilateral short-term contracts. In turn, Fenix thermal gas generation reached 4,113 GWh as of December 2017, representing an increase of 15% as compared to December 2016, mainly due to higher availability of the power plant compared to 2016, as a result of the limitation of gas transportation and the disconnection of the Fenix thermoelectric plant in July and September 2016. The foregoing means that, during that year, 100% of the commitments were supplied with own generation.

Generation versus Commitments 2017 (GWh)



Nehuenco Thermoelectric Complex, Quillota municipality, Valparaíso Region.



Power Plants Availability and Reliability

EU6, EU30, 103-2, 103-3

One of Colbún focal points is the Sustainable Management of its generation power plants. This means, maintaining high standards of availability and reliability in its plants; being efficient in their operation; doing it in harmony with the environment, while allowing the professional development of its workers.

To achieve these objectives, the Company, through its Generation Division, has been working on several initiatives, many of them linked to digitization processes and the incorporation of new technologies for more efficient operation and maintenance.

MANAGING MAINTENANCE

In 2017, the leveraged maintenance program was implemented through pervasive improvement programs, such as Reliability Plans, Loss Control, Predictive Maintenance Program Scope Expansion, Redefinition of Maintenance Strategies in Canutillar, Angostura and Carena, and Centralized Reinforcement of Maintenance Planning and Execution, in addition to Unit Start-Up, achieving more efficient stoppages in terms of time and resources.

MAINTENANCE IN THERMOELECTRIC COMPLEXES

Nehuenco I:

During July, and in order to map out the work required during major maintenance, a Minor Inspection was carried out. The main work included gas turbine inspection (TG), review and replacement of TG combustion chamber ceramic plates, inspection of valves and blades stage L-O of the steam turbine.

Subsequently, between October and December, the scheduled major maintenance of the unit and the execution of life extension projects for 25,000 equivalent hours of operation were carried out. The main work carried out was the inspection of extended hot gas routes, medium maintenance of the steam turbine and generators, modernization of the control system to the T-3000 and replacement of major boiler components.

Nehuenco II:

In the second half of the year, the scheduled major maintenance of the unit was conducted. The main work included the replacement of the transformer of the steam turbine, the standardization of the operation based on liquid fuel and the internal inspection of the boiler.

The sustainable operation of our facilities requires them to maintain high standards of availability and reliability; to operate in an efficient manner; doing this in harmony with the environment, while allowing the professional development of our workers.

Santa María Complex:

The annual maintenance of the power plant was conducted in November; the reduction of the specific consumption of coal was confirmed; this was achieved after the improvements made in the 2016 maintenance.

This was the first year without breakage of the boiler pipes, resulting from the strengthening and various improvements performed in recent years.

Fenix Power Plant:

In February-March 2017, the minor maintenance of the units was completed and the generator rotor of the GT11 unit was replaced. Additionally, torsion relays were installed to protect the units against the sub-synchronous resonance phenomenon affecting the 550-kV system.

In order to improve the reliability of the power transformers, two new transformers were acquired to replace the GT11 and GT12 units and a rail system was built to minimize

their replacement time. Likewise, a platform was built on ST10 for generator maintenance. The Asset Performance Management APM predictive monitoring system was installed, where the most important parameters of the equipment involved in the generation process are monitored, enabling the detection of potential failures and making the necessary interventions to avoid their occurrence, with important improvements in the reliability of the process and availability of the generating units.

MAINTENANCE AND MODERNIZATION OF HYDROELECTRIC POWER PLANTS

Aconcagua Complex:

The first stage of the generation SCADA was opened in July; this system enables the remote oversight of all generation units in the Complex plants.





Biobío Complex:

The new administration offices and warehouse of the Angostura Power Plant were opened in June.

At the Rucúe Power Plant, the DCS that enables the control of the units, ancillary services and hydraulic works for the Plant was replaced.

Colbún Complex:

The 30-year Major Maintenance of Unit 1 of the Colbún Power Plant was successfully completed in March.

On the other hand, as of December 1, the Generation Division took over the operation and maintenance of the La Mina Plant, which is now part of the plants that make up the Colbún Complex.

Carena Power Plant:

The tunnel reinforcement program scheduled until 2022 continued with the maintenance of the Los Piques tunnel.

Canutillar Power Plant:

This year, the cleanup of the main adduction grid was completed, thus maximizing generation per unit.



AVAILABILITIES AND LOAD FACTORS

In terms of management indicators, the average availability of power plants in Chile was 91.6%, with a significant increase as compared to 85.5% in 2016 (1). This result reflects the improvements being implemented in the power plants - as per the previous section - as well as others, such as the optimization of in-service and out-of-service maintenance strategies for our generating units. In addition, there was a load factor of 43.7% for our plants in Chile, higher

than in 2016 (38.8%). This increase resulted, on the one hand, from the more favorable hydrological conditions and, on the other, from improvements in the coordination between the generation area and the business area.

Availability of the hydroelectric power plants:

The availability of the hydroelectric power plants reached 94.9%, with a load factor of 41.9%, both values exceeding those of the previous year. This reflects a better availability of the water resource which led Colbún

to use this resource in a better manner.

On November 13, 2017 the Company hit an all-time daily hydraulic generation record in its 30 years of existence, by generating 326 GWh considering all plants based on this technology.

Availability Per Hydroelectric Power Plant (%) (EU30)

| Power Plant | 2016 | 2017 |
|--------------|--------|--------|
| Carena | 84.83% | 90.81% |
| Los Quilos | 96.43% | 94.30% |
| Chacabuquito | 61.13% | 95.29% |
| Juncal | 71.60% | 95.29% |
| Blanco | 71.02% | 94.10% |
| Juncalito | 49.75% | 87.74% |
| Hornitos | 95.79% | 94.48% |
| Colbún | 93.26% | 94.21% |
| Machicura | 95.25% | 95.87% |
| San Ignacio | 95.03% | 98.13% |
| Chiburgo | 93.80% | 98.69% |
| San Clemente | 89.92% | 98.71% |
| Angostura | 96.03% | 95.36% |
| Rucúe | 91.93% | 93.57% |
| Quilleco | 95.69% | 96.87% |
| Canutillar | 93.78% | 95.16% |

Availability of the thermoelectric power plants:

Among the gas-fired power plants, the main one is the Nehuenco Complex, which combined cycles recorded an availability of 79.7%. Additionally, their load factor was 54.8%, slightly higher than 2016, with 53.2%. This reflects the significant

improvements in maintenance achieved in the previous year, reflected in this year's indicators.

The single-cycle power plants recorded an availability of 98.7% and a load factor of 6.1%, slightly lower than the 2016 load factor of 6.5%.

(1) It does not include the La Mina Power Plant, which was at the final commissioning stage at the closing of the preparation of this Integrated Report.



92%

was the average total availability for all Power Plants in Chile in 2017, while at Fenix, availability was 91%.

98%

was the average total reliability for all Power Plants in Chile in 2017, while at Fenix, reliability was 96%.

The Santa María power plant recorded an availability of 92.6%, higher than 2016 and a load factor of 88.6%, the highest since the plant's commissioning. This reflects the result of the improvements made in this unit.

other, of new initiatives, such as APM, a predictive maintenance tool.

Fenix in Peru recorded an availability of 90.6% in 2017 and a load factor of 75.5%. Both indicators are higher than the previous year, as a result, on the one hand, of the improvements made during plant maintenance and, on the

Availability Per Thermoelectric Power Plant (%) (EU30)

| Power Plant | 2016 | 2017 |
|---------------|--------|--------|
| Nehuenco I | 90.92% | 73.05% |
| Nehuenco II | 48.48% | 85.78% |
| Nehuenco III | 99.15% | 98.88% |
| Candelaria I | 99.96% | 98.17% |
| Candelaria II | 99.86% | 99.18% |
| Antihue I | 98.74% | 99.83% |
| Antihue II | 98.72% | 95.84% |
| Los Pinos | 96.91% | 99.67% |
| Santa María | 83.19% | 92.59% |
| Fenix | 87.80% | 90.64% |



The Power Transmission Business

EU4, EU12, 103-2, 103-3

The power transmission infrastructure is fundamental for the reliability of the power supply and its competitiveness and access to the different generation sources. Colbún owns 941 km of transmission lines and a total of 28 substations. The Transmission team reports to the Business and Energy Management Division. The area specializing in the management of transmission facilities, created in 2015, has 43 employees. Its objectives are:

- Minimize transmission losses and maximize the reliability of the lines.
- Define and carry out scheduled maintenance plans and

contingencies for existing facilities, in order to improve the efficiency and reliability indicators.

- Participate in the technical definition of the new transmission facilities to be developed so as to fulfill the legal requirements of reliability and safety.
- Commercially manage transmission facilities in order to obtain the adequate remuneration in each segment where they operate (National, Zonal and Dedicated).

In the Colbún annual perception survey applied to different stakeholders to detect risks and gaps, 69.8% of transmission customers showed a favorable view regarding the Company's sustainable management.

The area specializing in the management of the transmission facilities within Colbún was created in 2015 and has 43 employees.



99,9%

is the availability recorded for transmission lines operated by the Company

Transmission lines Owned By Colbún, Km (EU4)

| Transmission Assets | 2016 | 2017 |
|--------------------------------------|--------------|--------------|
| Colbún S.A. | 652.2 | 609.7 |
| Affiliates (Colbún Transmisión S.A.) | 263.8 | 331.3 |
| TOTAL | 916.0 | 941.0 |

Transmission Losses as a Percentage Of Total Energy (EU12)

| | 2016 | 2017 |
|----------------------------|-------------|-------------|
| Transmission losses | 1,1% | 1,3% |

NOTE: Our transmission line losses are directly related to the coordinated operation of the entire National Electricity System (SEN), which is defined by the National Electrical Coordinator (CEN) responsible for determining and coordinating the operation of all facilities in the power system, including power generation plants and transmission lines, among others.

Transmission Availability (2.7.2 DJSI)

| | 2016 | 2017 |
|--|---------------|---------------|
| Availability of transmission (time in %): | 99.56% | 99.86% |

Note: The data on transmission availability refer to the annual availability of the Colbún facilities and they reflect the evolution of availability in a better manner.

TRANSMISSION PROJECTS UNDER DEVELOPMENT

In agreement with the current regulation and as a consequence of Transmission System Expansion Decrees published by the Ministry of Energy, Colbún S.A. and its subsidiary

Colbún Transmisión S.A. are developing several expansion and regulatory adjustment projects in their facilities classified as National.

| Work | Term (months) | Amount Allocated (Thousands of US\$) |
|---|---------------|--------------------------------------|
| Engineering, Supply, Construction and Commissioning of the Puente Negro 220 kV Substation, DS 15 8 | 24 | 11,259 |
| Engineering, Supply, Construction, Testing and Standardization Commissioning of 220 kV Candelaria Substation, and New Compensation Series at the Puente Negro 220 kV Substation, DS 373 | 24 | 21187 |
| Engineering, Supply, Construction, Testing and Standardization Commissioning of Ancoa 220kV Substation, DS 37 3 | 24 | 1,613 |
| Engineering, Supply, Construction, Testing and Standardization Commissioning of Segments J3 and J10 at Alto Jahuel 220 kV Substation, DS 373 | 15 | 587 |
| Engineering, Supply, Construction, Testing and Commissioning of Expansion and Change of Layout Maipo 220kV Substation, DS 373 | 24 | 15,319 |
| Engineering, Supply, Construction, Testing and Standardization Commissioning of Segment J12 at Polpaico 220 kV Substation and Standardization at Los Maiquis 220 kV Substation, DS 373 | 32 | 8,601 |
| Total | | 58,566 |

Additionally, the tender for the expansion works at Mulchén substation was opened - based on the following characteristics - to be awarded in January of 2018:

| Tender in process | Term (months) | VI* Estimated (Thousands of US\$) |
|--|---------------|-----------------------------------|
| Expansion of the Mulchén 220 kV substation at five segment positions in order to enable the connection of generation projects in the area (ME 422) | 21 | 3,620 |

Note: The estimated Investment Value (VI) is the value published by the CNE as a reference in the respective Decree (DS 373).*

RELEVANT MILESTONES IN TRANSMISSION FOR THE YEAR

1.- In 2017, the following facilities were transferred from Colbún S.A. to Colbún Transmisión S.A., because they were classified as National in the most recent transmission facilities classification process:

Line 1x220 kV Polpaico - Quilapilún - El Llano

Line 2x220 kV El Llano - Los Maquis

2.- In late October, a commercial agreement was subscribed with Melón Cementos S.A. whereby the validity of the current tolls contract is extended for another 9 years and agreeing on the improvement of contract provisions associated to the availability conditions of the transmission systems involved in the contract.

Huequecura
Lookout, Angostura
Reservoir, Biobío
Region





Transmission towers in the Aconcagua Valley. Picture by Jorge Jaramillo, Aconcagua Complex

TRANSMISSION CUSTOMERS, PER TYPE

| Type of Customer | N° |
|------------------------|----------|
| Distribution companies | 2 |
| Generation companies | 2 |
| Industrial clients | 3 |
| Mining companies | 2 |
| Total | 9 |

3.4

Ethics and Corporate Governance

102-25, 102-16, 102-17, 102-43, 205-1, 205-2, 205-3, 103-2, 103-3

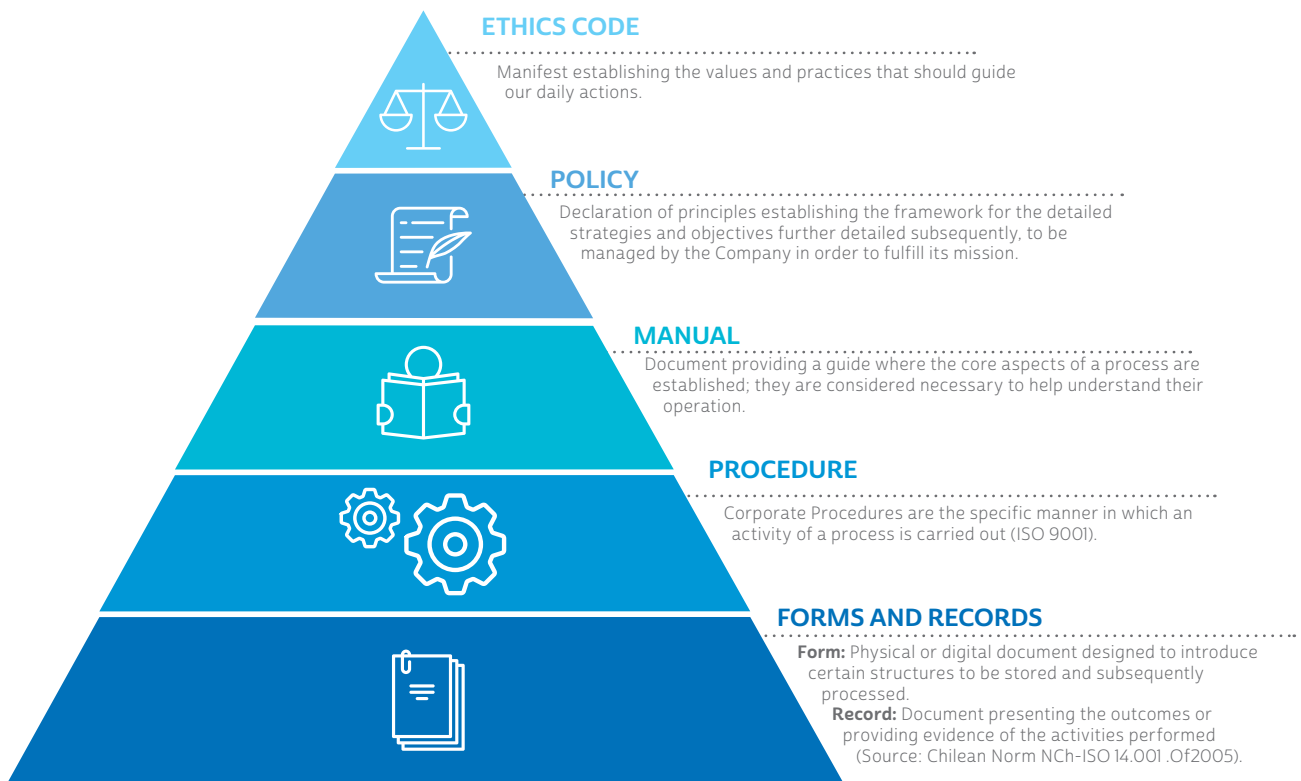
Corporate Governance Framework

102-26

At Colbún we have made available to all our workers the Corporate Policies and Procedures website called Colbunpedia, which enables access to the following information:

- Corporate Documents
- Company Process Maps
- List of Policies and Procedures per process

Our Corporate Governance is ruled by policies and procedures that have been disseminated within the Company. Approvals and/or updates of the regulatory bodies and policies associated to the economic, environmental and social issues of the organization are proposed by the Company's senior management, headed by its General Management, and subject to the approval of the Board of Directors.



Ethics Based Culture

102-26, 102-16

At Colbún, we have a Code of Conduct and Business Ethics since 2013 that sets forth the mission, vision, values, ethical principles and practices that must guide our daily activities and the decision-making of all our workers, contractors and suppliers. Our Ethics Code undergoes an annual review in search of potential improvements: the last update was published in February 2017.

This document was disseminated by means of an email sent by the General Management to all the members of the organization, and an explanatory video on the content of the Code of Business Ethics.

Regarding new workers, while they undergo the induction process they must be acquainted with the existence of the code, learn about the principles and the main topics addressed thereby. In addition, as part of the dissemination process, “Eticapsulas” were sent by email to all the members of the organization to reinforce the key guidelines of the Code of Business Ethics.

In the case of Fenix, in December 2016, the Company approved a new Code of Business Ethics based on Colbún’s and during the second fifteen days of March 2017 the Compliance Hotline was re-launched at both Fenix branch offices. On the occasion, explanation was given on how it worked, on the confidentiality with which the information was treated, its responsible use and the importance it had for the Company.

Informative panels have been displayed about the Compliance Hotline and its functioning at high-visibility sites of Surco and Chilca offices.

Also, in September 2017, dissemination was made of the procedure to manage

ethics inquiries or complaints, which defines the activities that must be conducted to manage incoming calls on the Compliance Hotline through the public means made available to the various Company stakeholders. Finally, it is worth noting that early in January 2018, at the request of the Board of Directors, Colbún created an Integration Plan aimed at ensuring an inclusive culture across the Company and at advancing toward issues relating to human rights, free competition, ethics dilemmas, gender and diversity, keeping the Board informed of all the progresses and any internal and external conflict duly in advance.

Complaint Management

102-17

The Code of Ethics is published on our web page so that all our stakeholders have access to it and can make inquiries or complaints if necessary. To this end, we have a communication channel available on the website called “Línea de Denuncia” (Compliance Hotline) that operates via telephone, electronic form, e-mail or regular post to receive direct or anonymous complaints related to compliance with the standards of ethical conduct, conflicts of interest and any issue relating to a potential non-compliance with these standards. This communication channel may be used by any interested individual.

In addition, employees are informed of the reporting mechanisms through the intranet. Complaints are channeled through the Ethics Committee, entity consisting of Internal Auditing, Legal Affairs Management and Organization and People Management.

During 2017, 23 communications were

Throughout the year 2017 all the members of the organization were sent a series of emails with “Eticapsulas”, graphic pieces that sought to reinforce the key guidelines of the Code of Ethics.

received through the Compliance Hotline in Chile and 3 in Peru, all of which were addressed according to the established procedure.

The Ethics Committee is also the entity responsible for the investigation and operational analysis of complaints, in an independent, confidential and non-retaliatory manner.

After the Committee conducts the investigation, it is submitted to the Audit Committee of the Board of Directors, which has ultimate responsibility for this communication channel.

Management of Potential Conflicts of Interest

102-25

To Colbún, acting in a consistent and transparent manner is fundamental, avoiding the conflicts

of interest that may arise, or, managing them appropriately, if necessary. Our Ethics Code defines that conflicts of interest arise in any situation where a worker resorts to his contacts and/or his position in the Company to its own (or close relatives') benefit, businesses or personal finances.

It also provides that each worker is responsible for preventing these issues or for managing them adequately, by notifying any situation of potential conflict of interest to his direct supervisor and the Internal Auditing Manager.

If a Board member is faced with a possible conflict of interest situation, it must be reported to the Board of Directors. In turn, the reporting Board member must refrain from participating in the

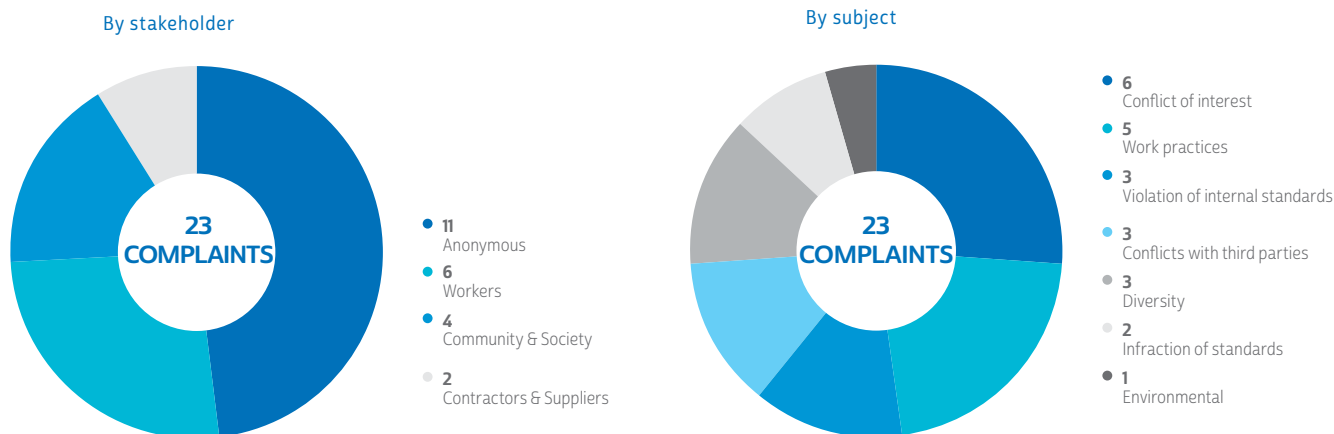
discussions related to the issue reported, as provided by the law.

Crime Prevention Model

205-1, 205-2, 205-3

Our company has implemented a Crime Prevention Model within the framework of Law 20,393 on Criminal Liability of Corporations that seeks to prevent the risk of bribery, money laundering, financing of terrorism and handling of stolen goods. The model is provided with an internal and external regulatory standard, and with a Crime Prevention Head (Internal Auditing Manager) designated by the Board. The model was certified by the second time in December 2017 by the risk rating agency ICR. In 2017, Colbún informed the workers about the anti-corruption procedures by means of e-learning training sessions on the Law on Criminal Liability of Corporations,

Complaints received in Chile in 2017*



Note: Complaints raised through the Compliance Hotline. In the case of Peru, three complaints were received which were timely addressed.



including bribery. In 2017, no complaints were reported in connection with crimes described in the above-mentioned law.

In addition, Colbún incorporates in its contracts with contractors and suppliers provisions to ensure that advisors and third parties linked to the Company will comply with the law in this matter.

In 2017, in agreement with the Peruvian law, a Crime Prevention Model and Manual was drafted. Such model establishes preventative and surveillance measures on processes and activities exposed to bribery risks involving national or foreign officers, financing of terrorism and asset laundering. Also, it includes the principles, values and duties that

should guide the daily actions and the decision-making of all our contractors and suppliers, whenever appropriate. In addition, the Company is preparing the criminal risks matrix, in compliance with D. Leg 1,352.

Free Competition

206-1

The Company has implemented a Free Competition Policy approved by the Board. This Policy establishes that all workers must fully abide by the standards for the defense of free competition. Also, definition is provided of the practices regarded as opposed to free competition, such as collusion or any agreement by Colbún and its competitors involving prices,

sales conditions, market segmentation and production limitations, among others. It should be noted that in 2017 Colbún's Free Competition Compliance Program was certified by the Company "BH Compliance".

Regarding training in anti-competitive conduct, the Company has periodically trained its senior executives since 2011 to keep them updated of the latest developments in this subject.

The Company has not been sued over anti-trust practices or free competition issues in Chile or in Peru.

Risk Management

102-19, 102-26, 102-29, 102-30, 102-31

Colbún has a Risk Management Unit and a Risk and Sustainability Committee that tracks the strategic risks faced by Colbún.

Risk management is considered an essential part of the Company's business and is part of the matters that the General Manager reports to the Board of Directors for its discussion and analysis.

The Risks and Sustainability Committee meets every month and is composed of the General

Manager, the Chief Executives and their meetings are also attended by a representative of the Board of Directors. Other Directors may also attend.

The Company's policies allow identifying and controlling risks and are available on the web. These include, among others Sustainability, Community Relations, Financing, Investment and Occupational Safety and Health Policies.

Colbún has a Crime Prevention Model, which in 2017 was certified for the second time by the credit rating agency ICR.





View of the
Aconcagua Valley,
Valparaíso Region.
Picture by Ricardo
Latorre, Aconcagua
Complex.

MAIN RISK MANAGEMENT GUIDELINES:

- **Safeguarding business sustainability**, by defining mitigation actions to address the impacts of an adverse behavior of variables that bear upon the Company's results or trust capital.
- **Integrating the risk vision** in the management of the Company and each business area.
- **Generating an organizational structure and a management methodology** that allows managing the Company risks.
- **Minimizing the risks in a cost efficient manner so as to respond** to the changing market environment.
- **Monitoring compliance with the mitigation plans** agreed upon and the resulting residual risk levels.

| | | |
|---|----------------------|--|
| Economic Performance Related Risks | Power Business Risks | Variation in demand/supply/prices |
| | | Natural disasters |
| | | Fuel prices |
| | | Fuel supply |
| | | Equipment and power transmission lines failure and maintenance |
| | | Cyber-attacks* |
| | | Project construction |
| | | Regulatory non-compliance |
| | | Supply/service to key clients |
| | | Hydrology |
| Financial Risks | | Rate of exchange |
| | | Interest rate |
| | | Credit |
| | | Liquidity |
| | | Risk rating |
| | | Regulatory non-compliance |
| Ethics Compliance and Governance Risks | | Reputational damage |
| | | Data theft and/or loss |
| | | Unethical behavior |
| Social Performance Related Risks | Labor Risks | Retention of professionals |
| | | Strikes |
| | | Occupational illnesses |
| | | Occupational accidents |
| Community Risks | | Regulatory non-compliance |
| | | Interruption of projects and/or operations |
| Environmental Performance Related Risks | Environmental Risks | Social incidents |
| | | Climate change |
| | | Regulatory non-compliance |
| | | Environmental incidents |

* Emerging Risks

TECHNOLOGY INNOVATIONS TO MANAGE RISK

Information security and cyber security risks.


Due to the technological progress and the importance of information, companies are exposed to possible thefts and/or loss of confidential information and cyber attacks that may stop their operations. In 2017, 90% of large companies suffered some type of cyber attack by intruders who take advantage of the security gaps.

Colbún has identified the Company's confidential information and has adopted some tools to manage it; in addition, it has set up a security area led by the Corporate Information Security Officer (CISO) who provides guidelines and leads projects to reinforce the information security environment. The Company has implemented monitoring and protection tools to prevent cyber attacks. Also, periodic ethical hackings are done to review collateral and internal vulnerabilities in the company network and the employees' data

held by the organization. These are submitted to the Information Security Committee that meets every quarter.

Legal Compliance Risks.

In 2017, Colbún implemented a technology solution called M-Risk aimed at handling legal compliance management risks. M-Risk allows mitigating the risks with a comprehensive approach, collaborating with business sustainability in the achievement of objectives, hence reinforcing and facilitating a comprehensive follow-up of each regulation or legal body applicable to establish a compliance agenda for each requirement.



Catwalk built by
Colbún in the
National Park Alerce
Andino, Los Lagos
Region.



 Colbun
CENTRAL LA MINA

Powerhouse
of La Mina
Power Plant, San
Clemente, Maule
Region

3.5

Growth Prospects

103-2, 103-3

We have a diversified portfolio of projects in different stages of development, whose materialization is subject to the technical / financial evaluations of each initiative, the energy needs of the country and the development of a management that allows an adequate insertion of the projects in their environment and in the communities that host them

Projects

Colbún-6.EC

At Colbún we seek to maximize the value of our Company by exploring and identifying growth opportunities through projects that allow us meeting the energy demand in a competitive, safe and sustainable manner.

In order to achieve this goal, we have a diversified portfolio of projects at different stages of development, whose materialization is subject to the technical / financial evaluations of each initiative, the energy needs of the country and the development of a management that allows an adequate insertion of projects in their environment and in the communities that welcome them.

PROJECTS UNDER EXECUTION

La Mina Hydroelectric Project:

La Mina is a non-conventional renewable energy project (NCRE) located in San Clemente, approximately 110 km east of the city of Talca. This run-of-the-river power station has an installed capacity of 37 MW and an annual average generation of 191 GWh. The energy will be injected to the SIC at the 220 kV Loma Alta substation, through a 24 km 66 kV single circuit high-voltage line (HVL). The project will tap on the hydroelectric potential of the Maule River and capture the water when it converges with the Puelche River, restoring the water to the same river 2 km downstream of the intake point. The Project started construction in January 2015 and was completed in May 2017 with the synchronization of its two turbines to the National Electricity System (SEN). The execution of this project is deemed to be a success from all perspectives.

The amount invested, including the transmission line is of approximately US\$130 million.

Ovejería Project:

It involves the construction of a Small Distributed Generation Medium (PMGD for its acronym in Spanish) photovoltaic plant located in the district of Til Til, Metropolitan Region. The installed capacity will amount to 9 MW with an annual average generation of 21.7 GWh, which will be delivered through an existing transmission line.

In July the Board agreed to make this investment, equivalent to approximately US\$9 million, and the estimated commissioning date is the second quarter of 2018; the construction of this project started in December 2017.

607MW

is the installed capacity of the Horizonte project, which will have an annual average generation of approximately 1,900 GWh



PROJECTS UNDER DEVELOPMENT

San Pedro Hydroelectric Project:

The San Pedro Hydroelectric Project is located about 25 kilometers north-east of Los Lagos district, Los Ríos Region and considers using the water from the homonymous river through a reservoir power plant located between the drain channel of the Riñihue Lake and the Malihue Bridge. Taking into account the project adjustments, it will have an installed capacity of approximately 170 MW for an annual generation of 953 GWh under normal hydrological conditions. The operation of the power plant will be such that the reservoir level will remain practically constant, which means that the flow downstream of the plant will not be altered by its operation.

The San Pedro-Ciruelos transmission line project will allow to inject energy from San Pedro power plant to the SEN over a 47 km. 220 kV line

that will connect to the Ciruelos substation, located about 40 km al northeast of Valdivia.

Due to the early termination of the environmental processing of the EIA by the authority over the modification of the project in 2015 for lack of essential information, the Company is preparing the technical information required to re-enter the project at due opportunity, in an attempt to provide timely and comprehensive response to the request for information by the authority. In addition, the company put in place a relationship plan and set up work groups with social organizations to define joint proposals that enable the project to contribute to the local and regional development and welfare.

Guaquivilo Melado Hydroelectric Project:

The Guaquivilo Melado hydroelectric power plant project



is a hydroelectric complex, located in the basins of the Guaiquivilo and Melado rivers, in the district of Colbún, province of Linares. It has a total installed capacity of approximately 316 MW and an average annual generation of approximately 1,629 GWh. In order to inject energy into the SEN, it is considered a 220 kV High Voltage Line with a total extension of 90 kilometers from Guaiquivilo power plant to its connection point at Los Cóndores High Voltage Line. During December 2017, we continue preparing the Environmental Impact Study and the engineering development for the last project adjustments.

El Médano Mini-hydro Project:

El Médano Hydroelectric Project is located downstream of La Mina Hydroelectric power plant on the Maule River, in the district of San Clemente, approximately 100 km east



of the city of Talca. It contemplates an installed capacity of 6.6 MW and an annual average generation of 28 GWh, which will be injected through La Mina transmission line. El Médano is conceived as a compact work, i.e., the same structure will lodge the intake, the power house and the restitution of the water to the river. In 2017, we developed the basic engineering and submitted the project to environmental processing (DIA).

Horizonte Wind Power Generation Project:

The Horizonte project is a wind farm located 70 km northeast of Taltal and 170 km southwest of Antofagasta. It has a total installed capacity of approximately 607 MW and an annual average generation of approximately 1,900 GWh. The project was the result of the award of a tender called by the Ministry of National Assets for the

development, construction and operation of a wind farm pursuant to a 30-year concession contract, in a government-owned sector of approximately 8 thousand hectares. According to our estimates, the project will take three years for the study and permitting phase and four additional years for construction.

HidroAysén:

On November 17, 2017, the Company Hidroaysén S.A., in which Colbún S.A. holds a 49% stake, informed the cease of activities and the cancellation of the "HydroAysén Hydroelectric Project" due mainly to the fact that in agreement with the current power market situation and its future perspectives, the Company decided that the project was not viable from an economic perspective. In second place, although Colbún believes that hydroelectric generation represents a renewable source of generation with high potential in

Chile and particularly in the Region of Aysén, the Company always set forth that the characteristics of such a project as Hidroaysén needed to be developed under a framework of wide national consensus, which was impossible to achieve in this case. Consequently, HydroAysén's Board of Directors decided to wind up the company, liquidate the assets, waive legal actions and return the water rights held in the project.

As informed in an Essential Fact of November 17, 2017, at the closing of the 2014 management period, Colbún S.A. recorded an impairment provision for its participation in Hidroaysén S.A. by approximately US\$102 million, therefore, the company's winding up shall not have materially adverse effects on our accounting books.

Second unit of Santa María Complex

In June 2017, Colbún announced its decision not to continue developing the second unit of Santa María Thermoelectric power plant in Coronel, for lack of favorable social and economic conditions to further this initiative, namely, lack of community support.

Coal-fired power generation is currently the main source of electric generation in the country with close to 40% of the matrix, which provides safety and economic efficiency.

The company has recently made significant technology investments that enable it to have the highest standards in reducing local environmental emissions. However, thanks to the considerable cost reduction and the massification of renewable generation technologies incorporated into our matrix, we foresee that renewable energies will gain ground and thermoelectric generation will no longer be the main source of energy. Hydroelectricity and other renewable technologies as well as the energy storage will be a complement to the variable solar photovoltaic and wind power generation in times of lack of wind or absence of sunlight.

La Mina, a project with an innovative design

An architectonic design that merges into the environment, the measurement of its carbon footprint during construction and the certification of the power plant to issue carbon credits are part of the good news about this project.

The case of La Mina power plant – built between 2015 and 2017- is an initiative where we may outline several aspects.

La Mina underwent an on-time and on-budget construction process, without environmental incidents and with excellent relations with the neighboring communities. 40% of the manpower involved in the project construction (which recorded a peak of 200 workers) came from nearby sectors: La Mina, Los Álamos, El Médano and San Clemente. In order to enhance the employability conditions of the neighboring communities, personnel were previously trained in carpentry, ironwork and masonry. A collaborative effort was undertaken with nearby communities which translated in several improvement works of public spaces and basic services, such as street lights, neighbors' headquarters, rural potable water, tourism infrastructure and re-vamping of city squares and playgrounds.

La Mina is the third Colbún's NCRE power plant and the first power generation plant in Chile to measure its Greenhouse gas emission (GHG) effects during construction. The power plant considers an ecological flow and only intervenes at the Maule River along two kilometers, allowing the river to maintain its biodiversity conditions.

The power plant was also certified to issue carbon credits under the Verified Carbon Standard, and its operation will allow avoiding the emission of 97 thousand tons of CO₂, equivalent to reducing the emissions of 19,400 people a year. Therefore, La Mina is the fifth Colbún's power station certified to offset third party emissions, which consolidates Colbún as the main issuer of carbon credits among hydroelectric power generation companies. Finally, it is worth noting the architectonic design of the Power House, mimicking a high-mountain refuge, with materials – such as stone and wooden tiles – that harmoniously merge into the cordilleran landscape. La Mina also features a lookout with vehicular and pedestrian access, where you may find the main flora and fauna tourism attractions along the Pehuenche International Road.

3.6

Solar and wind Energy

Electricity regulations require that part of the contracted energy comes from non-conventional renewable energy sources, setting a target of 20% to be supplied by 2025 by this type of technology. The results of the last tenders for regulated customers confirm that the target established in the electricity regulations will be implemented several years in advance.

Within this context and given the considerable decrease in technology costs of wind and solar power generation and the commitments undertaken in Chile to reduce carbon emission, at Colbún we believe that variable renewable energy sources raise an opportunity for expansion and value creation for the Company. This new energy offering, added to our base power plants, particularly our reservoir hydroelectric power plants place Colbún in an advantageous position in front of its country and its customers.

The Company's strategy in front of the renewable energy from variable sources has focused on these three pillars:

1. CONSTRUCTION AND OPERATION OF OWN POWER PLANTS WITH RENEWABLE ENERGY FROM VARIABLE SOURCES:

Based on the vast experience of the Company in the development of hydroelectric projects, currently we operate three power plants with this technology under the framework of the NCRE Law (Chiburgo, San Clemente and La Mina, all in the Maule Region), developing a new mini-hydro power plant project (El Médano, 6.6 MW, Maule Region), which is now in environmental evaluation stage.

In terms of solar power, toward the end of 2017, Colbún started the construction of its 9 MW Ovejera solar photovoltaic project in the Metropolitan Region, which commissioning is expected for 2018.

In addition, by the end of last year the Company was awarded a 30-year land concession in Taltal in a tender called by the Ministry of National Assets to develop, build and operate the above-mentioned "Horizonte" wind farm, which will contribute an installed capacity of approximately 607 MW.

In addition, the Company has been very active in identifying different options to develop solar and wind renewable projects, to be well positioned in the future to undertake projects with better resources, access and connection.





9 MW

is the capacity contributed by the Ovejería solar photovoltaic project, located in the Metropolitan Region.

2. TENDERS THAT ALLOW PURCHASING RENEWABLE ENERGY FROM VARIABLE SOURCES FROM THIRD PARTIES:

A second pillar revolves around tender processes which have enabled Colbún to select competitive solar or wind energy projects to incorporate them to its energy portfolio. For example, the contract signed in 2014 with Acciona's Punta Palmeras wind farm (95 GWh), and the agreement subscribed in May 2016 with Total SunPower by 500 GWh/ year of solar photovoltaic energy.

3. PURCHASE OF ASSETS FROM THIRD PARTIES:

In 2017, the Company analyzed the purchase of several solar and wind assets, among which Colbún purchased the 9 MW solar-photovoltaic project currently under construction. Colbún will continue to explore investment opportunities in this kind of technologies provided these add value to the Company.



PREPARATION AND FUTURE CHALLENGES

Colbún has prepared itself to face this greater growth of renewable energy from variable sources.

In 2017, we strengthened our professional and technical teams, retained new experts, set up multi-discipline teams and identified global vendors of this type of technologies. In addition, Colbún joined the Atamos-TEC Consortium (Atacama Module and System Technology Center) a partnership of universities, companies and educational institutions (CEA INES of France, ISC Konstanz of Germany and Fraunhofer Chile) that will develop technology innovations for the solar energy industry, specifically tailored to the conditions existing in Chile, which in August 2017 was awarded Corfo funds by US\$12 million, in addition to the private sector contributions for US\$5 million.

Although the power market is working properly in a scenario of low power demand growth and a vast offering of renewable energy projects, our objective is to be well positioned for the expected growth of the sector, to which end it is very important to have a diversified project portfolio with well located assets and plants provided with state-of-the-art technologies.

However, the greater penetration of renewable energies will entail the challenge of integrating these energy sources to the power system in an efficient and reliable manner, given that for the time being the solar and wind energies are intermittent and not manageable.

In the future, the system will need more power plants and technologies to offset this intermittence and to provide flexibility to the system. In the current state of things, the best response is hydroelectric power

with regulation capacity, which is renewable energy, and, under certain conditions, gas-fired power plants. A recent study entrusted by the Association of Power Generation Companies estimated that the system's flexibility costs would vary from US\$150 million to US\$350 million per year in 2030.

A proper allocation of these costs is very important to prevent cross subsidies and hidden costs in this industry and to generate market signals that allow promoting the expansion and the cost-efficient support of the system, all of which should be included in what we know as the Complementary Services market.

3.7

Internationalization

The search for opportunities has focused on Peru and Colombia, and countries with an attractive economic environment and whose electricity sectors rely on a sound regulatory framework. In addition, we are just starting an exploration stage in Argentina.

The Company's strategic focus is to look for growth opportunities outside of Chile.

The search for opportunities has focused on Peru and Colombia, and countries with an attractive economic environment and whose electricity sectors rely on a sound regulatory framework. In addition, we are just starting an exploration stage in Argentina.

Participating in this type of markets may improve the diversification of the Company in terms of hydrological conditions, generation technologies, access to fuels and regulatory frameworks. Similarly, we started a follow-up process of the Argentine power market, which shows power generation and transmission deficits that will require huge investment amounts over the coming years.

The search duty has mainly

delved on existing assets in operation, which purchase will not compromise our Investment Grade credit risk rating, which abide by the Investment Policy approved at the Shareholders' Meeting and where we identify room to apply excellent management criteria in the financial, environmental and technical fields, always maintaining good relationships with our stakeholders.

Throughout 2017, our Development Management Unit evaluated different investment alternatives in target countries in order to diversify Colbún's sources of revenues.

We continue to explore different growth options in Latin America, which will be analyzed on their own merits and based on the premise that they should add value to the Company.



83%

was the satisfaction level achieved in the Organizational Climate survey, 10 points up from 2016. In Fenix the satisfaction level was 82%.



US\$ 8,5

million was Colbún's investment in social programs in Chile and Peru during 2017.



61%

of Colbún's suppliers during 2017 were medium and small size companies.



4

Social
performance

This chapter accounts for Colbún’s management of the material aspects linked to human capital (workers, contractors, suppliers) and the social capital (community and the society in whole).

Materiality Analysis

103-1, 103-2, 103-3

From the Materiality Study that considered internal and external information (see detail in Chapter 6 of this Integrated Report) we identified four material aspects that have a Social Performance effect on our stakeholders. Below is a description of each of these aspects.



| | |
|----------------------------|---|
| Material Issue | Occupational Health and Safety |
| Scope | Occupational health and safety; health and safety of the communities |
| Why is it material? | The safety and health of the people who work in our facilities, as well as those who live in the vicinity of our power plants is a primary objective for Colbún, and is material for our workers, the nearby communities, our investors, contractors, suppliers and clients. When people’s safety is at risk, our operations are also at risk. |
| Related Risks | Serious accident or death of a Company worker or contractor; third-party accidents at the Company’s facilities; occupational illnesses; incidents relating to the Company’s operation or infrastructure that may affect third parties. |
| How do we manage? | The Company has set up several internal policies and programs aimed at managing this issue and reducing the related risks. Noteworthy are the Healthy Life Program; the Occupational Illness Prevention Program; the Zero Fatality Protocol; Zero Fatality Standards and the Competitive Company Program with the Mutual de Seguridad. Externally, in addition to having a Human Rights Declaration and the Safety, Occupational Health, Environmental and Quality Policy, Colbún has developed Safety Programs directed to the Community in topics such as river freshets and safety programs at water channels, among others. |



| | |
|----------------------------|---|
| Material Issue | Organizational Climate and Culture |
| Scope | Work environment; people's development; workers' compensation; collaboration and teamwork; balance between work and family; pride to belong; interest for the people; inclusion; Human Rights; employees' commitment. |
| Why is it material? | Provide quality jobs in a good work environment, seeking to promote professional and personal development is a core Company's objective due to its relevant effect on the workers' and contractors' performance, and because it constitutes a competitive edge when it comes to retain or attract talent. |
| Related Risks | Union conflicts; downtime; loss of high-performance professionals; loss of competitiveness; incapacity to attract new talents; lack of organizational flexibility. |
| How do we manage? | In order to provide quality jobs and growth opportunities in a good work environment, Colbún set up a regulatory framework which main axis is the People Management Policy supplemented by our Code of Business Ethics and the Human Rights Declaration. In addition, the Company periodically applies measurements and other diagnosis instruments and implements several programs such as the Career Development and Succession Plan, Work Plan with Unions and Workers' Associations, Benefits Program, activities that involve the families and training sessions addressed to all employees; also, periodic meetings and workshops are held with the unions. |



| | |
|----------------------------|--|
| Material Issue | Community Relations |
| Scope | Community Relations; relationships with other Company stakeholders; visits to the power plants |
| Why is it material? | Building a long-term trust relationship with local communities is fundamental to ensure the development of projects and the operation of our power plants, a topic of interest for our investors, workers, contractors, clients and the communities where we operate. Given that project development and power plant operations bring about positive and negative effects, a close relationship with the communities is the foundation of wise measures that allow enhancing positive aspects and avoiding, mitigating and compensating negative ones. The above requires an excellent operational performance. |
| Related Risks | Presentation of legal actions against a project or power plant, damage to the facilities; conflicts with local authorities. |
| How do we manage? | Colbún has learnt several lessons during its many years managing community relations. This experience reflects in the preparation of a regulatory framework, namely our Sustainability Policy, the Community Relations Policy, the Donations Policy and our Human Rights Declaration. The Safety, Occupational Health, Environmental and Quality Policy are also very important, as they define our environmental management standards, the starting point for an adequate community relations management. We also conduct periodic perception surveys that enable us to identify the gaps in our community relations. |



| | |
|----------------------------|--|
| Material Issue | Community Development |
| Scope | Local training and entrepreneurship; work and services opportunities; energy costs for the communities. |
| Why is it material? | To achieve a long-term relationship with the communities, it is not only important to get to know each other and have an excellent operational and environmental performance, but also to create opportunities with the local communities, so that they find that the presence of the Company is more convenient to their interests. Generating these mutually beneficial relationships is therefore an important task for all our stakeholders, as it bears upon the development of projects and the operation of our power plants. |
| Related Risks | Unsatisfied expectations or over-expectations about the benefits our company can provide them; community opposition; conflicts with local authorities. |
| How do we manage? | The Company has implemented a Community Relations Policy that sets the main guidelines to establish mutually beneficial relationships with the communities, including a Community Relations Strategy to address this challenge, which ultimate expression are a series of social plans and programs adapted to the needs and conditions of each location. Colbún conducts an annual perception survey that allows identifying joint work opportunities. The above must be added the Sustainability Policy and the Donations Policy. |

Inauguration
of the Arboretum,
Colbún's flagship
environmental education
center associated with
Angostura power plant
and recreational park,
Biobío Region.



4.1

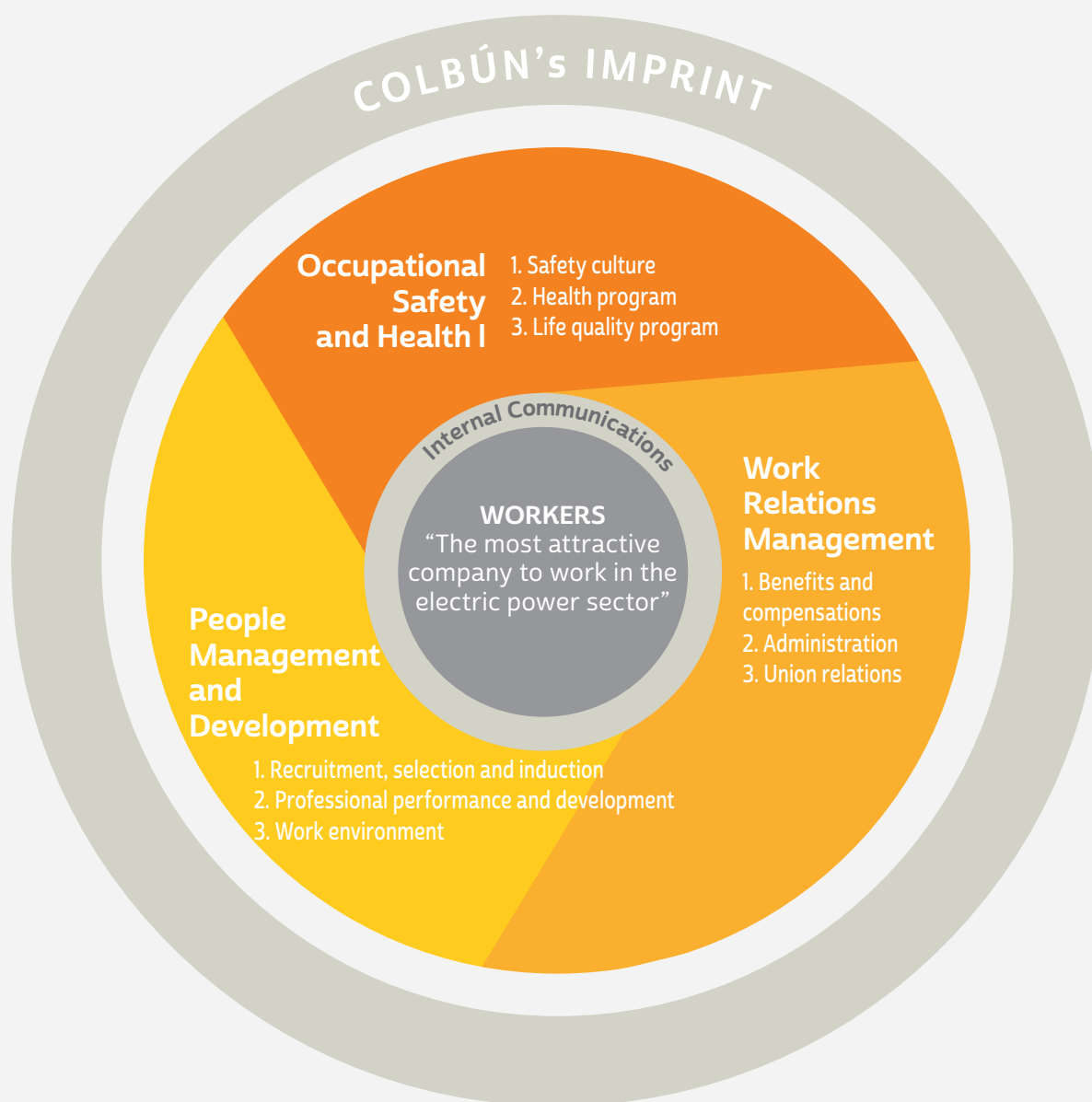
Workers

102-8, 102-36, 102-43, 103-2, 103-3, 404-1, 404-3, 405-1, 405-2, EU-14, Colbún-8.TR, NCG 386



The following section describes the main management indicators and policies that define the relationship Colbún holds with its workers. Our main commitment is to offer them quality jobs and a safe work environment that promotes their personal and professional development.

Workers' Management Model





1. Workers: at Colbún we seek to be the most attractive company to work with in the electric power sector. To that end, we take care of our workers, managing labor relations from the start, seeking that people feel valued and are able to develop their capabilities: all the above in agreement with Colbún's own imprint.

2. Occupational Safety and Health: we are committed to protecting the safety and the health of all our workers, as well as those from contracting companies. We seek to implement programs and policies that allow a safe work ensuring the well-being of our people, in agreement with a good life quality.

3. People Management and Development: we seek to be an organization that attracts the best professionals, where a positive organizational climate is fostered and people feel valued and are able to grow according to their competence. Hence, we have programs that enhance our people's capabilities.

4. Work Relations Management: we promote good labor relations with our workers and their representatives, through open, transparent and smooth communications.

5. Colbún's imprint: leverage the identity that characterizes us as an organization, with the values and principles that make us unique.

Employees

In 2017, the number of employees of the Company decreased by 2% as compared with 2016. This is mainly explained to the outsourcing of the surveillance and kitchen staff in the Aconcagua Complex (Valparaíso Region), Colbún Complex (Biobío Region) and Santa María Complex (Biobío Region). In addition, dismissals were recorded due to the completion of La Mina project, in the Maule Region.

Meanwhile, in Peru, Fenix recorded a total of 92 workers, one more than in 2016, distributed between the power plant and the corporate offices in the districts of Chilca and Surco in Lima.

Global Staffing Colbún Chile, by geographic location (102-8)

| Region | 2016 | | | 2017 | | |
|---------------------|------------|------------|--------------|------------|------------|------------|
| | Women | Men | Total | Women | Men | Total |
| Metropolitan Region | 133 | 290 | 423 | 139 | 293 | 432 |
| V Region | 19 | 172 | 191 | 14 | 163 | 177 |
| VI Region | 1 | 23 | 24 | 1 | 24 | 25 |
| VII Region | 6 | 107 | 113 | 3 | 96 | 99 |
| VIII Region | 22 | 194 | 216 | 20 | 198 | 218 |
| X Region | 2 | 19 | 21 | 2 | 19 | 21 |
| XIV Region | 4 | 19 | 23 | 3 | 17 | 20 |
| TOTAL | 187 | 824 | 1.011 | 182 | 810 | 992 |

Global Staffing Colbún Peru, by geographic location (102-8)

| Region | 2016 | | | 2017 | | |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Women | Men | Total | Women | Men | Total |
| Department of Lima | 18 | 73 | 91 | 19 | 73 | 92 |
| TOTAL | 18 | 73 | 91 | 19 | 73 | 92 |

Chile



Peru



The following tables show workers' diversity by gender and age.

Global Staffing Colbún Chile, according to age range as of December 31, 2017 (102-8)

| Job Category | <30 | | | 30-50 | | | >50 | | | Totales | | |
|-----------------|-----------|-----------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total | Men | Women | Gran total |
| Ejecutivos | 0 | 0 | 0 | 29 | 10 | 39 | 31 | 1 | 32 | 60 | 11 | 71 |
| Profesionales | 28 | 18 | 46 | 216 | 84 | 300 | 79 | 6 | 85 | 323 | 108 | 431 |
| Administrativos | 6 | 5 | 11 | 12 | 33 | 45 | 13 | 17 | 30 | 31 | 55 | 86 |
| Otros cargos | 40 | 3 | 43 | 267 | 5 | 272 | 89 | 0 | 89 | 396 | 8 | 404 |
| TOTAL | 74 | 26 | 100 | 524 | 132 | 656 | 212 | 24 | 236 | 810 | 182 | 992 |

Global Staffing Colbún Peru, according to age range as of December 31, 2017 (102-8)

| Job Category | <30 | | | 30-50 | | | >50 | | | Totales | | |
|--------------------------|----------|----------|----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Executives | 0 | 0 | 0 | 4 | 0 | 4 | 2 | 0 | 2 | 6 | 0 | 6 |
| Professionals | 1 | 2 | 3 | 35 | 7 | 42 | 0 | 2 | 2 | 36 | 11 | 47 |
| Administrative personnel | 1 | 2 | 3 | 4 | 5 | 9 | 1 | 1 | 2 | 6 | 8 | 14 |
| Other positions | 0 | 0 | 0 | 25 | 0 | 25 | 0 | 0 | 0 | 25 | 0 | 25 |
| TOTAL | 2 | 4 | 6 | 68 | 12 | 80 | 3 | 3 | 6 | 73 | 19 | 92 |

FIRE FIGHTING VOLUNTEER CREW 203-2

A significant milestone of last year was the effort made by the Company and its workers during the emergency that affected the central-southern zone of the country as a result of the forest fire.

Although Colbún's facilities and the immediately surrounding communities were not affected by the fire, the magnitude and the extent of this catastrophe was the starting point for a reaction that involved all Company's layers.

As soon as we got acquainted with the tragedy, the Board of Directors made available extraordinary resources to act in different fronts. One of them was an agreement with Chile's National Forest Corporation, Conaf, and a group of private businessmen and companies who contributed the resources required to contract for several months the helicopter Sikorsky S-64 SkyCrane, one of the largest water jet planes to extinguishing fires around the world. Colbún partnered with TECHO Chile and Hogar de Cristo to build and equip 34 houses for affected families from Carrizal and Cañete in the Constitución district. In addition to the financial assistance, one of the most significant aspects in the

reconstruction process was the participation of close to 60 Colbún volunteers, who worked hand in hand with TECHO volunteers for four days. Finally, the Company made available materials and equipment to different municipalities to prevent the propagation of the fires.

COMPETITIVE COMPENSATIONS (405-2)

To ensure the competitiveness of our compensations, we systematically compare ourselves against the industry. This way, we seek to compensate each worker based on his/her skills and experience with a sense of internal and external equity.

The following tables show the relationship between men and women compensations, per job category.

For comparison purposes, we only considered the jobs and/or roles with more than four female workers with the same responsibilities.



Salary gap between women and men in Chile during 2017.

Relationship between women and men base compensation, broken down by professional category (405-2)

| Positions evaluated | Salary gap (average gross salary) - CHILE | Salary gap (average gross salary) - PERU |
|-----------------------------------|---|--|
| Assistant managers | -8% | - |
| Professionals and middle managers | -3% | -4% |
| Technicians | -1% | - |
| Administrative personnel | 9% | 5% |
| General average gap | -4% | -2% |

NOTE: The salary gap could only be analyzed with a reasonable degree of confidence, using the GRI methodology, in cases where there are comparable positions in terms of roles, seniority and age.

With respect to senior executives, the policies and procedures of their fixed and variable compensation component are reviewed and validated by the Directors' Committee to be later ratified by the Board. Likewise, performance

bonuses amounts are also submitted to the Board's consideration.

The Company has agreed to a variable permanency bonus with some of their senior executives, which objective is to reward the worker's bond with the Company.

Senior executives' compensation (102-35)

| Type of Compensation | Chile (US\$) | | Peru (US\$) | |
|---|--------------|-----------|-------------|-----------|
| | 2016 | 2017 | 2016 | 2017 |
| Senior executives' compensation | 4,365,725 | 4,557,560 | 1,015,946 | 1,214,929 |
| Fixed | 3,053,407 | 3,111,908 | 778,086 | 789,950 |
| Variable | 1,312,318 | 1,445,652 | 237,860 | 424,980 |
| Indemnification paid to Senior Executives | 0 | | 0 | 190,226 |
| Fixed | 0 | | 0 | 0 |
| Variable | 0 | | 0 | 190,226 |

NOTE:

- Bonuses (variable compensation) are paid at the beginning of the following year. For example, the bonus paid in 2017 corresponds to the 2016 management period, and so on.

- The indemnifications are fixed and they are agreed to in advance in the work contracts.

- The dollar was calculated at US\$614.75 in 2017 and at US\$669.47 in 2016.

Training and Development

Colbún-8 TR, 404-1, 404-2.

The Company bets on training and internal promotion as mechanisms to leverage people management excellence, one of the objectives we have set ourselves as part of our corporate guidelines.

Of the 90 openings generated in Chile in 2017, 55.6% were filled in by direct promotions, lateral mobility and internal contests. These movements included different types of positions, including executives, professionals and technicians, both in Santiago and regions, without gender distinction. In the case of Fenix, an opening was generated during the year, which was covered internally.

In 2017, Colbún provided 66,820 training hours in Chile, with a total of 862 attendants and an average of 77.5 hours per worker. Training programs are mainly directed to delivering technical tools and skills to improve job performance. In June we started the fifth version of our 'Capacitate' program, an ongoing e-learning and onsite training instance, compatible with the workload of our workers which this year was expanded to the regions. Every semester we provide around 50 undergraduate scholarships to workers who apply and meet all the pre-established requirements.

In Peru, we completed a total of 3,728 training hours, with an average of 47.8 total training hours per worker.



Work openings filled through internal contests in Chile (Colbún-8.TR)

| Indicator response | Women | | Men | | Total | |
|---|---|---|---|---|---------------------------------|---------------------------------|
| | Nº. of openings filled in by direct promotion | Nº. of openings filled in by internal contest | Nº. of openings filled in by direct promotion | Nº. of openings filled in by internal contest | Total openings direct promotion | Total openings internal contest |
| Sustainable Development Division | 2 | 2 | 3 | 0 | 5 | 2 |
| Finance and Administration Division | 2 | 0 | 7 | 0 | 9 | 0 |
| Generation Division | 1 | 1 | 4 | 7 | 5 | 8 |
| Engineering and Projects Division | 4 | 0 | 3 | 0 | 7 | 0 |
| Business and Energy Management Division | 2 | 0 | 6 | 3 | 8 | 3 |
| Organizational and People Mgmt Division | 1 | 0 | 0 | 0 | 1 | 0 |
| Legal Management | 0 | 0 | 1 | 0 | 1 | 0 |
| Internal Auditing Management Division | 1 | 0 | 0 | 0 | 1 | 0 |
| TOTAL | 13 | 3 | 24 | 10 | 37 | 13 |

NOTE: The information on direct promotions includes the number of lateral mobility and vertical promotions.

Total workers trained in Chile (404-1)

| Job Category | Women | | | Men | | |
|--|------------------------------------|----------------------|---|---------------------|----------------------|---------------------------------------|
| | Nº. of female workers ^o | Total training hours | Average training hours by female worker | Nº. of male workers | Total training hours | Average training hours by male worker |
| Executives | 10 | 549 | 54.90 | 61 | 2,562 | 42.00 |
| Professionals | 108 | 6,363 | 58.92 | 301 | 22,479 | 74.68 |
| Administrative personnel | 41 | 4,322 | 105.41 | 33 | 2,573 | 77.97 |
| Other positions | 8 | 974 | 121.75 | 300 | 26,998 | 89.99 |
| TOTAL | 167 | 12,208 | 73.10 | 695 | 54,612 | 78.58 |
| Total average training hours per worker | 77.5 | | | | | |
| Total US\$ invested in training by gender | 249,064 | | | 1,036,525 | | |

Total workers trained in Peru (404-1)

| Job category | Women | | | Men | | |
|---|------------------------------------|----------------------|---|---------------------|----------------------|---------------------------------------|
| | Nº. of female workers ^o | Total training hours | Average training hours by female worker | Nº. of male workers | Total training hours | Average training hours by male worker |
| Executives | 1 | 30 | 30 | 4 | 107 | 27 |
| Professionals | 9 | 308 | 34 | 33 | 1,755 | 53 |
| Administratives | 2 | 88 | 44 | 4 | 108 | 27 |
| Other positions | 0 | 0 | 0 | 25 | 1,333 | 53 |
| TOTAL | 12 | 426 | 35 | 66 | 3,302 | 50 |
| average hours of training per worker | 47.8 | | | | | |
| Total US\$ invested in training by sex | 10,170 | | | 99,664 | | |

Sustainability week: Onsite Learning

Based on the premise that Sustainability involves the whole Company, in 2017 we implemented the Sustainability Week at all our power stations –including Fenix in Peru.

Although the contents and the extent of this activity was adapted to the conditions and interests of each facility, in general it consisted of one week in the year in which several specialists, from Colbún and from third party companies, conducted talks to train the personnel from our power stations to better understand Sustainability and each worker's role in achieving it.

The main subjects dealt with during this meetings related to Climate Change, evolution of the electricity

market, challenges in workplace inclusion, training in safety and business ethics and compliance, among others. In total, more than 60 talks were developed during the week, which were highly appreciated by our workers.

This activity was supplemented with periodic talks at the Company's corporate building, with the presence of outstanding people such as Cristiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change; Alejandra Mustakis, president of Asech; and Eduardo Vial Ruiz Tagle, former Director of Conaf.



Performance Assessment

404-3

All personnel with indefinite work contracts undergo a Performance Assessment Process. Personnel not subject to this process correspond to specific projects and fixed-term contracts, which is assessed under different criteria.

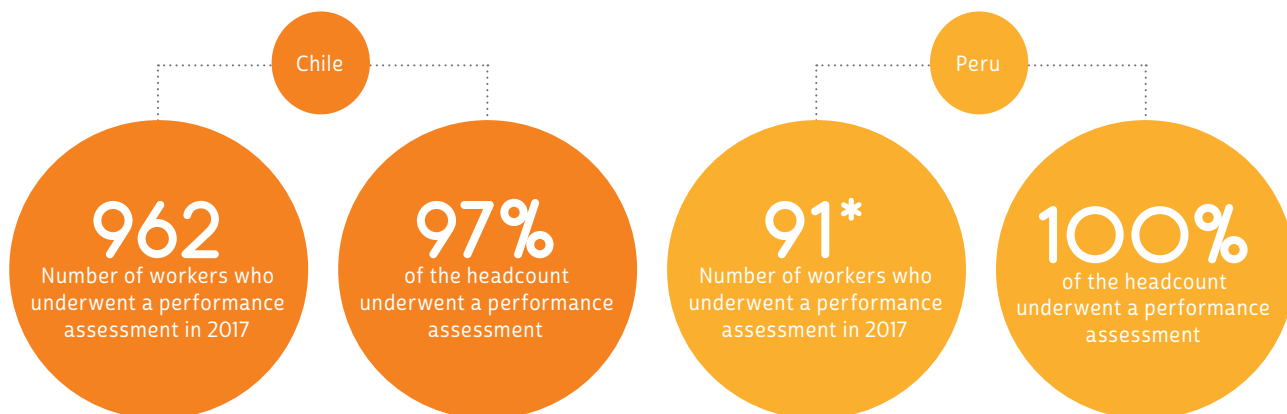
In 2017, 962 workers were assessed (equivalent to 97% of the headcount),

which represents an increase in the proportion of personnel assessed as compared to the previous year.

In 2017, objectives relating to the Company's strategy and sustainability were considered, mainly socio-environmental, safety management, financial results, power plant availability and

company's growth aspects, among others.

In Peru, we assessed the performance of 91 workers in 2017 (equivalent to 100% of the total headcount).



* The evaluation was applied to the universe of workers with at least three months of contract.

Labor Relations and Human Rights

102-41, 402-1, 407-1, 412-1

One of the goals we seek at Colbún is the continuous improvement in the labor relations that we establish with our workers. The mutual respect and the permanent dialogue between the management and union representatives is a very important aspect to achieve those objectives. With respect to the freedom of association and the right to collective bargains, we do not see risks in that sense nor is there a Company attitude that threatens this freedom. In Colbún there are nine associations that negotiate collectively, and which gather 435 workers (44% of the total headcount). From those nine, five are unions, which gather 384 workers (38.7% of the total headcount). The others are negotiating groups.

During the course of 2017, the Santa María Workers' Union was officially set up gathering 62 workers. In addition, the Candelaria Union workers decided to join Nehuenco's Union No. 1, which reflects the freedom with which Colbún's personnel may act in these matters, under a framework of strict abidance by the applicable laws. Also during 2017 and in view of the labor reform that dictated the implementation of Minimal Services and Emergency Crews, these were successfully set up after a series of conversations and agreements with the respective unions, without requiring the intervention of government entities. In 2017 Colbún negotiated with a workers' association (Los Pinos) and two unions (Empresa Eléctrica Industrial and No.1 of Colbún) with

successful results in the three cases. We also keep open and continuous communication with union representatives, with different gathering instances such as meetings with the General Manager, area managers, in addition to the meetings with the Organization and People Management Unit. In 2017 two meetings were held with union leaders (July and October) and a meeting with Thomas Keller, Company's CEO and Juan Eduardo Correa, Chairman of the Board (December).

In Fenix, which was acquired in December 2015 there are no unionized workers.

In Human Rights matters, we do not foresee child labor or forced labor risks and, in fact, the Company explicitly rejects both concepts. The recruiting and selection processes include strict criteria that along with confirming compliance with technical competencies ensure compliance with the legal requirements, one of them being the appropriate age for work. With respect to forced labor, the Company complies with the legislation in force in connection with the workers' time off and abidance by the agreed to work schedule. In the cases where, out of necessity or due to circumstances that are out of our control workers are required to work on their days off, these will be paid with a surcharge higher than that established by the labor legislation.

In addition, Colbún's annual average vacation balance achieves 18 business days, which shows that most of our workers have gone out on vacation.



435

At Colbún, there are nine associations that negotiate collectively, and which gather 435 workers (44% of the total headcount).



Diversity and inclusion

At Colbún we think we must properly treat our workers in order to build long-term relationships with them. Therefore, we place special emphasis on mutual respect of Colbún's workers, by means of an appropriate, fair and non discriminatory treatment. We firmly reject discrimination on the basis of gender, age, religion, ethnicity, political trend or any other condition and promote diversity.

In 2017, the Congress enacted the Law on Labor Inclusion of the Disabled, which promotes

and disseminates inclusive and non-discriminatory labor practices, promoting the creation and the design of accessible labor procedures, technologies, products and services, apart from disseminating the application thereof. The law provides that companies with 100 or more workers must at least have 1% of physically, mentally or organically disabled workers.

In order to prepare for the application of the law and to address inclusion and diversity issues with more strength, we undertook an organizational diagnosis, which includes a survey to know the

composition of disabled people in our organization and the perception on diversity and inclusion issues, which will be applied early in 2018. The job description criteria will be reviewed to incorporate disability in the recruitment policy in a broader sense and an internal awareness-raising campaign will be conducted in 2018, within the framework of a participatory process that has engaged workers' representatives and union leaders.



12

Power plants or complexes were involved in the Sustainability Week program in 2017.

Communication Channels with the Workers

The company has different internal means of communication:

Intranet website: the Intranet is Colbún's main internal means of communication. It is daily updated and contains the most relevant news, workers' birthdays, photo galleries and personal information of each worker. The intranet contains the payroll receipts and each worker can schedule his/her vacation period on that platform.

Monthly Bulletin Board: this means of communication is sent to each power plant and corporate office, and contains a selection of the most relevant news of Colbún. There is also a monthly bulletin board prepared for Fenix.



Magazine “+Energía en Familia”: magazine for company workers with a strong emphasis on promoting the values and culture of the Company. It includes a selection of activities conducted at Colbún, in addition to press releases.

In 2017 Fenix started an internal monthly publication called Conexión Fenix.



Emailing: internal electronic mailing with information about organizational changes, relevant news, births and deaths, etc. It is worth mentioning that most of our workers have access to computers.



Digital Screens: the tendering of this process started in the second half of 2017; it contemplates the installation of screens at all power plants and offices to show the different internal and external activities, strengthening and facilitating communications.



Periodic Meetings: one of the most effective dissemination tools inside the organization is the in person communication. Therefore, we have implemented a series of milestones to align the workers. One of them is the extended meeting with the general manager, the quarterly management meetings with executives and the management visits -including the General Manager - to the different power plants.

Organizational Environment

Colbún-IO.TR, 40I-2

At Colbún we periodically measure the Organizational Environment, which allows us to recognize our main strengths and opportunities for improvement.

Based on this measurement, we gear our work plans especially toward the teams with low satisfaction levels.

RESULTS OF THE WORK ENVIRONMENT SURVEY FOR COLBÚN CHILE

The Great Place to Work survey was applied to the Company in October 2017. 871 people participated, which represents a response rate of 92%. The results of the survey help us identify the strengths and the opportunities for improvement of each Colbún area, being part of the People Management indicator of each team leader.

In general terms, the participation was highly representative of the divisions and management areas of the Company. The Legal Affairs and Internal Auditing areas obtained a 100% response rate, while the other management areas and divisions (Organization and People Management, Generation Division, Finance and Administration Division, Engineering and Projects Division, and the Business Division) reached a participation rate above 91%.

The main dimensions addressed by the survey are: Credibility, Respect, Impartiality, Pride and Comradeship: Colbún achieved 83% satisfaction at the 2017 assessment process, in line with the survey indicator that groups the best companies to

work in Chile. The main dimensions outlined by our people were Pride, Comradeship and Credibility.

Thanks to the results of this survey, in 2017 we recognized the 10 areas that had achieved the best work environment in 2016, and conducted eight focus groups and 26 individual interviews to deepen and support low performance areas.

We also generated work plans for 12 areas with opportunities for improvement in work environment results, with an impact on more than 400 workers. We also conducted a feedback workshop where we trained more than 100 leaders in the weakest concepts of the “leadership” dimension, and organized a talk based on the HAY methodology for Compensations and Remunerations, which was attended by approximately 300 people, in addition to the unions.



83%

was the satisfaction level achieved in the Work Environment Survey, ten points up from 2016.





Turbine floor, Santa María Power Plant, Coronel, Biobío Region.

WORK ENVIRONMENT RESULTS FOR FENIX PERU

In 2017 Fenix achieved 82% satisfaction, an increase of seven percent points as compared to the 2016 work environment survey (75%).

The survey was conducted in October 2017 with an 84% participation of the workforce. The main dimensions valued as strength for the organization are Pride and Comradeship, while the dimension that shows an opportunity for improvement is Impartiality.

The most valued aspects of the survey were Comradeship, Work Schedule, Benefits and People. In turn, the aspects that offer an opportunity for improvement are the Facilities, Communication on Training and Communication between Areas.



82%

Was the satisfaction level achieved in the Work Environment Survey in Fenix, seven points up from 2016.

Colbún's Quality of Life Program

As we know how important is progressing toward our people's comprehensive development, Colbún has implemented a Quality of Life Program for its workers and their families, which has four main lines of action:



FAMILY

At Colbún we are convinced that the actions that help find a balance between work and family positively affect the comprehensive development of our workers. This is why we look for different occasions where workers can integrate their families, such as the Bring your Child to Work Day; the Christmas Party in Santiago and all our power plants; the magazine, + Energía en Familia, and the Treat Yourself Days (two full days or four half days off). This adds to the improvement in the transport services at the power plants (which has reduced the workers' commuting times), the part-time work on Fridays at the headquarters and power plants, long weekends, and the flexible hourly schedule in the Santiago offices.



HEALTHY LIFE

We encourage sports and a healthy life style among our workers and their families. In 2017, we allocated 28 contestable funds to sponsor different disciplines managed by the workers themselves, we organized trekking activities and family walks in different areas of the country and sporting and healthy eating lectures.



CULTURE

At Colbún we believe culture and knowledge of our history are an essential part of people's development. That is why since 2010 we have offered cycles of Cultural Talks in Santiago and the regions for workers and their families. Starting in 2016, we also offer cultural City Tours to invite our workers and their families to learn about the urban and cultural heritage of cities such as Santiago, Valparaíso, Lota and Sewell, among others.



EDUCATION

We recognize the value of effort and we reward perseverance and self-improvement. Once a year we host ceremonies of Academic Excellence in Santiago and regions, where we recognize good academic performance of our workers' children at school and in university. In 2017, we rewarded 188 school and 10 university students.



In 2017, for the second consecutive year, Colbún was awarded the “Wellness Revolution” stamp, award that recognizes the companies and institutions that promote permanent practices enabling their workers to achieve a comprehensive well being.



4.2

Contractors and Suppliers

102-9

We seek to ensure the traceability and the auditability of each link in the supply chain, to guarantee transparency and a reliable framework that provides competitive conditions, with honest, ethical

and fair agreements that promote respect and long-term relationships to generate shared value.

SUPPLIERS AND CONTRACTORS MANAGEMENT MODEL







01. EXCELLENT MANAGEMENT

Achievement of results with a sense of quality and responsibility

- Contract Management Model
- Suppliers' Registry (Achilles)
- Suppliers' Segmentation
- Tender Processes
- Quotation and Tender Platforms
- Standardized Materials
- Risk Management
- ProPyme Stamp
- Compliance with our commitments



02. COLLABORATIVE WORK

Search of mutually beneficial alliances

- Development of Local Suppliers'
- Safety and Health
- Work Relations
- Suppliers' website
- Incentive to local employment
- Environment
- Communities
- Human Rights
- Local Meetings with Suppliers'
- Training
-



03. INNOVATION MANAGEMENT

Creative Solutions to Address Risks and Opportunities

- Strategic Alignment
- Improvement Programs
- Training
- Programs for Critical Local Suppliers'
- Evaluation and Recognition
- Supplier's Day
- Annual Suppliers' Survey
- Emission Reduction

2017 Milestones and Initiatives

At Colbún, suppliers and contractors play a key role in the delivery of a top-notch service. Hence, we seek to ensure our communication is at the center of our relationship and we develop a series of instances that enable dialoguing, developing and implementing best practices to guarantee transparency, competitiveness, traceability and auditability. The exchange of experiences enables us to improve our management and processes, and we undertook a series of successful initiatives in 2017.

Supplier's Day: we held regional meetings with our suppliers, where we had the opportunity to train more than 300 vendors in electronic invoices and insurance to standardize and optimize processes. These meetings also allowed us to share our experiences and the opportunities to improving the Company's management.

New Tools: we acquired first-class tender instruments to provide the processes with greater transparency to ensure suppliers' competitiveness, traceability and auditability.

Recognizing our Suppliers': early in 2018, Colbún recognized its outstanding 2017 suppliers of each power plant and complex. The evaluation comprised safety, environmental and services aspects.

Suppliers' website: in 2017, we updated our website with emphasis on three areas: 1) we incorporated relevant information on our business and our suppliers and contractors' strategy; 2) we improved the payment website for an efficient visualization of useful information (invoices and payment dates), and 3) we implemented a suppliers registry to be incorporated and considered in future quotations and tender processes.

Suppliers' survey: we applied a survey to our different stakeholders so that they could assess our company in sustainability issues. Our suppliers who scored our corporate governance, and environmental, social and relationship management positively assessed our sustainability commitment with them (90% compliance).



Number and Distribution of Suppliers

102-9, 204-1

The number of supplier and/or contracting companies with which Colbún worked in Chile in 2017 reached 2,970, down from the 3,242 suppliers in 2016. The purchased amount reached US\$ 351 million, 16% up from 2016.

In addition to the 2,970 companies mentioned above, Colbún works in Chile with other 292 suppliers for the following services: fuel supply for thermoelectric power plants (coal, diesel and natural gas), electric power supply (other generation companies) and /or transmission companies that serve our clients. Of these 292 suppliers, 9 are large companies that concentrate 79% of Colbún's expenses in fuel, energy and toll purchases.



2.970*

was the number of suppliers Colbún worked with in Chile during 2017 (national and international).



61%

of the national companies Colbún works with are PYMEs (medium and small size companies).



631

providers in Peru (national and international).

Total average headcount of contracting companies in Chile

| Contractors and Subcontractors | 2017 |
|--------------------------------|--------------|
| Generation | 2,132 |
| Projects | 603 |
| Transmission | 209 |
| TOTAL | 2,944 |

In 2017, the contracted and subcontracted headcount amounted to 2,944 people. The products and services are mainly focused on construction, equipment suppliers, maintenance companies, security personnel, personnel transport, cleaning and cafeteria.

Geographic distribution of purchases in Chile (204-1)

| | 2015 | | 2016 | | 2017 | |
|---------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | N° of suppliers | Amount in thousand US\$ | N° of suppliers | Amount in thousand US\$ | N° of suppliers | Amount in thousand US\$ |
| National | 2,945 | 223,195 | 3,045 | 227,303 | 2,775 | 254,541 |
| International | 183 | 36,431 | 197 | 75,523 | 195 | 97,184 |
| TOTAL | 3,128 | 259,626 | 3,242 | 302,826 | 2,970 | 351,725 |

*Excludes energy suppliers, capacity, tolls and fuels.

Geographic distribution of purchases in Chile (204-1)

| Location | 2015 | | 2016 | | 2017 | |
|--------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | N° of suppliers | Amount in thousand US\$ | N° of suppliers | Amount in thousand US\$ | N° of suppliers | Amount in thousand US\$ |
| International | 183 | 36,431 | 197 | 75,523 | 195 | 97,184 |
| V - Valparaíso | 243 | 18,584 | 269 | 15,839 | 271 | 17,409 |
| RM - Metropolitan | 1,479 | 157,255 | 1,624 | 154,025 | 1,566 | 196,960 |
| VI - Lib. Bdo. O'Higgins | 49 | 1,080 | 60 | 1,174 | 57 | 1,093 |
| VII - Maule | 164 | 5,582 | 157 | 8,148 | 154 | 6,610 |
| VIII - Biobío | 792 | 32,797 | 722 | 40,439 | 526 | 24,668 |
| XIV - Los Ríos | 83 | 1,662 | 93 | 1,806 | 72 | 1,566 |
| X - Los Lagos | 86 | 1,501 | 71 | 1,838 | 73 | 1,514 |
| Other Regions | 49 | 4,734 | 49 | 4,034 | 56 | 4,720 |
| TOTAL | 3,128 | 259,625 | 3,242 | 302,825 | 2,970 | 351,725 |

NOTE:

- The location of the suppliers is related to the corporate taxpayer number under which they pay their duties, taxes and commercial patents.
- Purchases of energy, power, tolls and generation fuels are excluded. As reference, within the latter, four suppliers individually concentrate at least 10% of purchases. These suppliers are: Empresa Chilena de Gas Natural S.A. 18% Enap Refinerías S.A. 17%, Transelec S.A. 15% and Enel Generación Chile S.A. 10%.

Geographic distribution of purchases in Peru (204-1)

| | 2016 | | 2017 | |
|---------------|------------------|-------------------------|------------------|-------------------------|
| | No. of suppliers | Amount in thousand US\$ | No. of suppliers | Amount in thousand US\$ |
| National | 441 | 83,129 | 565 | 149,002 |
| International | 52 | 21,496 | 66 | 4,080 |
| TOTAL | 493 | 104,624 | 631 | 153,082 |

Geographic distribution of purchases in Peru (204-1)

| | 2016 | | 2017 | |
|-----------------|------------------|-------------------------|------------------|-------------------------|
| | No. of suppliers | Amount in thousand US\$ | No. of suppliers | Amount in thousand US\$ |
| Lima and Callao | 439 | 83,039 | 557 | 148,501 |
| Other locations | 2 | 89 | 8 | 501 |
| TOTAL | 441 | 83,129 | 565 | 149,002 |



Exchange of Best Practices

203-2, 308-1, 308-2, 414-1, 414-2

At Colbún we are committed to exchanging best practices with our contractors and suppliers, seeking to promote high safety, quality, environmental and social standards, supporting them in their growth and development. The above is aimed at achieving excellence throughout our value chain.

Our tender and award processes with contracting companies have incorporated environmental principles along with other work-related and safety issues. These guidelines can be seen in the Special Regulation for Contractor and Subcontractor Companies (REECS per its acronym in Spanish) and the Integrated Management System (SIGECS per its acronym in Spanish), among other initiatives.

At Colbún we review 100% of the compliance with the requirements indicated in the Environmental Qualification Resolution (RCA per its acronym in Spanish) of the services being retained. If failures are detected, Colbún will get in touch with the contractors to request information and due correction of the failure, which may even involve the early termination of the contract or service.



354

No. of suppliers / contractors Colbún has decided to enroll in the “Repro Achilles” registry, a sustainable development assessment tool⁽¹⁾

(1) Equivalent to 12% of the suppliers who work for Colbún



Suppliers' Risks and Perception Survey

In 2017, Colbún again conducted a Reputational Risk Survey, interviewing 242 people from supplying companies across Chile, with special emphasis on critical suppliers. 88% of them agreed or highly agreed to Colbún's sustainable management strategy. This survey assessed aspects such as the environmental culture, occupational

safety and health, integrity, anti-corruption, payments, selection and follow-up processes, among others.

This tool also facilitates contractors and suppliers' self assessment of the same aspects, where they obtained 92% positive results.

Contractors, suppliers and Human Rights

103-2, 403-1, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1, 414-2

Both Chile and Peru do not have operations where we foresee any risk of contractors developing child labor or forced labor. We have not either identified activities where contractors' rights are threatened as a result of collective negotiation or bargaining. Colbún complies with the labor legislation, has a Code of Business Ethics and adheres to the principles of the Global Compact, which contain human rights issues.

Both the internal regulations for contractor companies and Colbún's Code of Business Ethics are

delivered to contracting companies as part of the procurement and general services procedures, which establish our ethics commitments and values. In agreement with the above, our contracting companies must submit all work contracts of personnel who work at any of our facilities, as well as their work and shift schedules.

In addition, the Special Regulation for Contractor and Subcontractor Companies and Colbún's Integrated Management System establish human rights principles the suppliers must abide by in order to provide services to the Company.

The Company implemented a platform called Repto Achilles, where we can view the human

rights' track record of contracting companies to assess, for example, the accident rate or the legal claims filed with the Labor Inspection.

Suppliers' Assessment of Labor Practices and Human Rights

414-1, 414-2, 308-1, 308-2

With respect to social impacts, the percentage of new suppliers evaluated and selected according to the social criteria was 100%. Colbún works with 447 suppliers subject to the Subcontracting Law and the REECS regulations, which assesses the Companies' annual environmental and social impacts (including labor practices and human rights).

Regarding the environmental assessment, in 2017, we identified 22 companies with a potential to generate some type of environmental impact (fuel and lubricant spills, mistreatment of waste and scrap, for example). Of these, none generated environmentally adverse impacts.

With respect to the social assessment, only one of the companies was early terminated due to non-compliance with labor laws.

In connection with potential social impacts, they comprise not paying the workers' social security contributions (e.g., salary payment, forced labor, child labor) and failure to meet occupational safety and health standards (e.g., accidents). By means of the Reputational Risks survey, we assessed specific human rights risks, such as the freedom of association, forced labor, child labor, occupational safety and health, the compliance hotline and other work practices. No relevant risks were identified through this tool.



N° of new suppliers /contractors assessed in relation with environmental practices (308-1)

| | N° of suppliers | % of suppliers over the total universe |
|---|-----------------|--|
| Percentage of new suppliers assessed and selected according to environmental criteria | 3* | 5% |

*NOTE: * Providers registered with the Repra Achilles system, with whom a purchase or service delivery relationship was established in 2017.*

Potential Negative Impacts of the Environmental Practices on our Supply Chain (308-2)

| Impacts | | |
|---|-----------------|--|
| Fuel and lubricant spills, mistreatment of waste and scrap | | |
| | N° of suppliers | % of suppliers over the total universe |
| Contractors with actual and potential negative impacts as a result of their work practices. | 22 | 1% |

Significant investment agreements and contracts which contain human rights clauses or which are subject to human rights assessment (412-3)

| | Chile* | Peru |
|---|--------|------|
| N° of significant contracts | 224 | 52 |
| N° of significant contracts with Human Rights clauses | 224 | - |
| % of significant contracts with Human Rights clauses | 100% | - |

*NOTE: *All contracts include clauses relating to our Code of Business Ethics.*

Security Contractors and Human Rights

410-1

The regulatory authority in Chile, the OS-10 Police Department requires security guards and private guards to attend security courses that incorporate issues related to Human Rights.

At December 2017, Colbún had 138 security guards and six private guards who were trained by an external company on several aspects including Human Rights. The training was done in 2016, being in force for two years in the case of security guards and three years for private guards.

In 2017, Colbún did not train its security personnel on human rights issues in Chile or in Peru.

In 2017,
the Company
developed and
Occupational Safety
and Health Plan which
merged all the activities
conducted under this
dimension.



4.3

Occupational Safety and Health

Colbún's view of safety issues: have Colbún develop its own safety culture that becomes the raw model for the industry, where each worker and contractor is a passionate leader in the performance of his/her daily job.

Electric power generation entails working in facilities where potential risks exist for people's safety and health. It is hence extremely important to have these factors evaluated and controlled to protect the integrity of those who work and live near the power facilities.

In general, our purpose is to protect the health of our workers and their families. Specifically, one of Colbún's strategic purposes is to achieve and maintain "zero accident" rates, safeguarding the health and the safety of our workers. Likewise, we want our communities to feel safe about our plants' operation, and in this regard we have made progress in disseminating our emergency response mechanisms involving our neighbors in those plans.

Safety Management

(403-2)

At Colbún we have a Safety, Occupational Health, Environmental and Quality Policy that is actively promoted among our workers and contractors. The basic principles of this policy are aimed at meeting the requirements established in the applicable legislation, the voluntary commitments and our safety, occupational health, environmental and quality standards. Likewise, no production goal or operational emergency justify our workers' exposure to uncontrolled risks.

In 2016, we retained DuPont, an international company with an extensive experience in risk

prevention, which developed work aimed at knowing the current safety performance status of the Company and at supporting the development of a strategy that helps further improve our safety performance. The result of this work enabled us to define a new challenge in this area: have Colbún develop its own safety strategy that becomes the raw model for the industry, where each worker and contractor is a passionate leader in the performance of his/her daily job.

An Occupational Safety and Health plan was developed in 2017, which contains all the activities to be developed; one of the main action lines was directed at reinforcing the safety leadership at all the hierarchical levels of the Company.



1.1

Colbún's Frequency Rate in 2017, the lowest score of all its history.

Regarding 2017 safety results, we had to regret one (1) lost time accident of a Colbún worker who had to be amputated his right thumb. In addition, we recorded five lost time accidents, which yielded a Frequency Indicator of 1.1, considering both own and contractors' workers. This is the lowest score of all the Company's history.

Peru

For our Peruvian subsidiary, Fenix, the corporate safety objectives were updated in agreement with Dupont's safety culture diagnosis recommendations conducted in 2015. To that end, a performance indicator, also called a process indicator (PAHSE Advance), was established as shown below. The Annual HSE Program (PAHSE) was developed by the area management units, and in this manner each area undertook its own responsibility for the safety work.

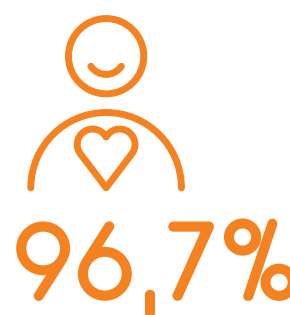


An Occupational Safety and Health plan was developed in 2017, aimed at reinforcing the safety leadership at all the hierarchical levels of the Company.

Corporate Safety Objectives

| Corporate Objective | Indicator | Goal |
|---------------------|--|------------------------------|
| PAHSE* | % compliance with PAHSE [20%]. | 95% |
| | IF (Frequency Indicator): Number of accidents which result in medical leave [15%]. | 1,3 |
| | IF (Frequency Indicator - High Potential): Number of accidents with high potential, as defined by a special committee [15%]. | 0,6 |
| | Environmental incidents, in agreement with a corporate compliance scale [50%]. | Maximum one level-2 incident |

*PAHSE: Annual Safety, Health and Environmental Program.



of all workers who had scheduled a preventive health checkup indeed had their checkup done in Peru

In 2017, Fenix recorded “0” accidents with lost time.

Accident Rate Indicators for Chile in 2017 (Colbún and contractors)

(403-2)

| | Colbún | Contractor companies | Total |
|-------------------------------|-----------|----------------------|-----------|
| Loss Rate (1) | 19.5 | 4.8 | 9.9 |
| Accident Rate (2) | 0.2 | 0.2 | 0.2 |
| Frequency Indicator (3) | 0.9 | 1.4 | 1.1 |
| Severity Indicator (4) | 82.1 | 31.4 | 54.2 |
| Average number of workers | 994 | 1,892 | 2,887 |
| Total Man Hours | 2,362,734 | 2,894,478 | 5,257,212 |
| Lost time accidents | 2 | 4 | 6 |
| Days lost | 194 | 91 | 285 |
| Severe and/or fatal accidents | 1 | | 1 |
| Accidents w/o lost time | 4 | 12 | 16 |
| Vehicle accidents | 18 | 9 | 22 |

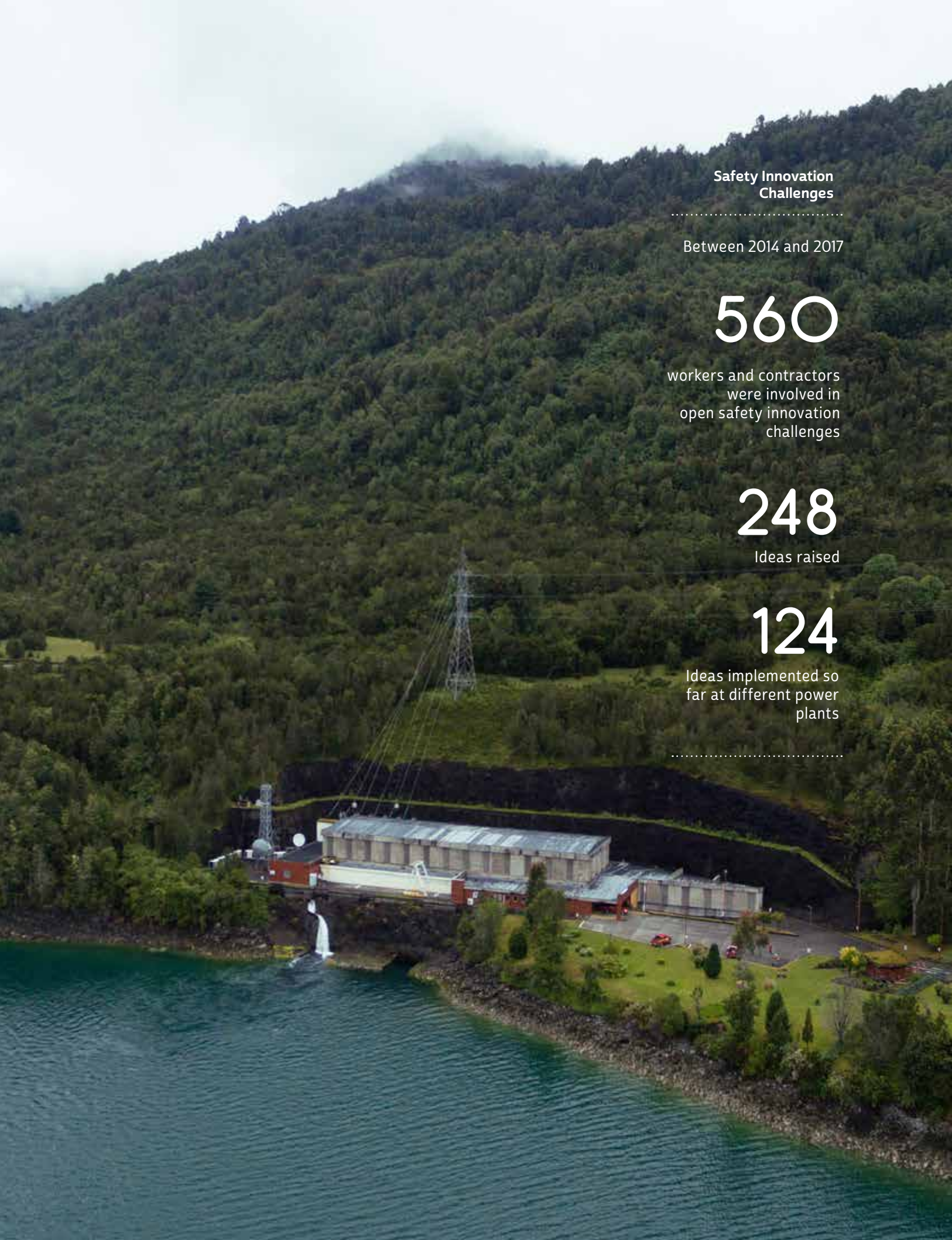
- (1) Days lost per 100, divided by the average headcount for the period.
 (2) Number of accidents by 100, divided by the average headcount for the period.
 (3) Number of accidents by 1,000,000, divided by the total number of man hours for the period.
 (4) Days lost by 1,000,000, divided by the number of man hours for the period.

Accident rate indicators for Peru in 2017 (Fenix and contractors)

(403-2)

| Statistics | Fenix | Contractor Companies | Total |
|-------------------------------|---------|----------------------|---------|
| Loss Rate | 0 | 0 | 0 |
| Accident Rate | 0 | 0 | 0 |
| Frequency Rate | 0 | 0 | 0 |
| Severity Rate | 0 | 0 | 0 |
| Average No. of workers | 94 | 136 | 229 |
| Man Hours | 199,320 | 226,727 | 462,047 |
| Lost Time Accidents | 0 | 0 | 0 |
| Days Lost | 0 | 0 | 0 |
| Severe and/or Fatal Accidents | 0 | 0 | 0 |
| Accidents w/o Lost Time | 1 | 0 | 1 |
| Vehicle Accidents | 0 | 0 | 0 |

- (1) Loss Rate: Days lost per 100, divided by the average headcount for the period.
 (2) Accident Rate: Number of lost time accidents by 100, divided by the average headcount for the period.
 (3) Frequency Rate: Number of lost time accidents by 1,000,000, divided by the total number of man hours for the period.
 (4) Frequency Rate: Days lost by 1,000,000, divided by the number of man hours for the period.



Safety Innovation
Challenges

Between 2014 and 2017

560

workers and contractors
were involved in
open safety innovation
challenges

248

Ideas raised

124

Ideas implemented so
far at different power
plants

TOWARD THE ACHIEVEMENT OF A SAFETY CULTURE

In order to strengthen Colbún’s safety culture, a Strategic Occupational Health and Safety Plan was developed in 2017 based on eight action lines: Development of Safety Leadership, Roles and Responsibilities in Occupational Safety and Health, Occupational Safety and Health Objectives, Safety Communication, Procedures and Rules, People Management, Incident and Occupational Health Management, developed through the year, and which most relevant milestone was top management involvement, namely the General Manager, in safety activities at the power plants. Visibility was also given to internal campaigns and courses, in which by means of videos and other communicational tools, talks, contests and tutorials, we sought to show the importance of applying high safety standards in every action executed by Company’s and contracting companies’ personnel.

Among the campaigns and courses implemented in 2017, it is worth outlining Hand in Hand, aimed at

raising awareness on the importance of preventing accidents that affect the hands, the Work at Height campaign directed to reinforcing the procedures and standards when working at height; the Safe Driving course, which was compulsory for all workers driving an own or leased vehicle; the Step by Step campaign by the Mutual de Seguridad, aimed at raising awareness on accidents by falls; the Extinguisher Handling course and the Home Office Safety Plan e-learning course, which reinforced concepts relating to safety management at Colbún’s home offices in Santiago.

In addition and also to consolidate a safety culture, Colbún implemented an internal procedure whereby every accident affecting Company’s workers or contractors is immediately reported to all the Company employees through an email describing the circumstances and the characteristics of the event and the lessons learnt, if any.

A technology surveillance project was developed at Colbún’s facilities, namely the Angostura power plant in 2017. The offices of the said power plant have a modern system that includes, among others, a closed-circuit television, an audio deterrence system and a Security Operational Center.

215

people participated in the e-learning course “Home Office Safety Plan”

249

people took the Safe Driving course at the power plants and home offices (including 7 contractors’ workers)

50%

of the workers with some health problem improved their condition in 2017, going from “not fit for the job” to “normal condition”.

Occupational Health and Healthy Life

403-2, 403-3, Colbún-12.TR

Occupational Health at Colbún is aimed at keeping its workers free of any disease that could be brought about by the substances they handle, the equipment, machines and tools they use or the environmental conditions where they develop their activities. In 2017, 89% of workers who had scheduled a preventive health checkup indeed had their checkup done, while this percentage was 90% for the workers with a scheduled occupational test.

Occupational Health Pillars at Colbún



EPIDEMIOLOGIC SURVEILLANCE

We track the exposure of workers at their workplace, identifying risk agents, doses, concentrations and exposure times that allow quantifying their magnitude to propose control measures. Likewise, health conditions are checked against specific risk agents by measuring biological indicators and conducting tests that could detect damage in key systems such as cardiovascular diseases and specific organs.



OCCUPATIONAL HEALTH PROTOCOLS

Health protocols are focused on minimizing workers' risks and on facilitating the follow up of individual health conditions. Noise is the main health risk identified at Colbún's power plants. However, a series of health protocols have been applied, which involve a systematic sequence of actions for their fulfillment such as:

Occupational Noise Exposure Program (PREXOR), Plan for the Eradication of Silicosis by 2030 (PLANESI), upper extremity musculoskeletal disorders (TMERT-EESS), Manual Load Handling (MMC), Psychosocial Disorders (TPS), Asbestos, Non-ionizing Radiations (Rad UV A/B), within the framework of hygiene plan that includes, among others, qualitative evaluations and previous studies in all the power plants.



PUBLIC HEALTH SURVEILLANCE

From the viewpoint of Public Health, we continued with the voluntary medical checkup program for all Colbún's employees through the "Colbún battery", with tests aimed at detecting cardiovascular alterations, fundamentally for being the primary cause of death in the country. The result of all this work, which began at the end of 2013, is that 86.2% of workers are considered in the "low risk" range. This is the percentage of the population with low probability of having a cardiovascular event in the next 10 years.



OCCUPATIONAL ILLNESSES

In order to ensure workers have the physical conditions required to perform their work, a systematic checkup is done of the workers' health through a set of occupational tests, incorporating a follow-up program that tracks workers whose health assessment results show some degree of alteration. The worker is encouraged to make an appointment under his health insurance to get the appropriate medical treatment. This in turn is reported to the Health Commission, which is composed of 3 members of the Organization and People Management Unit and 3 of the Occupational Safety and Health Management, headed by their respective managers. Colbún's goal has been to have no occupational patients (EP) and in 2017 we again reached the goal of "0 occupational patients".

Implementation of the Psychosocial Disorder Protocol

Our Company started to implement the Psychosocial Disorder Protocol at all its power plants in 2015, which prompted the Mutual de Seguridad

to designate it the Industry Raw Model first, and then to invite it to speak at its International SUMMIT in 2016. After some adjustments, in 2017 we reassessed the protocol, being recognized this time by the Superintendence of Social Security

(SUSESO), which invited Colbún to an event that gathered the main international experts on labor-related psychosocial risks.

OCCUPATIONAL HEALTH PERU

No occupational illnesses were reported in Fenix during 2017. However, 100% of the contractors underwent a medical checkup, which enabled the Company to collect information for an occupational health surveillance program that will be implemented in 2018.

Other safety milestones in Peru 2017

- Participation in the National Quake Drill done at night in the power plant.
- The electrical safety labeling was done in agreement with standard NFPA 70E.
- Celebration of the Occupational Safety and Health International Day.
- Update of the disergonomic and occupational agent risks, and chemical agents were included.
- Implementation of the behavioral auditing system (AUDICOMP).
- Review of the Occupational Safety and Health System by the Auditor registered with the Ministry of Labor and Employment Promotion.
- Good HSE performance award ceremony.
- Plant's Risk and Contingency Plan Study update.
- Performance of an Operational Excellence workshop led by Dupont and addressed to the Plant Middle Management level.

All Colbún power plants have implemented a fire, earthquake and natural disaster emergency plan. Annual drills are conducted with the participation of the Fire Department, municipal or governmental emergency offices, the Police Force and/or the Mutual de Seguridad (Safety Mutual Insurance).

Management of Public Safety Issues in Our Communities

Colbún-5.SO, EU21, 412-1

All Colbún power plants have implemented a fire, earthquake and natural disaster emergency plan. Annual drills are conducted with the participation of the firefighters, municipal or governmental emergency offices, the Police Force and/or the Mutual de Seguridad (Safety Mutual). The safety of our facilities is considered a priority issue in various consultations with the communities where we operate. In 2017 progress was made in this regard through the development of a risk matrix that includes the hazards our operation could bring about on neighboring communities in order to define the priority focuses.

Below are some measures already in place to address these hazards.

COLBÚN COMPLEX

Preventive measures have been adopted to avoid or mitigate the risks on people's health and the damage to public or private property that could be brought

about by the freshet of Colbún's Reservoir, contemplated in the protocol "Delivery of Information and Communication of Freshet Alert Reports and Other Measures for the Reservoir Law No. 20,304" subscribed in 2016. This agreement was signed by the DGA, the Meteorological Board, the ONEMI, Colbún and other companies of the sector.

In addition, when Colbún Reservoir must pour water, as in 2017 during the melting season, which is usual toward year-end, the Company informs the local and regional authorities in advance to prevent any risk situation in the Maule River basin.

With respect to Colbún Complex Return Channel, in 2017 a series of measures were adopted to prevent accidents: perimeter closures were installed, gate and warning signs were reinforced; a dissemination campaign was undertaken which included radio announcements and the delivery of informative flyers to raise awareness on the importance of self-care, and five presentations were made of the theatre play "Aquí

todos nos cuidamos" (We all take care of ourselves) in the districts of Colbún and Yervas Buenas.

ANGOSTURA POWER PLANT

This power plant has implemented a communications protocol with the authorities, police, firefighters and other stakeholders to warn the population when the floodgates are open, although due to the operational characteristics of Angostura, such opening does not alter the natural river flow. A winter dissemination campaign was undertaken (flyers and radio announcements) to alert the population of eventual floods due to climate conditions.

In addition, due to the growing incorporation of wind and solar power plants that show high power generation variability, the reservoir hydroelectric power plants are expected to offset such variability to ensure the system's reliability. In those circumstances, it's highly probable that reservoir power plants must rapidly increase their generation capacity over short periods, raising the amount of turbine water and the river flow

downstream of the plant's discharge point. Hence, meetings have been held with the community and the local authorities in Angostura and a safety plan has been developed which contemplated, first and foremost, the installation of warning signs to bathers so that they are attentive to the sudden changes in the river flow.

With respect to summer tourists in Angostura Park, Colbún again conducted a dissemination campaign (flyers and radio announcements) promoting self-care while on the beach and the reservoir. Permanent safety measures have been implemented in those sites for the summer season, such as lifeguards, guards and warning signage.

ACONCAGUA COMPLEX

Continuing with the work started in 2015 in 2017 Aconcagua complex undertook a dissemination campaign (flyers) to raise self-care awareness among the Colorado River bathers in summer. In this zone and in the sector of Chacabuquito, Colbún has placed signs and sirens to alert freshets due to sudden discharges. In 2018, a similar work will be conducted at the Juncal and Aconcagua Rivers.

NEHUENCO COMPLEX

In 2017 Colbún participated in the Risk and Disaster Management Board of the Quillota Province. This initiative is part of the activities aimed at encouraging public-private coordination for emergency response at a provincial level, pursuant to the agreement signed between PNUD Chile and the Provincial Government of Quillota.



4.4 Community Relations

We know that energy generation projects bring about impacts in the zones where they operate; hence, one of our objectives is to look for designs aimed at avoiding, mitigating or compensating the negative impacts and enhancing the positive ones. To achieve this objective, we build long-term relationships with the communities where we operate to properly manage these impacts. In this context, we understand that trust and long term relationships with the communities are based on an excellent operational performance.

Without losing sight of the excellent operational performance, Colbún's Community Relations Policy is based on the following basic principles:

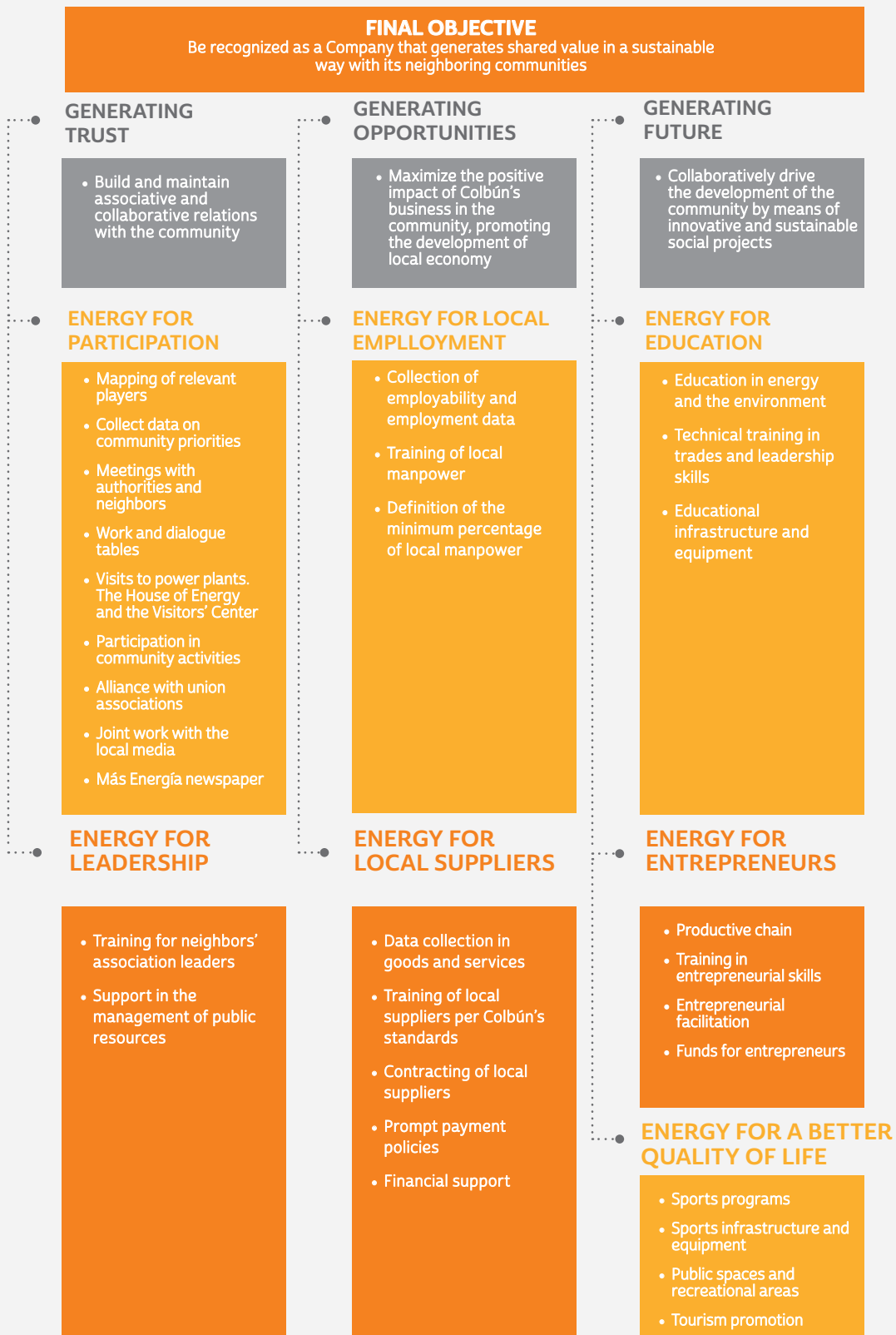
- Building good community relations based on transparent and collaborative dialogue, developing communication instances and strengthening the leadership of community members to create more symmetric relationships.
- Generating development opportunities in the sites where we operate, by promoting the growth of local economy through the retention of local manpower and suppliers, so that they join our value chain.
- Raising the quality of life of the communities, collaboratively promoting the development of innovative and sustainable projects, linked mainly to production growth, education and healthy lifestyle.

Trust and long term relationships with the communities are based on an excellent operational performance.



Community Relations

The goals and objectives of our relationship strategy with communities and authorities in the 20 districts where we operate in Chile and a district in Peru are shown below:



Colbún has implemented community initiatives within these Dimensions at all its power plants and projects.





Generating Trust: Dialogue with the Community and the Society

203-2, 413-1, 413-2, EU19

In order to provide for an early approach and a smooth integration with the communities where the Company plans to build a specific project, the Public Affairs Management undertakes an early coordination with the Engineering and Projects Division and the Environmental Management Area to inform the community and local authorities of the activity to be developed and, in turn, listen to their views and concerns. This process takes place in advance of submitting the corresponding environmental impact study or declaration, in order to be acquainted with the

community views on the project and enable a smooth integration thereof in the territory. This internal integration approach is maintained during the operation of the power plant, working with the Generation Management Division. The same approach is applied in Fenix, where the community relations leader is based on Chilca power plant. With respect to significant indirect economic impacts, these are related to the development of communities and local suppliers (tourism, health, economic development, etc.) and the environmental impacts brought about by Colbún.

Potential negative impacts (413-2)

| Project Construction | Generation | |
|--|--|---|
| | Hydroelectric | Thermoelectric |
| <ul style="list-style-type: none"> ● Noise ● Landscape alteration ● Relocation of communities (in some cases) ● Dust ● Increased demographics ● Ecosystems disturbance | <ul style="list-style-type: none"> ● Disturbance of land and water ecosystems ● Changes in the river water flow rates ● Landscape disturbance | <ul style="list-style-type: none"> ● Hazardous and non-hazardous effluents and waste ● Atmospheric emissions and water pollution ● Noise ● Water consumption ● Landscape disturbance |

Potential Positive Impacts

| Project Construction | Generation | |
|--|--|---|
| | Hydroelectric | Thermoelectric |
| <ul style="list-style-type: none"> ● Generation of local manpower ● Request for local and regional products and services ● Social investment in the district ● Increased union activity ● Land and water ecosystem disturbance ● Archaeological findings | <ul style="list-style-type: none"> ● Request for local and regional products and services ● Lower rates paid by districts with power generation plants ● Social investment in the district ● Increased union activity ● Recreational activities ● Water storage for irrigation | <ul style="list-style-type: none"> ● Request for local and regional products and services ● Lower rates paid by districts with power generation plants ● Social investment in the district ● Increased union activity |

1.023

Messages were received on the Telephone Helpline in 2017

Communication Channels

413-1, 413-2, EU19

For many years, Colbún has been gradually but steadily implementing new communication channels and dialogue instances with the neighboring communities, in response to the Generating Trust pillar of its Community Relations Strategy. In addition to the more traditional means of communication, namely the in person or telephone contact, meetings and workgroups, letters or emails, during 2017 the following milestones or progresses linked to this field were recorded:

DIGITAL MEANS

Early in 2017 Colbún set up a Facebook account named ColbúnEnergía, which supplemented the Company’s presence on Twitter, YouTube and LinkedIn. The purpose of the account is to report on

activities linked to Colbún and the energy industry, and to receive questions; at the closing of this Annual Report, the account had 8,600 followers.

RADIO PROGRAMS:

In 2017, two programs prepared by the Company were broadcasted on the radio. The first “Voces con Energía” at Colbún district to report on the activities of the Company in the zone; the second was broadcasted in the district of Santa Bárbara under the name “Vecino Angostura” (“Angostura Neighbor”).

+ENERGÍA BULLETIN:

Last year Colbún started to develop two new digital bulletins for the community named +Energía in the districts of Curacaví and Codegua-Mostazal, which are sent to the database of community leaders, neighbors and authorities of both districts. These publications added to

two hard copy bulletins the Company already had in the districts of Colbún, Santa Bárbara, Quilaco, Coronel, Quillota and Los Andes.

Fenix also publishes the community bulletin called “Buen Vecino” (“Good Neighbor”), which is published twice a month. A blog with the same name supplements this publication.

WEBPAGE:

Colbún has set up a confidential and anonymous hotline to receive complaints relating to compliance with Colbún’s ethics standards. The same channel named Ethics Line was implemented at Fenix on its webpage. Last year 23 complaints were received in Chile and 3 in Peru.

Also on our webpage there is a Telephone Helpline that enables any individual to make comments or ask any kind of questions. Each question is assigned a follow-up number and response time. In 2017, 1,023 queries were received.

In 2017, the Company's power plants had more than 19 thousand visits, including Colbún Complex, with 3,615 visits; Angostura Complex, with was incorporated at the end of last year accumulating 171 visits.

CORPORATE REPUTATION INDEX AND COMMUNITIES THERMOMETER:

We conduct an annual survey on mass perception among neighbors and stakeholders that helps us identify the main concerns and issues of the communities where we operate. This instrument collects the perception of suppliers and contractors, workers, investors, clients and suppliers, in addition to authorities and opinion leaders. In 2017, 700 people were interviewed through this instrument, without considering our own workers, in which 871 people participated in the work environment survey.

VISITIS OF OUR FACILITIES:

Another communication channel available to the community is the visits to the power plants, the "Energy Tour", which purpose is to open our plants to the community in order to raise awareness of our operations, educate them in energy and environmental matters and allowing for questions and clarifications. This initiative started in 2012 at the Colbún Complex and gradually extended to other facilities. In addition to Colbún, which received 3,615 visitors in 2017, this program is nowadays present at the Angostura power plant (13,270 participants in 2017), the Santa

María station (2,068 people in 2017) and the Aconcagua Complex, which joined the program by the end of 2017, recording 171 visitors to date. The other Colbún power plants, both in Chile and Peru also receive visitors but more sporadically and not through a systematic program as for the power plants mentioned above.

COMMUNITY MANAGEMENT SYSTEM (SGC):

In order to track the commitments undertaken with the community, we recorded in the Community Management System (SGC, per its acronym in Spanish) all actions associated with community affairs.

Contact Line Colbún: 2017 numbers

| Type of contact | number | most recurring issues | Total |
|-----------------|--------|--------------------------------|-------|
| Query | 1,000 | Search for a job | 54% |
| Congratulation | 1 | Products and services offering | 22% |
| Complaint | 13 | Question to suppliers | 69% |
| Suggestion | 9 | Visits to the power plants | 5% |



One of the power plants that joined the public account rendering program in 2017 was Candelaria.

Public Accounts and reportability by district and power plant

| District | Power Plant | Date |
|---------------------------|-----------------------------|--------------------|
| Curacaví | Carena Power Plant | January 9, 2017 |
| Quillota | Nehuenco Complex | January 26, 2017 |
| Puerto Montt | Canutillar Power Plant | March 4, 2017 |
| Coronel | Santa María Power Plant | April 10, 2017 |
| Codegua | Candelaria Power Plant | September 26, 2017 |
| Mostazal | Candelaria Power Plant | September 26, 2017 |
| Yerbas Buenas | Colbún Complex | October 18, 2017 |
| Colbún | Colbún Complex | October 19, 2017 |
| Cochamó | Canutillar Power Plant | November 3, 2017 |
| Puerto Montt | Canutillar Power Plant | November 4, 2017 |
| Santa Bárbara and Quilaco | Angostura Power Plant | November 22, 2017 |
| Quilleco and Antuco | Rucúe-Quilleco Power Plants | November 23, 2017 |
| Curacaví | Carena Power Plant | December 6, 2017 |

Public Accounts and Power Plant Reportability Program

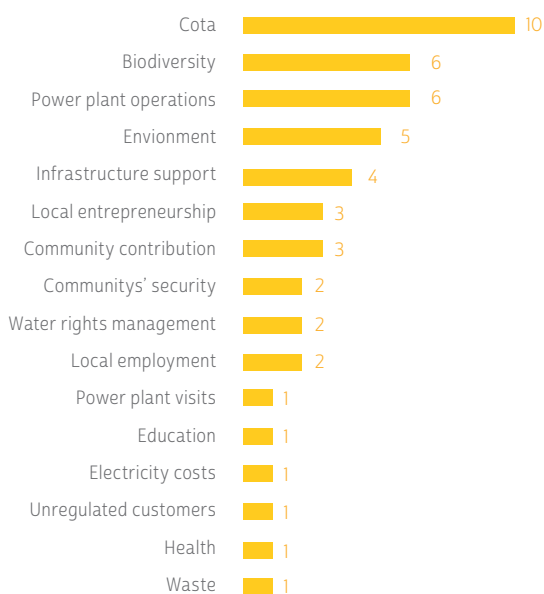
Colbún provides special importance to its public account and reportability program started at Coronel in 2013 as an instance of direct dialogue between the community and the manager of each power plant, as it gives us the opportunity to report the operational, environmental and social performance, and to address our neighbors' doubts or concerns.

In 2017, 13 meetings were held in different districts, including Quillota (Nehuenco Complex) Coronel (Santa María Complex), Codegua and Mostazal (Candelaria Power Plant), Colbún and Yerbas Buenas (Colbún Complex) Santa Bárbara and Quilaco (Angostura Power Plant), Quilleco and Antuco (Rucúe and Quilleco Power Plants), Cochamó and Lago Chapo (Canutillar Power Plant), and Curacaví (Carena Power Plant).

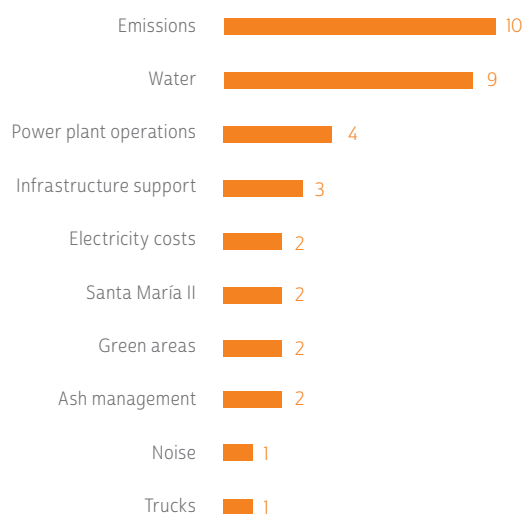
A relevant Innovation introduced in 2017 was the implementation of informative stations and panels at different spots of the power plants, to present in a friendly and didactic manner the way in which Colbún handles the environmental follow-up of its operations. In addition, the attendants were surveyed at the end of the meeting to assess the activity, find out the priority issues for our neighbors and detect opportunities for improvement.

Although the number and type of attendants vary according to the district, these meetings are usually attended by the mayor, regional authorities, municipal officers, the leaders of neighbors' associations and functional organizations, neighbors, suppliers and the power plant workers. All the presentations made are posted on Colbún's webpage (<https://www.colbun.cl/documentos-de-interes/>).

Issues raised by the Community at the Public Accounts of Hydroelectric Power Plants



Issues raised in the public accounts of Thermoelectric Power Plants



Citizen Participation and Early Consultation

EU19

One of Colbún’s main policies is to present its projects in advance to the neighboring communities and local authorities to know their viewpoints before the environmental assessment process and to assess how to incorporate our neighbors’ input to the project. This was the case of El Médano mini-hydro power plant project.

EL MÉDANO MINI-HYDRO POWER PLANT PROJECT

El Médano is a mini-hydro power plant Project located in the sector of El Médano, San Clemente district, approximately 100 kilometers southeast of Talca, in the Maule Region. With a capacity of 6.6 MW, the

initiative contemplates using the Maule River flow, immediately downstream of La Mina Plant restitution point. El Médano is conceived as a compact work, i.e. the same structure lodges the intake, the power house and the restitution to the river.

In the first half of 2017 and prior to submitting the Environmental Impact Declaration (DIA), Colbún set up a Work Group with the neighboring community, who were informed of the project. The initiative was also presented to regional and municipal authorities. This was followed by a formal citizen involvement process in parallel to the environmental assessment process, as set forth by the sectoral regulations.

These instances enabled the community to raise the need of implementing a bridge and a road, which will be incorporated to the



project design. Finally, periodic meetings will be held to report on the progress of the initiative.

LA MINA HYDROELECTRIC POWER PLANT

During 2017, along with the completion of La Mina Hydroelectric plant works, Colbún went ahead with the meetings with neighbors associations of the three communities who live close to this initiative, who were informed of the project progresses and with whom several social projects were agreed to. The Company also committed to train and to retain local manpower, and promoted different social projects with the local municipality. These instances were generated during the Project’s environmental permitting.

PARTICIPATIVE SOCIO-ENVIRONMENTAL MONITORING PROGRAM AT FENIX

Since the construction of the Thermoelectric Power Plant, Fenix has engaged in a participative socio-environmental monitoring which involves the representatives of different organizations from Las Salinas and Chilca. In 2017, in order to increase and promote the participation of the local inhabitants, Colbún re-launched the program which consisted of increasing the number of organizations involved (20 groups in the Chilca district); the next step was to identify topics of interest and set up work groups to train the trainers so that the monitoring tasks are conducted in a more detailed manner abiding by the principles of transparency and environmental stewardship.

Fenix re-launched the program with the support of Golder Associates and the consulting firm Figueroa and Bustamante, who committed to verify the transparency of Fenix’s environmental management work.

Generating Opportunities: Local Suppliers and Employment

204-1

At Colbún we promote the purchase of goods and services from local suppliers, as long as they meet the technical and commercial conditions required for a reliable commercial operation.

Purchases in districts influenced by Colbún - Chile (204-1)

| Region | District | No. of suppliers | Amount (Thousand US\$) |
|--------------------------|---------------|------------------|------------------------|
| RM - Metropolitan Region | Curacaví | 11 | 222 |
| V - Valparaíso | Quillota | 25 | 1,907 |
| | Los Andes | 61 | 4,514 |
| | San Esteban | 5 | 11 |
| VI - Lib. Bdo O'Higgins | Mostazal | 4 | 187 |
| | Codegua | 4 | 90 |
| VII - Maule | Yerbas Buenas | 5 | 9 |
| | Colbún | 15 | 1,436 |
| | San Clemente | 11 | 612 |
| VIII - Biobío | Quilleco | 6 | 648 |
| | Coronel | 45 | 1,969 |
| | Cabrero | 16 | 1,344 |
| | Santa Bárbara | 17 | 1,153 |
| | Quilaco | 4 | 160 |
| | Lota | 8 | 240 |
| | Antuco | 4 | 7 |
| XIV - De Los Ríos | Valdivia | 45 | 1,088 |
| | Los Lagos | 8 | 24 |
| | Panguipulli | 9 | 70 |
| X - Los Lagos | Cochamó | 7 | 131 |
| Total | | 310 | 15,820 |

Purchases in districts influenced by Colbún - Peru

(204-1)

| Region / District | Nº of suppliers | Amount (Thousand US\$) |
|-------------------|-----------------|------------------------|
| Lima and Callao | 557 | 148.501 |

Colbún also seeks to Generate Opportunities aimed at maximizing the hiring of local labor. These are some examples:

203-2

La Mina Power Plant Project (Maule Region)

In the construction of this power plant the percentage of unskilled local labor reached 40% at December 2016.

Santa María Complex

83% of the 109 Colbún's own workers in this complex come from some district of Concepción

Nehuenco Complex

33% of the 68 Colbún's own workers in this power plant live in the province of Quillota.

Angostura Power Plant

88% of the 43 Colbún's own workers in this power station live in some district of Los Ángeles.

Aconcagua Complex

79% of the Complex's workers come from the district of Los Andes, Calle Larga or San Esteban.

Los Pinos Power Plant

50% of Los Pinos power plant workers live in some district of the Biobío Province.

Carena Power Plant

64% of the 63 Colbún's own workers live in the district of Curacaví or Melipilla.

Canutillar Power Plant

7% of the workers in this plant come from some district of the Llanquihue Province.



Generating Future: Community Development Programs

Colbún-3.SO, 203-2

Colbún undertakes its community investments under the following principles established in the Community Relations Manual:

1. The activities are developed on the basis of a well-defined strategy (objectives, criteria, guiding principles).
2. Align the strategic business issues with the developmental priorities of local communities, civil society and government to create “shared value”.
3. Position the Company as an ally that involves all its stakeholders and not as the main player in the promotion of local development.
4. Avoid dependency and instead encourage autonomy and creation of long-term benefits that will persist once the support of the Company is over.
5. Monitor the changes in community perception to obtain real-time feedback on performance.
6. Proactively communicate the value generated by Community Investment (CI) to internal and external audiences.

Colbún’s community investment focuses on three areas, with which the Company seeks to Generate Future. These are:

•Energy for Education:

Programs aimed at providing educational support to educational institutions and young people in the districts where Colbún operates.

•Energy for Entrepreneurs:

Initiatives aimed at strengthening our neighbors’ skills in the areas of productive development and employability.

•Energy for Quality of Life:

Focused on improving the living

conditions of communities.

Community Investment in Chile (Colbún-3.SO)

| Pillar | Sub-category | US\$ | No. of Beneficiaries |
|--------------------|------------------|------------------|----------------------|
| Generating Trust | Leadership | 145,470 | 3,988 |
| | Participation | 1,077,175 | 51,299 |
| Generating Future | Quality of Life | 1,932,909 | 180,466 |
| | Education | 16,443 | 1,119 |
| | Entrepreneurship | 1,056,045 | 1,803 |
| Others* | | 2,179,244 | 900 |
| GRAND TOTAL | | 7,547,285 | 239,505 |

NOTE: Excluding the training done to local suppliers in 2016, which are part of Generating Opportunities.

(*): "Others" is referred mainly to administrative expenses and donations to charitable institutions. It should be underlined that in agreement with the law, Colbún does not make political contributions (indicator G4-SO6).





1,450

high-school students
have been trained under
the Complementary
Training Programs,
Forcom.

SOCIAL PROGRAMS AND INVESTMENT IN CHILE

On the basis of the large work areas Colbún has defined for its social contribution –education, entrepreneurship and quality of life, the Company designs and implements different programs tailored to the needs and conditions of each community. Some outstanding initiatives undertaken in 2017 in Chile were the following:

Huertos Familiares (Family Orchards):

This is an initiative aimed at training our power plants' neighbors so that they may start and maintain their own organic farms. This program was implemented at the Aconcagua Complex in 2016, and since then the Company has supported 60 families who live by the International Route so that they learn to develop sustainable crops to harvest produce that improve their quality of life, and can make a living through self-consumption or through the sale of such agricultural produce.

The 2017 program was supported by Fundación La Semilla and Pipartnert Group and comprises theoretical and practical workshops, the installation of two beds by home in addition to the delivery of raw materials.

Entrepreneur Centers:

Colbún operates two entrepreneur centers in partnership with the NGO Acción Emprendedora. Located in the districts of Coronel and Santa Bárbara (Biobío Region), they provide training, support to start or formalize a business, and business incubation.

The Santa Bárbara-Quilaco Entrepreneur Center has operated since 2012 and focuses its work in these districts and in Antuco, Quilleco and Cabrero. In 2017, it provided advice to 37 new entrepreneurs, adding up to 346 since the opening of this center; it also trained 125 people, adding up to 1,275 trained people since 2012.

Meanwhile, in Coronel we provided





consultancy to entrepreneurs in 2017 and conducted the sixth version of the seed capital program “Yo Emprendo en Coronel”, jointly with Cidre Bío Bío, the Municipality of Coronel and Acción Emprendedora. Twenty-four projects were selected, in addition to the 150 initiatives supported by the program through its six years of existence.

Complementary Training (FORCOM):

Colbún’s Complementary Training Program is one of the broadest and oldest Company programs, turning 10 years of existence in 2017. In alliance with Inacap, and more recently with Fundación Vertical and Universidad Santo Tomás, this initiative seeks to provide the technical tools that will improve students’ training and employability, with a wide variety of training courses such as computing,

electricity, accounting, tourism and leadership, among others. The best students from each class are granted a scholarship to partly finance their higher education expenses.

In 2017, this program benefited 251 students and granted scholarships to 9 students. To date, the FORCOM have benefited approximately 1,450 people from the 14 districts where it has been implemented.

Schools for Dialogue:

This is an alliance set up by the Association of Power Generation Companies, which Colbún is part of, Comunidad Mujer, Centro-Eula of Concepción and the Ministry of Energy aimed at strengthening the competencies for a more effective dialogue between business and local players. At the Biobío Region, the companies Orazul

and Colbún heavily supported this program which allowed training more than 40 social women leaders. Something particular about this program was that in addition to training in leadership, an environmental training was conducted which provided tools to reinforce the community skills in this area.

Social Development Funds in Coronel:

This fund that started in 2009 as a result of the “Work Group for the Development of the Southern Sector” integrated by Colbún and 13 neighbors’ associations has developed its work along two lines of action: the first one that benefits neighbors’ associations with projects aimed at improving public spaces and at building or remodeling community headquarters, and the second that

One of the most outstanding social projects in 2017 was the Tricentennial Park in Quillota, initiative developed in conjunction with the municipality and the local community that allowed the implementation of a public space with mosaics and large wall paintings to celebrate the 300 years of this city.

US\$
7,5

million was Colbún's social investment in Chile in 2017. In Peru, it amounted to US\$0.93 million.

benefits functional organizations such as sports and cultural clubs, among others, through contestable funds. The first line of action enabled us to build a multi-purpose indoor sports center in the sector of Última Esperanza and to repair the Neighbors' Association headquarters of the same zone, thus benefiting a total of 250 families. In the second action line 36 projects were awarded to functional organizations in 2017.

By the same token, this program also provided consultancy services to 56 social organizations that applied to public funds contests, whereby 13 additional projects were awarded a total amount of \$66 million.

Cuido Mi Planeta (Caring for my Planet):

This program is implemented across

several lines of action thereby enabling the community to take the lead in caring for the environment, namely, contestable funds, training courses and art competitions, among others.

The program was initially implemented at Colbún district, where three contestable fund and six art competitions have been conducted, in addition to home appliance collection days and local training sessions.

In 2017, the districts of Codegua and Mostazal were granted contestable funds for the first time: a total of 10 organizations – neighbors' associations, public schools, nursing schools had access to resources to implement their environmental projects.

Outstanding Community Projects

Construction of the Historical-Cultural Center at Santa Bárbara:

The Santa Bárbara Municipality raised the need to generate an adequate space to disseminate and raise awareness on Santa Bárbara's history, where the Pehuenche and Spanish cultures merged in a very particular way. Hence, Colbún financed the construction of this work leaving in the hands of the Municipality the design definition of the Historic and Cultural Center, its equipping and contents. The construction of this Center concluded in 2017, which inauguration is expected for the first half of 2018; we foresee that Santa Bárbara's community will highly appreciate this initiative.

Tricentennial Park in Quillota:

In commemorating the 300th anniversary of the Quillota district, Colbún and the Municipality agreed to build a public space with mosaics and large wall paintings to show the main symbols and attributes of the district and which could become a symbol of the city. In light of the above, the inhabitants were surveyed through different means to find out the themes that should be reflected in these wall paintings and mosaics. Local artists were convened to elaborate these paintings and mosaics together with community volunteers. It is worth noting that the walls were built with ecological bricks, from bottles and plastic paper, and the participation of students from the 9 municipal schools of the district who collected 3,600 ecological bricks. This was a fully participative project with a very high impact on the Quillota inhabitants.

Machicura Resort:

The Municipality of Colbún informed us early in 2017 that its main strategic objective was to underscore the tourism attributes of the district and particularly, the Machicura Reservoir, for being a pole of interest located at the heart of the municipal capital with tourism and recreational potential. In light of the above, Colbún looked for and purchased a land that would have optimal conditions for implementing a resort and developed the design for the project. After reaching agreement with the Municipality, we are working in the permitting for this project which will doubtlessly become a highly relevant landmark for the district.



Angostura Botanic Garden, a Contribution to Biodiversity

In 2017, the Angostura Park, linked to the Angostura Power Plant officially inaugurated its Botanic Garden with 4.2 hectares dedicated to preserve local flora and to take care of the environment, one of the commitments adopted by Colbún in the Environmental Qualification Resolution for such hydroelectric power plant.

Located on the southern shores of the Biobío River (Quilaco district), the Botanic Garden is provided with a 350-meter long pathway, along which many native species can be found, namely, Coihue, Guindo Santo, Pitra, Roble, Raulí, Ciprés de la Cordillera and Corcolén, among others. There are close to 2,000 of these specimens planted in this new garden.

The garden is also provided with four theme stations with an educational focus to show the visitors how to build a rainwater collector and a small medicinal herb orchard, in addition to teach how to separate residential waste and how to make composting. The Botanic garden seeks to contribute to environmental education and the biodiversity of the zone, and will consolidate the tourism offer sparked off by Colbún around its Angostura Hydroelectric power plant.

The Botanic garden seeks to contribute to environmental education and the biodiversity of the zone, and will consolidate the development of the Angostura project.



SOCIAL PROGRAMS IN PERU
203-2

Some of the relevant community programs developed by Fenix in 2017 were:

Water for Chilca:

The original project design included the construction of seawater desalination and purification plant for Fenix power plant, which required an investment of 4 million dollars and has become the raw model for the area. The plant can produce 2,000 cubic meters of drinking water per day, most of which is delivered to the Municipality of Chilca to be distributed to the local population. In 2017, Fenix installed water collectors at various Salinas homes to promote water saving among the population.

Las Salinas Polyclinic:

On January 12, 2017, Fenix

inaugurated Las Salinas Polyclinic, managed by the company Red Médica offering many medical specialties, state-of-the-art equipment and well known health professionals. The polyclinic is charged with taking care of the approximately 1,000 inhabitants of this populated town and during its first year of operation has provided health care services to 3,011 people. In addition, the survey applied to the patients showed that 100% was pleased with the service level.

Comprehensive Training Plan to PRONOEI of Chilca

From the educational perspective, in 2017 Fenix implemented a training program for Non-Formal Early Education Program (PRONOEI) at Chilca: “Drama as the Creative and Expressive developmental art to strengthen the learning among the promoters of PRONOEI program” The PRONOEI take care of young



Children aged 3 to 5 from vulnerable zones before they join formal schooling. The program developed by Fenix comprised all public PRONOEI of Chilca district, and sought that the promoters could explore artistic techniques and develop their imagination and originality to support the educational process at the classroom and the young children they take care of.

Community investment in Peru (413-1, Colbún-3.SO)

| Pillar | Amount (US\$) | No. of beneficiaries |
|--|----------------|----------------------|
| Education | 11,744 | 410 |
| Health | 319,246 | 3,080 |
| Tourism | 89,450 | 17,000 |
| Fund to Strengthen Basic Social Organizations | 4,000 | 550 |
| Participative Socio-Environmental Monitoring Program | 4,347 | 17,000 |
| Sea Water that Transforms Lives * | 438,348 | 5,200 |
| Donations | 61,510 | - |
| Grand Total | 928,645 | 43,240 |

NOTE: * This corresponds to the estimated value of the water production cost for Chilca community (303,190 m³/year).

Main Socio-Environmental Challenges

306-3, 411-1, Colbún-4.5o

Faced with the potential risk of a socio-environmental conflict, Colbún privileges direct contact with the communities through its Public Affairs team. This way, we seek to maintain a direct, permanent and open communication channel that enables us to know first-hand the community concerns and viewpoints, and to adopt the measures required to generate mutual understanding. Within this context, the following situations occurred in 2017:

| Subject | Description | Measures adopted by Colbún |
|--|---|---|
| <p>Colbún Reservoir Level, District of Colbún, Maule Region</p> | <p>the "Tourism Development Corporation of Colbún Reservoir" which brings together tourism players from the zone and which had an active role in the creation of the Tourist Interest Zone (ZOIT) Colbún-Rari in 2016, has requested the Company to maintain a certain water level (432 m.a.s.l.) during the summer for tourism purposes.</p> | <p>The water level is defined by several factors. Firstly, the hydrological conditions, which have been more adverse during the last few years. In fact, the generation average of Colbún Complex has decreased this decade as compared to the last 10-year period.</p> <p>In addition, the Company has explained to the various district stakeholders that the Reservoir's primary purpose was to generate energy, and that they must restitute irrigation water through the channels. Due to its technical characteristics, Colbún power plant plays a very relevant role in the National Electricity System, namely the primary frequency regulation and the support for the service recovery plan in the event of a blackout. Colbún reservoir is a regulation dam that provides flexibility to the system in front of the increasing penetration of variable energy sources such as solar and wind power; all the above bears upon the water level of the reservoir.</p> <p>In May 2016, Colbún sent a letter to the CDEC-SIC informing that in the summer of 2017 and 2018 it would implement a voluntary, temporary and experimental plan to reconcile the use of the waters of the Colbún reservoir for other purposes. This is the second time Colbún S.A. sends a letter of this nature, after raising a similar restriction in 2014, applicable in the summer of 2016.</p> <p>It is worth noting that Colbún periodically meets with the Corporation for the Tourism Development of Colbún Reservoir to report them on the hydrological situation of the Maule basin and the projections of the reservoir water level. In the summer of 2018 the water level ranged between 432 and 430 m.a.s.l.</p> |

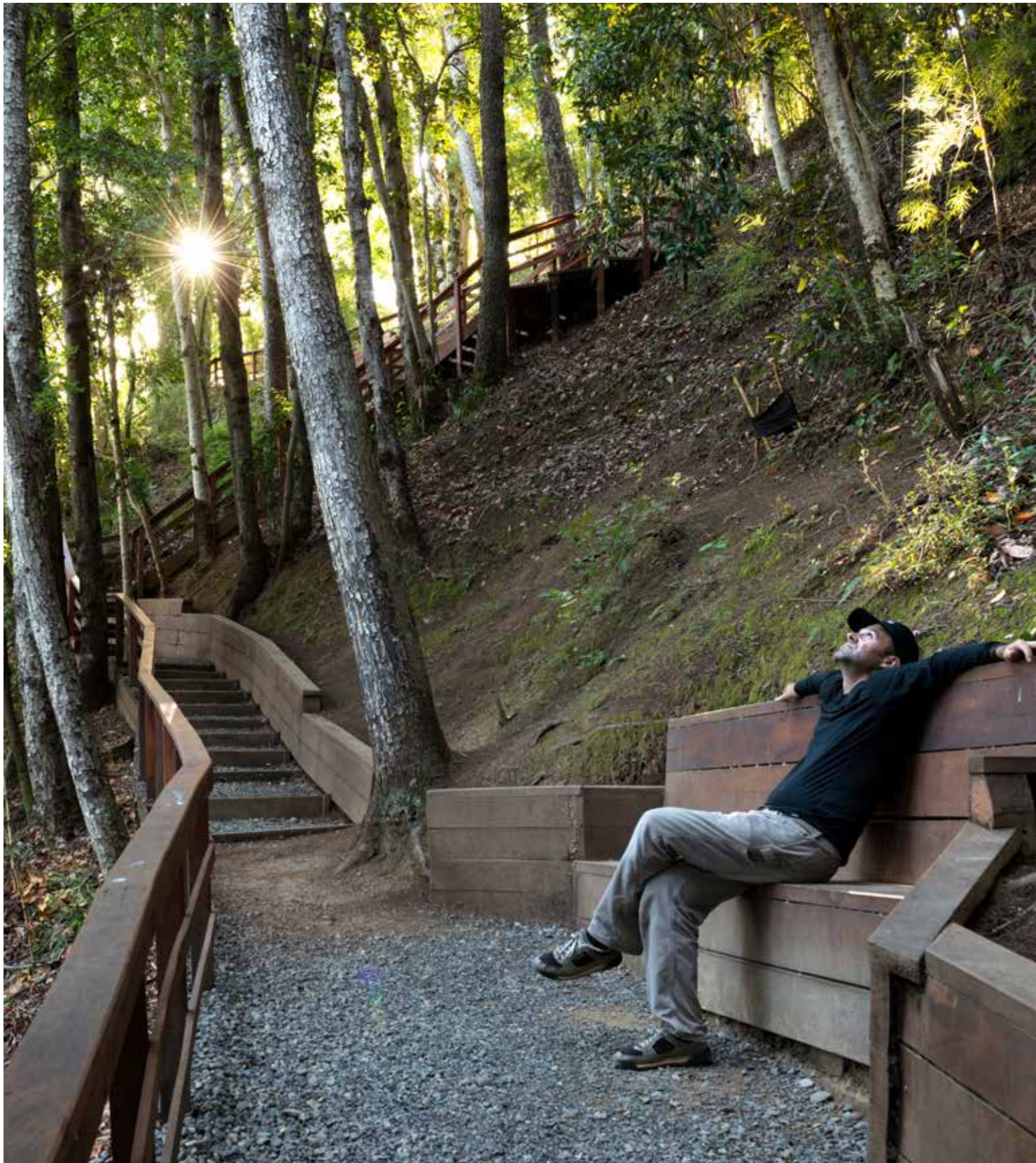
| Subject | Description | Measures adopted by Colbún |
|--|--|--|
| <p>Santa María Thermoelectric Power Plant, District of Coronel, Biobío Region</p> | <p>In 2012, within the context of a claim filed by some neighbors and fishermen of Coronel, the Public Prosecutor's Office undertook an investigation on the environmental performance of thermoelectric power plants in Coronel to check their compliance with the law. After five years of investigation, more than 70 witnesses and 30 technical reports, the Public Prosecutor decided not to go ahead with the investigation and released Colbún from any responsibility because there was no background information to support the claim. In the Company's opinion this confirmed the good performance of the power plant.</p> <p>In parallel, since 2015 and thereafter, a lawyer from Concepción has filed various claims with the Environmental Superintendence (SMA) for alleged non-compliance with the RCA or environmental compliance by the power plant, particularly with respect to higher than permitted generation.</p> <p>After an exhaustive investigation, in January 2017 the SMA issued a resolution disregarding Colbún's non-compliance with the RCA, with respect to the higher than permitted generation. The regulatory authority issued a minor charge against the Company in relation to the excessive noise during night time, with respect to which the Company submitted a compliance plan.</p> <p>However, in January 2018, the Environmental Tribunal of Valdivia directed the SMA to proceed with the investigation of Santa María Complex and to restart a sanctioning process due to differences in the power plant equipment. Both the SMA and Colbún appealed to such resolution, but the judgment is still pending.</p> | <p>Coronel has had coal-fired power plants since the 1970s, Santa María Complex's Unit I being the last to be incorporated in 2012.</p> <p>Since this plant, one of the most modern in the country, has been operational, Colbún has placed special emphasis on having a high-standard environmental operation, which in practice has meant that the main environmental impacts of the project have been below those foreseen in EIA, such as emissions and water temperature at the bay. This has been certified after the Public Prosecutor Office's decision not to go ahead with the investigation conducted for five years on Santa María's environmental performance.</p> <p>Within this context and despite the decision of the Public Prosecutor's Office, Colbún has promoted different communication channels to report the environmental results and to receive concerns and complaints. These channels include the rendering of annual accounts since 2013; the implementation of work groups since 2011 with neighbors' associations; periodic visits to TV channels and local radio programs; the issue of news capsules showing the environmental performance of the power plant and the instauration of a guided visit program. Finally, Colbún is actively involved in the Coronel Environmental and Social Recovery Board (CRAS) funded by the government.</p> |

| Subject | Description | Measures adopted by Colbún |
|---|--|---|
| <p>Canutillar Power Plant, Cochamó district, Los Lagos Region</p> | <p>Some neighbors of the Chapo Lake have manifested their concerns for the changing level of this lake that lodges the Canutillar Power Plant, especially during the summer.</p> | <p>In 2017, Colbún set up a work table and held permanent meetings with the neighbors of the lake, the same we have been doing for the last few years. Although the water level is influenced by the annual hydrological conditions, Colbún has built works aimed at mitigating some of the effects that worry the neighbors.</p> <p>Additionally, the company is studying a proposal by the National Electricity Coordinator to establish a new minimal operating level.</p> |

COMMUNITY AND HUMAN RIGHTS.

406-1, 411-1, 412-1, 103-2

No cases of Human Rights violations were reported among indigenous groups or cases of discrimination and human rights' violations were received on the Compliance Hotline or the Telephone Helpline (channel for inquiries, complaints and suggestions) in Chile and Peru during 2017.





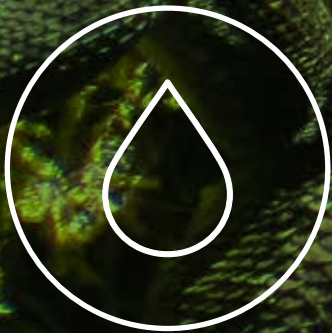
5

The Company owns 5 power plants certified to reduce emissions.



6%

reduction in Colbún's emission factor from electricity generated in 2017



33%

increase in the water used for hydroelectric power generation in 2017.

5

Environmental Performance

*Lizard in the Angostura Reservoir, Biobío Region.
Photo: Gino Oppliger, Angostura Power Plan*

This chapter presents the environmental performance of our operations in Chile and Peru during 2017, regarding the material aspects associated with the natural capital existing at our facilities.

Our environmental commitment is to generate power while minimizing the environmental impacts and using the resources in an efficient manner.

Materiality Analysis of the Chapter

103-1, 103-2, 103-3

Based on the Materiality Study that included internal and external Company sources (see details in Chapter 6 of this Integrated Annual Report) four material issues were identified which are relevant to our stakeholders from an Environmental Performance perspective. Following is a description of these issues.



| Material Issue | Emissions |
|---------------------|---|
| Scope | Atmospheric emissions |
| Why is it material? | Over the last decade the environmental performance standard has become more stringent for thermoelectric power plants, within a context of greater environmental related complaints by the population and greater control on the part of the authorities. Although Colbún has strived to fully meet the sectoral requirements at its eight thermoelectric power plants, and in many cases exceeding the regulatory requirements, the environmental impacts of thermoelectric power plants are a focus of attention by several stakeholders, including the authorities, communities, clients, shareholder and Company workers. |
| Related Risks | Compliance with emission standards; opposition by the community; reputational risk; change in regulatory standards; green tax; availability of each type of fuel. |
| How do we manage? | The Company has a Safety, Occupational Health, Environmental and Quality Management Policy applicable to all of its operations; conducts an online monitoring of its emissions; evaluates and implements permanent technology innovations that improve the environmental performance and periodically disseminates its environmental impacts through public accounts rendering and through other instruments in order to maintain its stakeholders informed of these issues. All the above in a context where Colbún is increasing its renewable generation sources. |



| | |
|----------------------------|---|
| Material Issue | Water |
| Scope | Water management at hydroelectric power plants, water bodies' level. |
| Why is it material? | Within the context of drier hydrological conditions faced by our country over the past years, the management and availability of water for various uses has become a critical issue for the population of some rural areas, and for agriculture, mining and other industries. Although hydroelectric power plants do not consume water, reservoir regulated power plants manage water in such way that they could restrict the use of water by other sectors, such as tourism or agriculture. Also, the hydrological conditions affect hydroelectric power generation, a very relevant issue for our investors. |
| Related Risks | Variability of the water resource; opposition by the community over an alternative use of the resource; regulatory changes. |
| How do we manage? | The Company has a Safety, Occupational Health, Environmental and Quality Management Policy applicable to all its operations; it conducts a permanent monitoring on water available at the rivers (and snow fell); evaluates and implements technology innovations to make a more efficient use of water and conducts meetings with the community and other stakeholders to agree to the various uses of the resource, such as the agreements subscribed with irrigators' associations. |



| | |
|----------------------------|--|
| Material Issue | Climate Change |
| Scope | Climate Change; sale of carbon credits; green tax. |
| Why is it material? | Climate Change and its effects have become a top priority issue in the global agenda, including Chile's. The issue is very relevant for Colbún and its various stakeholders because thermoelectric power plants contribute to this phenomenon, in addition to others such as transport and the industrial sector. In addition, Climate Change may have an effect on the availability of the water resource. |
| Related Risks | Lower water availability; regulatory changes having an impact on thermoelectric power generation; Colbún's profitability. |
| How do we manage? | We have a Climate Change management model that allows us to detect the risks and to take advantage of the opportunities in this topic. This includes using an internal coal price for decision making; developing a project portfolio to issue carbon credits that offset emissions; measuring, verifying and reporting our carbon footprint, including our participation in the Carbon Disclosure Project (CDP); promoting social initiatives to measure, reduce and offset the emissions and actively participating in the discussion on public policies directly relating to the Climate Change or through union associations such as the Association of Power Generation Companies or CLG Chile. |



| | |
|----------------------------|--|
| Material Issue | Biodiversity |
| Scope | Biodiversity; habitat preservation; environmental dissemination. |
| Why is it material? | The construction of projects and the operation of power generation plants may have an impact on the biodiversity of the habitats and ecosystems where these facilities are located. The preservation of biodiversity and natural habitats is an issue that has become increasingly important for the society, and the regeneration capacity of ecosystem services is essential to ensure the long-term sustainability required by human development. |
| Related Risks | Environmental incidents; legal claims against a project or power plant; citizens' opposition. |
| How do we manage? | We have a Sustainability Policy and a Biodiversity Strategy that provide the regulatory framework under which the Company manages the risks and opportunities in this area. The Safety, Occupational Health, Environmental and Quality Management Policy also serve this objective, in addition to all the management tools developed by the Company that help us having a comprehensive approach toward flora and fauna systems. |

Environmental Management Model

Colbún has adopted an environmental management model that gears its actions in this field and is based on four pillars.



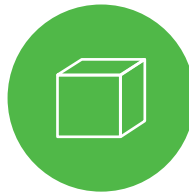
WATER

We strive to efficiently use the water resource at our different power plants and to ensure it will not lose its self-generation capacity.



AIR

We seek to minimize the effects of our emissions on air quality and to manage our greenhouse gas effect emissions.



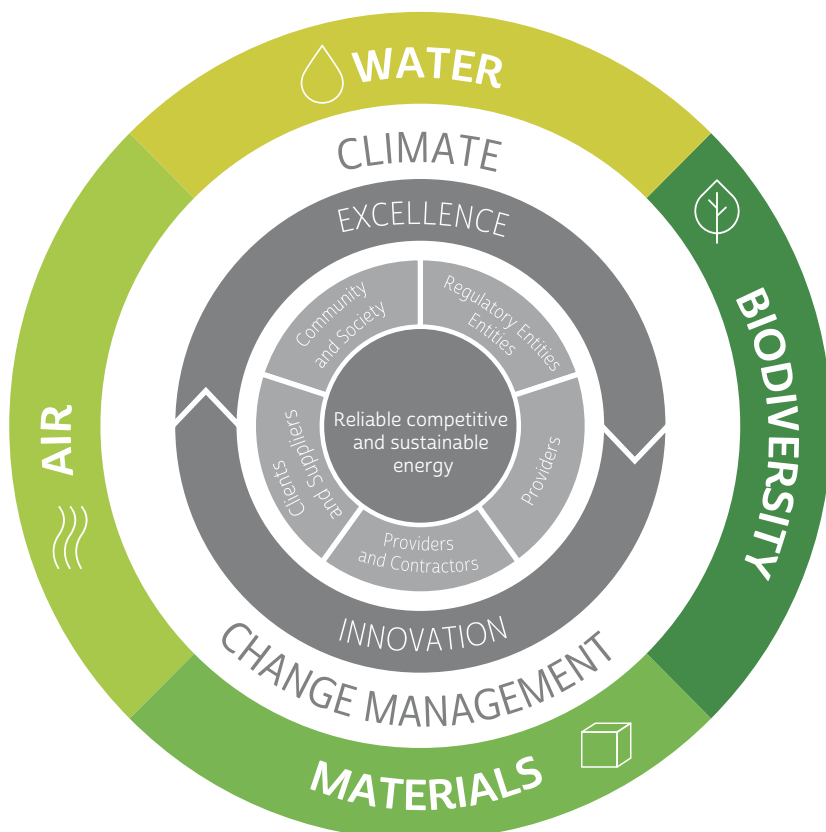
MATERIALS

We efficiently use the raw materials we turn into electric power, making ourselves liable for managing the waste resulting from our processes.



BIODIVERSITY

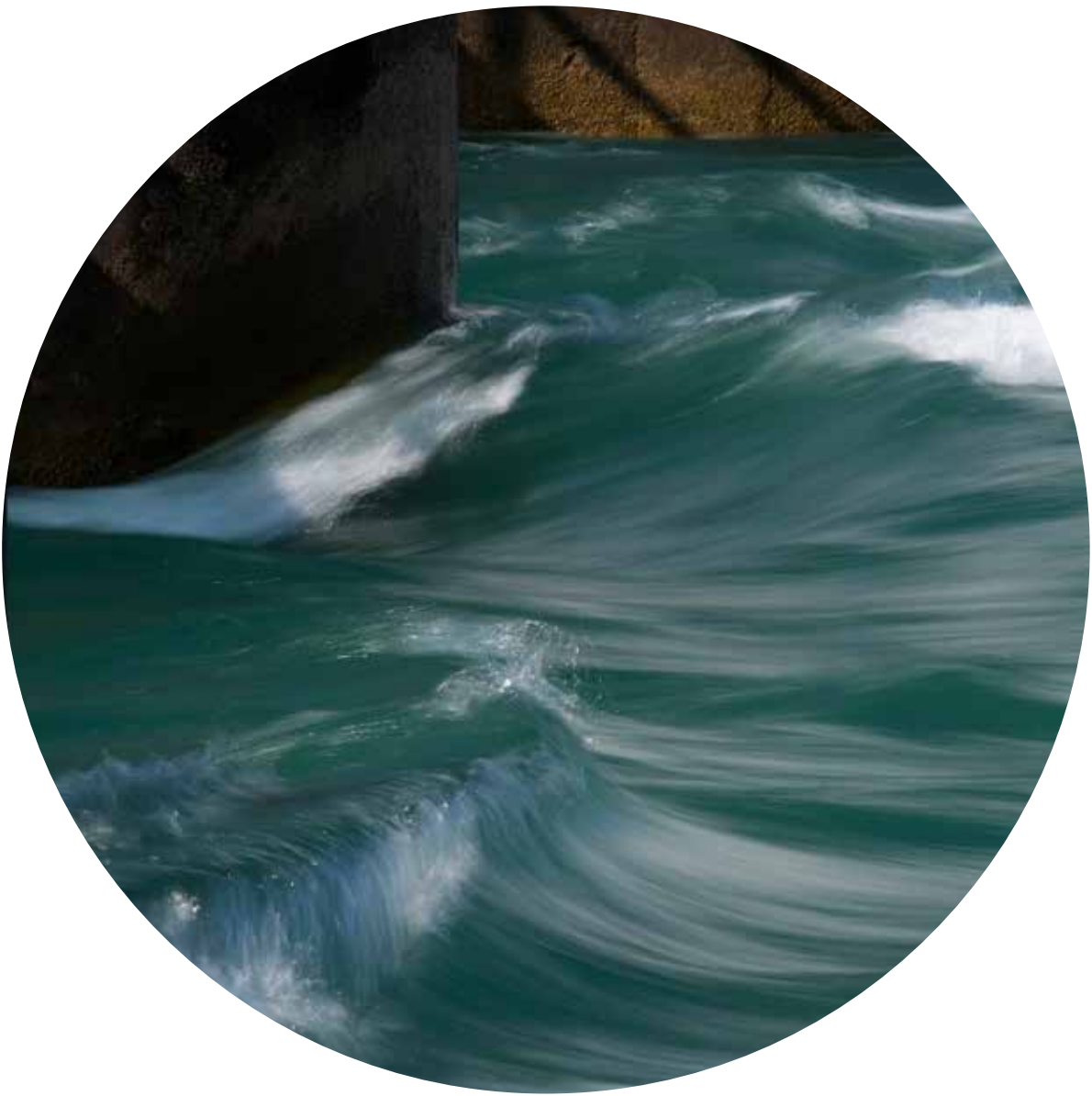
We recognize and take care of the flora and fauna, and the habitats and ecosystems where our projects and facilities are located.



5.1

Use of Water Resources

103-2, 103-3, 303-1, 303-3



The availability of the water resource is crucial for the development of our business and may represent a risk due to the variability in precipitation patterns and changes in the water flow regimes.

Against this, regulation hydroelectric power plants become more important (Colbún, Machicura and Canutillar stations), as they allow adjusting the supply and taking more load when consumption goes up, being an excellent complement for renewable technologies as the solar and wind power (which generation is intermittent).

Colbún has set itself the task to build and operate its power plants pursuant to high environmental standards. For example, our reservoir hydroelectric power plants exceed the international efficiency standards established by the United Nations (more than 4 watts of installed capacity per square meter of flooded area) to qualify the projects as very efficient in terms of water management and of low environmental impact. In order to minimize the environmental impacts, Colbún strives to optimize

this indicator, which has significantly improved over time (as shown in the table below).

Reservoir efficiency (installed capacity per m² of flooded area)

| | |
|-----------------------------|---------------------|
| Colbún reservoir | 10 W/m ² |
| Machicura reservoir | 12 W/m ² |
| Angostura reservoir | 44 W/m ² |
| San Pedro reservoir project | 55 W/m ² |

Besides that, the amount of water used in Colbún S.A. includes all thermoelectric and hydroelectric power plants in their steam production, cooling down processes and supporting tasks. It is worth noting that this indicator does not show the water used in hydroelectric generation per se, as this water is fully returned to the river, without being consumed.

As noted in the following table (total intake of waters not used in hydroelectric generation in Chile), water consumption went up by 6% in 2017, which is due mainly to the slight increase of Santa María power plant

operation. It should be mentioned that although the water used to cooling down the power plant is fully returned to its original source, i.e. the sea, this variable is indeed considered in the water consumption indicator. Similarly, it is worth stating that the amount of water used does not include the corporate building offices. However, it does take into account the administrative offices of all the Company's power plants. The supply for these facilities comes from external sources and wells, and from sanitary companies in some cases.

Total intake of waters not used in hydroelectric generation in Chile (consumptive use) (303-1)

| Source | Metering Unit | 2014 | 2015 | 2016 | 2017 |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|
| Surface waters (river/lake) | m ³ /year | 10,760 | 9,115 | 11,045 | 9,820 |
| Surface waters (sea water) | m ³ /year | 343,330,691 | 313,124,801 | 316,705,257 | 336,714,557 |
| Underground waters | m ³ /year | 3,730,196 | 4,499,648 | 4,774,148 | 5,208,120 |
| Municipal water | m ³ /year | 123,795 | 69,663 | 61,626 | 73,492 |
| TOTAL WATER INTAKE | m ³ /year | 347,195,442 | 317,703,277 | 321,552,077 | 342,005,989 |
| TOTAL WATER RETURNED TO ITS SOURCE | m ³ /year | - | 313,124,801 | 316,705,257 | 336,714,557 |

Notes: - Sea water, corresponding to 98.5% of the total is used to cooling down the Santa María thermoelectric power plant and is fully returned to its source.

- Water coming from rivers, lakes and underground wells is used for consumption at administrative offices and for cooling down processes, among others.

Our reservoir hydroelectric power plants exceed the international efficiency goals established by the United Nations.

Total water intake in Peru
(Consumptive use) (303-1)

| Source | Metering Unit | 2017 |
|---------------------------------|----------------------|-------------|
| Total surface water (sea water) | m ³ /year | 291,188,054 |

| Destination | Metering Unit | 2017 |
|--|---------------------------|--------------------|
| Water returned to the source (sea) (1) | m ³ /year | 290,786,513 |
| Water supplied to the community (2) | m ³ /year | 374,210 |
| Others (3) | m ³ /year | 3,648 |
| TOTAL | m³/year | 291,164,372 |

(1) Sea water used for cooling down the power plant is fully returned to its source (it includes industrial effluents).
 (2) Corresponds to the desalinated and potable water delivered to the Chilca Municipality.
 (3) Corresponds to desalinated and potable water used for internal operational purposes.

Total water intake in Chile
(Non consumptive use of the water resource used as turbine water) (303-1)

| Power plant | Metering unit | 2015 | 2016 | 2017 |
|----------------|------------------------------|---------------|---------------|---------------|
| Colbún Complex | Million m ³ /year | 12,893 | 8,378 | 9,755* |
| Canutillar | Million m ³ /year | 1,512 | 1,062 | 1,658 |
| Carena | Million m ³ /year | 285 | 272 | 277 |
| Rucúe-Quilleco | Million m ³ /year | 4,386 | 2,995 | 3,779 |
| Aconcagua | Million m ³ /year | 996 | 1,387 | 1,366 |
| Angostura | Million m ³ /year | 10,220 | 5,504 | 9,188 |
| TOTAL | | 30,292 | 19,598 | 26,023 |

* Colbún Complex includes La Mina Power plant.

During 2017, the dry hydrological conditions at the Maule, Laja, Biobío and Aconcagua basins have persisted; these are the main hydroelectric generation sites in the country and where several of our facilities are located. Although in 2017 they did not get to the extremely low level recorded in 2016, they are far from recording a normal year according to the hydrological statistic. The exception was Canutillar, where the hydrological condition was more beneficial, completing a quite humid year as compared to the historical numbers.

2017 was especially low in precipitations and this effect even worsened at the Biobío basin (Angostura Power Plant). However, this effect was offset by a greater amount of melting water than in 2016 (especially during the second half of the year). This allowed a considerable increase in 2017 generation against that of 2016. Therefore, when we compare the numbers against 2016 we note a 67% increase in the volume of turbine water at this power plant.

From a global perspective, the water



increased the water consumption at all our power plants, due mainly to a slight increase in Santa María I's power plant generation, which returns in a 100% the water used in its processes to the sea.

used to generate power at our hydroelectric power plants in 2017 was 31.5% higher than the previous year.

In addition, during 2017 a growth was recorded in the development of efficient water management projects. An example of this is the implementation of sediment-cleaning equipment at the loading chamber of the Chacabuquito power station and the definite water purification plant at the Nehuenco Complex (both described in further detail in the Innovation section, Chapter 2).

WATER SITUATION AT THE ACONCAGUA BASIN

In response to the long-lasting water scarcity faced by the central southern zone of our country, over the past few years we have sought opportunities to reduce our reliance on the use of fresh water at the Nehuenco Complex, situated in the Aconcagua river basin. Hence, in order to minimize the use of water and ensure the operational availability of water during these periods of scarcity, Colbún implemented a water treatment and purification system technically called the Reverse Osmosis Plant at such Complex. By using purified water for cooling down plant processes, we may use the same water a greater amount of times, thereby reducing the use of the said resource in the process. The project included an additional water tank, which will increase the storage capacity enabling us to have autonomy in the event of emergencies. The purification plant will allow water savings by 50% during water scarcity periods.

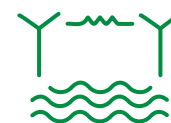
It should be mentioned that this initiative is framed within a group of actions promoted by Colbún at

Nehuenco aimed at efficiently using the water resources, and which includes online well monitoring systems (automatically controlled) and level forecasts.

HYDRAULIC SERIES: WATER REUTILIZATION

Given Colbún’s strong hydroelectric vocation, water resources are fundamental for the Company. Therefore, in order to promote energy efficiency and the sustainable use of its natural resources, Colbún has developed most of its electric generation power plants on hydraulic series, so as to reutilize the same water and maximize power generation.

Consequently, at present close to 33% of the water flows used by Colbún in its operations are used by more than a power generation plant owned by the Company, thus allowing greater energy efficiency.



33%

of the water flows used by Colbún in its operations are used by more than a power generation plant owned by the Company.

Percentage and total volume of water recycled and reutilized by hydroelectric power plants (303-3)

| Power plant | Metering Unit | 2014 | 2015 | 2016 | 2017 |
|--|------------------------------|--------|--------|--------|--------|
| Total turbine water | Million m ³ /year | 31,068 | 30,292 | 19,598 | 26,023 |
| Volume of "re" turbine water in series | Million m ³ /year | 11,045 | 10,603 | 7,279 | 8,545 |
| Percentage of reutilized water | % | 35.6 | 35.0 | 37.1 | 33.1 |

Other energy-efficient uses of water

Colbún has also tapped on the use of irrigation channels and water streams with irrigation purposes to generate electricity, thereby optimizing the use of the water resource.

Usage of irrigation waters (302-4)

| | | | | 2015 | 2016 | 2017 |
|--------------------------------|--|-----------------|---------------|-------------------|------------|------------|
| Name of the initiative | Description | Implemented at | Metering Unit | Estimated savings | | |
| Optimization of water resource | Development of new plants to use energy remnants from water flows, such as the San Ignacio, Chiburgo and San Clemente plants.Clemente. | San Ignacio (I) | GWh | 171 | 90 | 121 |
| | | Chiburgo | GWh | 70 | 63 | 60 |
| | | San Clemente | GWh | 16 | 17 | 13 |
| TOTAL | | | | 257 | 170 | 194 |

Source: National Electricity Coordinator

(I) The San Ignacio hydroelectric power plant may also generate power with water flows greater than those required for irrigation in agreement with the National Electricity Coordinator's requirements.

In addition, hydroelectricity allows to generate other social benefits. This is the case of the water efficiency agreement signed with the Maule South Irrigators' Association, Sector A, which has permitted water savings for irrigation by 29% in the 2016 - 2017 season. This is a mutual benefit agreement, where irrigators are compensated for saving water, while Colbún has more water available for clean power generation achieving additionally a CO₂ emission reduction from its operations.



29%

water savings for irrigation were obtained under the Water Efficiency Agreement signed with the Maule South Irrigators' Association.



POWER PLANTAS WITH ENERGETIC USE OF WATER

**SAN IGNACIO HYDROELECTRIC POWER PLANT
(RUN-OF-THE-RIVER)**



San Ignacio power plant takes advantage of the residual energy existing at Colbún-Machicura Complex's restitution channel, thus maximizing the use of energy and water of the complex with minimum environmental impact.

**CHIBURGO HYDROELECTRIC POWER PLANT
(RUN-OF-THE-RIVER)**



Chiburgo power plant was built in 2007 taking advantage of Colbún's facilities, which provides water for irrigation without disturbing its quality or quantity.

**SAN CLEMENTE HYDROELECTRIC POWER PLANT
(RUN-OF-THE-RIVER)**



This power station allows using the power losses generated along the Sanatorio Gorge, as it is used to return water to various irrigation channels. This power plant is registered under the United Nations' Clean Development Mechanism, resulting from CO2 emission reduction from its operation.



Use of the water resource in Peru

Fenix is a combined cycle thermoelectric power plant located in the district of Las Salinas, Chilca, 64 Kms. south of Lima. The combined cycle power plant is made up of a steam turbine and two gas-powered turbines, which may also be operated with diesel oil.

As this power plant uses sea water for all its processes, it does not use any underground or continental water. The most sea water intensive process is the system to cool down the power plant, which in 2017 amounted to 291 Hm³. A portion of the water captured goes through a desalination and purification system that allows generating up to 2,500 m³ of potable water per day. A small percentage of water is for the plant's internal consumption and most of the resource is delivered to the Chilca Municipality, which distributes water among the local population. The Municipality started delivering water in 2016, and the monthly water delivered amounts to 35,636 m³.

In 2017 Colbún continued to treat and recycle domestic waste water to irrigate the green areas and the hedgerows of the Fenix station (green perimeter fencing) amounting to 40,000 m².

The treatment plant features a capacity of 10.4 m³/day; an average of 7.99 m³/day of waste water was treated in 2017. The recycling of domestic waste water was adopted in response to the Environmental Impact Study.



2,500m³

Up to 2,500m³ of potable water may be obtained daily from sea water going through a desalination and purification process.





El Melado
Valley, Maule
Region.

*Picture by Carlos
Muñoz, Engineering
and Projects Division*

5.2

Use of materials and efficiency

103-2, 103-3, 301-1, 302-4, EU11

Over the past few years Colbún has made efforts to take advantage of residual energies and to incorporate generation equipment with state-of-the-art technology and greater efficiency, which has resulted in a better use of the resources.

One of the cases where this principle has been applied is Los Pinos power plant (combined cycle thermoelectric power plant). This unit reaches efficiencies in the order of 25% to 30% greater than other power plants of its kind, which enables it to contribute from 20 to 80 GWh/year

more than a conventional facility for the same fuel consumption level.

System energy savings attributed to Colbún’s power plants (302-4)

| | | | | 2014 | 2015 | 2016 | 2017 |
|---|--|----------------|---------------|-------------------|-----------|-----------|-----------|
| Name of the initiative | Description | Implemented at | Metering Unit | Estimated Savings | | | |
| Optimization in the use of fossil fuels | Development of a thermoelectric power plant that shows efficiencies in the order of 25 to 30% greater than other power plants of its kind. | Los Pinos | GWh | 39 | 45 | 22 | 18 |
| TOTAL | | | | 39 | 45 | 22 | 18 |

If this efficiency is added the energy from irrigation waters and residual rainfall mentioned in the preceding paragraph (Chiburgo, San Clemente and San Ignacio power stations), an additional amount of approximately 212 GWh is obtained for generation in 2017 (10% up from 2016) associated with higher efficiency initiatives.

The estimated savings at Los Pinos thermoelectric power plant is 18% lower as compared to 2016, due mainly to the fact that the power plant was less operative in 2017. San Ignacio hydroelectric power plant recorded a 34% increase in generation as

compared to 2016, which translates in greater savings for 2017.

The main materials used by Colbún in Chile over 2017 were fossil fuels used at our power plants. The 3% increase in natural gas consumption is due mainly to the greater use of this input at the Nehuenco Complex, which went up from 652 Mm³ to 687 Mm³ as compared to 2016. By the same token, coal consumption at the Santa María Complex increased by 10%, while diesel oil consumption decreased by 14%, considering the whole group of Colbún’s thermoelectric power plants in Chile.

Hence, our thermoelectric power plants generated 4% more electricity than the previous year, while for hydroelectric power plants this increase was 24% as compared to 2016.

In the case of Fenix in Peru, the main materials used are fossil fuels, i.e., natural gas and diesel oil to a lower extent. Fenix did not use diesel oil at its power plant in 2017.



Materials used (301-1)

| Material | Peso o volumen | | | | Proveedor |
|---------------------------------------|----------------|-------|-------|-------|----------------------------|
| | 2014 | 2015 | 2016 | 2017 | |
| Diesel | 0.12 | 0.053 | 0.069 | 0.059 | COPEC, ENAP, ENEX, |
| [Million m ³] | 572 | 661 | 701 | 723 | Petrobras |
| Natural Gas [Million m ³] | 962 | 861 | 874 | 961 | Metrogas S.A., AGESA, ENAP |
| Coal [Thousand tons] | | | | | Various |

Materials used by weight or volume in Peru (301-1)

| Material | 2016 | 2017 |
|--|------|------|
| Diesel [millones m ³] | 0 | 0 |
| Natural Gas [millones m ³] | 640 | 733 |

Average generation efficiency of Colbún's thermoelectric power plants in Chile (EU11)

| Year | Total efficiency | Average age of the power plants |
|------|------------------|---------------------------------|
| 2014 | 44.9% | 9 yrs. |
| 2015 | 45.7% | 10 yrs. |
| 2016 | 45.4% | 11 yrs. |
| 2017 | 45.7% | 12 yrs. |

Average efficiency of Colbún's thermoelectric power plant in Peru (EU11)

| Year | Total efficiency | Average age of the power plant |
|------|------------------|--------------------------------|
| 2017 | 54.5% | 5 yrs. |

NOTES:

- The efficiency indicator shows how much of the fuel energy is injected to the system in the form of electric power.
- The indicators obtained are corrected to ISO conditions.
- In order to estimate the total thermal efficiency, a weighted average was obtained from the annual power generation of each power plant.
- Including all Colbún thermoelectric power plants in Chile: Nehuenco I, Nehuenco II, Nehuenco III, Candelaria I, Candelaria II, Antilhue, Los Pinos and Santa María.
- In 2017 Colbún implemented a procedure to estimate the thermal cycle efficiency, allowing us to standardize the stages, criteria and conditions required for the calculation.

5.3

Climate change

103-2, 103-3, 201-2, 302-2, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5

Colbún has a Corporate Risk area charged with monitoring and analyzing the main risks faced by the Company, including the risks associated with climate patterns. These patterns have been analyzed jointly with the Innovation and Climate Change area, considering operational, physical and regulatory risks related to eventual modifications of the law resulting from the Climate Change. Hence, Colbún has quantified the extent to which lower precipitation levels could impact power generation and its costs as well as the units where the impact could be greater.

Faced with this scenario, at Colbún

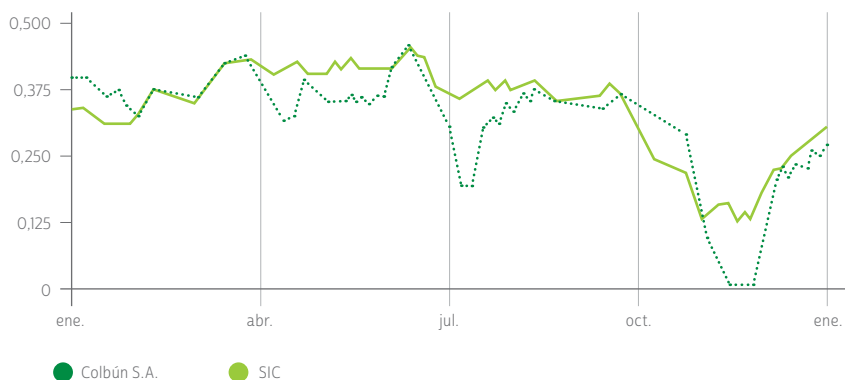
we seek to turn these risks into opportunities and work on a strategy that allows us to better face our business in view of the requirement of reducing CO₂ emissions.

We seek to generate a balanced generation mix, which means having a significant renewable energy component (hydro and NCRE) with an efficient thermal contribution, so as to maintain a CO₂ emission factor below the SIC's average.

Also, our experience in the accreditation and certification of projects before the United Nations' Clean Development Mechanism and other voluntary standards,

and the subsequent generation of carbon credits, give us competitive advantages to develop more robust and profitable energy projects, which will enable us to be prepared in the face of potential CO₂ emission reduction requirements.

Evolution of the Emission Factor, Colbún v/s SIC 2017



Graph showing the behavior of Colbún 2017 emissions versus the SIC, obtained from an internal Colbún tool called CO₂ Online lodged in the Internal Real Time Market Data System. This application contains in its matrix all system's power plants.

SOURCE: Own Colbún and Ministry of Energy's data, respectively.



Power Plants certified to reduce emissions

At present, five of our power plants are certified to issue carbon credits, which in 2017 generated a CO₂ emission reduction estimated in 381,693 tonCO₂e.


Of these five power plants, four are registered with the United Nations' Clean Development Mechanism (CDM) under the Kyoto Protocol, while La Mina power plant and the San Pedro hydroelectric project are registered with the Verified Carbon Standard (VCS) to issue carbon credits.

As part of its Climate Change Strategy, the Company has decided that every eligible project shall be registered in agreement with the carbon market standards.

Colbún's power plants registered with the United Nations' CDM (305-5)

| Power plant | Commissioning year | Quantity of MW | CDM Registration year | Emissions Reduction (tonsCO ₂ e) | |
|--------------|--------------------|----------------|-----------------------|---|----------------|
| | | | | 2016 | 2017 |
| Chacabuco | 2002 | 25.7 | 2007 | 55,532 | 74,789 |
| Hornitos | 2008 | 61.0 | 2008 | 149,486 | 117,674 |
| Quilleco | 2007 | 71.0 | 2008 | 126,810 | 159,559 |
| San Clemente | 2010 | 5.9 | 2011 | 9,623 | 7,452 |
| La Mina | 2017 | 34 | 2017 | | 22,219 |
| TOTAL | | | | 341,451 | 381,693 |

NOTE: A power generation plant becomes eligible for carbon accreditation systems when it shows that it reduces CO₂ emissions, meets the requirements of "additionality" and "common practice", and contributes to the sustainable development of the power system. Both the CDM of the Kyoto Protocol and the VCS certify projects that help fight climate change, allowing them to issue carbon credits.

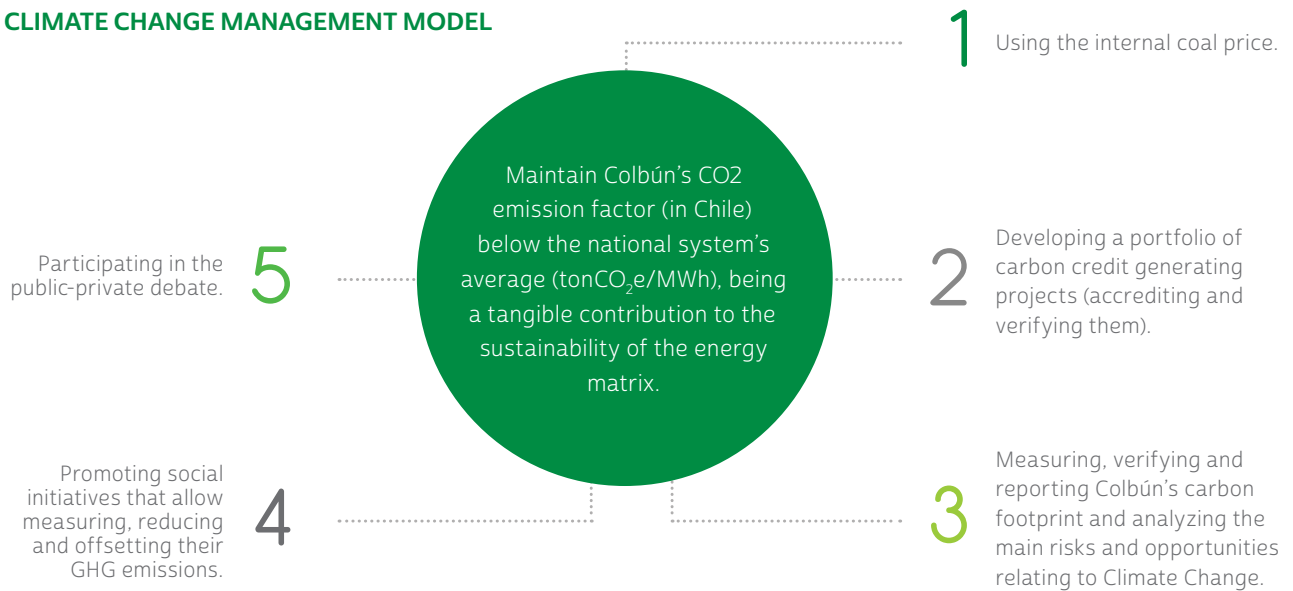



12%

During 2017, our power plants contributed with an additional 12% to reduce the effects of greenhouse gas emissions.

This 12% greater contribution in reducing the effect of CO₂ emissions as compared to 2016 is due mainly to the greater electric power generation at the Chacabuquito and Quilleco hydroelectric power plants, the synchronization of La Mina station with the system and the observed increase in the SIC's CO₂ emission factor due to the drought recorded in the south of Chile.

CLIMATE CHANGE MANAGEMENT MODEL



Our Carbon Footprint

In order to contribute to the sustainable development of the industry and be able to know the environmental impact of our operation when it comes to climate change, Colbún annually quantifies its direct and indirect emissions of Greenhouse Gases (GHG), from the year 2001 and thereafter, through an inventory of GHG emissions or Carbon Footprint. This measurement includes thermoelectric and hydroelectric power plants (both in Chile and Peru) as well as corporate offices located in the city of Santiago.

CHILE

In order to measure our Carbon Footprint, we use criteria defined by the GHG Protocol, under an operational control approach. This international measurement protocol is the most commonly used in the world to quantify the GHG emissions, since it integrates most of the standards used to quantify

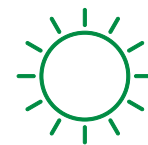
emissions. Hence, nowadays Colbún reports all its emissions of CO₂, CH₄ and N₂O.

The 2017 results show a 5.2% increase in direct GHG emissions (Scope 1) from Colbún's operations in Chile, which is mainly due to higher generation in our thermoelectric power plants. In particular, Santa María power plant recorded an 8% increase in power generation as compared to 2016, using 10% more coal. This power plant accounts for almost 60% of Colbún's emissions in Chile.

With respect to Scope 2, although all our power plants generate energy at some point in time, they also take a certain amount of power from the grid (especially during maintenance processes and to feed supplementary equipment which are far from the main station). In 2017, a 27% increase was recorded due mainly to the consumption of energy from the grid at the Rucúe

and Quilleco power plants because they were not operating early in 2017, and also to greater consumption by the Colbún Complex (which includes the consumption of La Mina power plant).

Finally, with respect to Scope 3, which specifically refers to workers' transport, business trips, transport of fuels (land and maritime) and solid waste generation, a 24% increase was recorded as compared to 2016. It should be noted that since 2010, the Carbon Footprint reported herein has been verified by an external entity, thereby corroborating the scope and the quality of the calculations made.



+5.2%

direct GHG emissions resulting from greater power generation at our thermoelectric power plants, particularly, the Santa María Complex.

The importance of Colbún's internal carbon footprint monitoring and measurement was ratified in 2009, upon becoming the first Chilean Company to report GHG emissions through the ex Carbon Disclosure Project (currently, CDP), which have been informed from 2001 to 2016.

These documents are available on the CDP website.

The emission factors used to calculate CO2 equivalent emissions follow the guidelines provided by the GHG Protocol and in most cases they are obtained from the IPCC reports, i.e. mobile, stationary and fugitive combustion. The SIC's emission factor may be obtained from the reports of Chile's Ministry of Energy, and other factors such as those from business trips may be obtained

from the USEPA reports. In some cases, the emissions factors have been obtained from own Company's calculations and measurements.

Total Colbún GHG emissions in Chile (302-2, 305-1, 305-2, 305-3)

| | Scope 1 (ton CO ₂ e) | Scope 2 (ton CO ₂ e) | Scope 3 (ton CO ₂ e) | TOTAL |
|-------------|---|---|---|------------------|
| | Direct emissions | Indirect emissions | Indirect emissions | |
| | <ul style="list-style-type: none"> Company vehicles Thermoelectric generation units SF6 leaks from Electrical equipment Methane emissions in the reservoirs (they are low in Chile) | <ul style="list-style-type: none"> Own electricity consumption | <ul style="list-style-type: none"> Business trips Maritime coal transport Breakdown of organic waste Leased assets Coal and ashes movement Transport of employees | |
| 2016 | 3,669,270 | 5,167 | 28,399 | 3,702,836 |
| 2017 | 3,858,536 | 6,552 | 35,240 | 3,900,328 |

NOTE: Gases included are: CO2, CH4, N2O and SF6, taken to the same metering unit (ton CO2e) for calculation purposes.

Good practices around the climate change

Colbún has sought to engage in alliances and associations with public and private agents to disseminate good practices on climate change. It has collaborated by neutralizing carbon emissions at sports events, seminars, corporate trips and promoted tourism destinations that

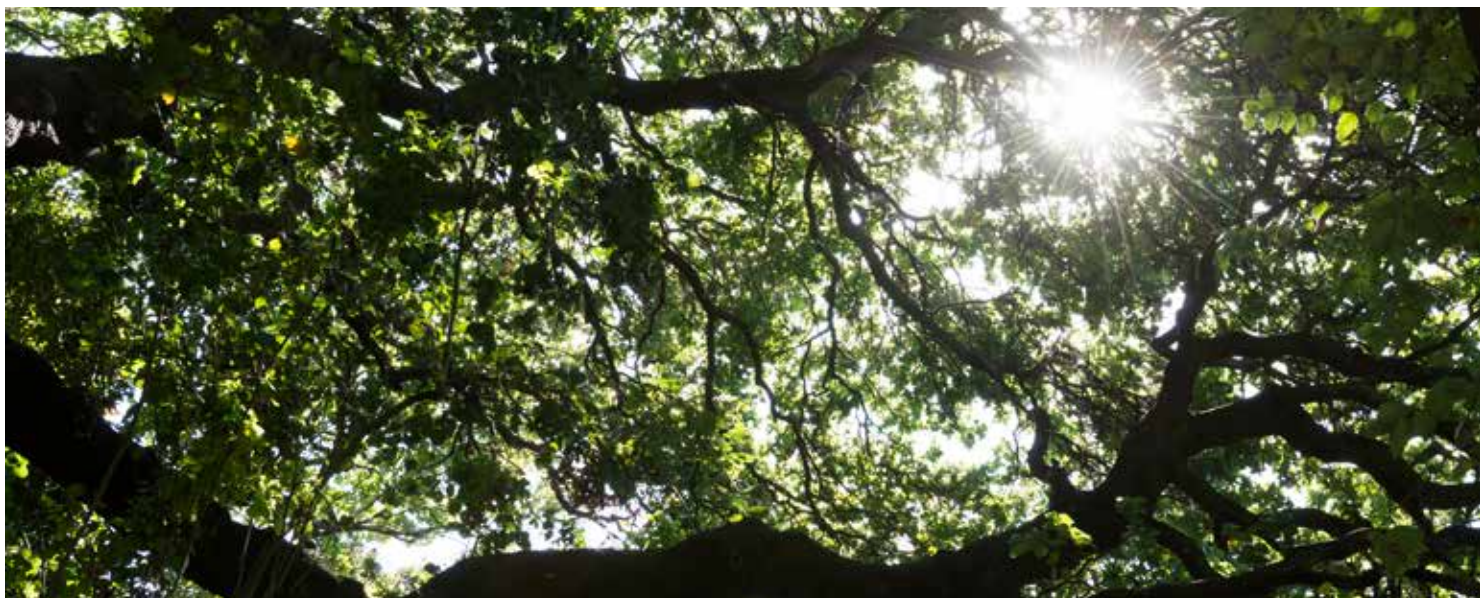
are CO₂ neutral. Particularly, in 2017 the first carbon neutral destination in the zone was achieved in Valdivia, adding to the already existing destinations of Lastarria-Bellas Artes, Isla de Pascua and Puerto Varas.

In addition, last August Colbún organized a seminar which main speaker was the former executive

secretary of the United Nations Framework Convention on Climate Change and promoter of the Paris Agreement, Cristiana Figueres. The event also convened the former President of Chile Ricardo Lagos and Colbún's CEO and president of CLG, Thomas Keller, who gave an address in front of more than 600 guests.



Due to its outstanding management of GHG in 2016, Colbún received a triple award under the program HuellaChile from the Ministry of the Environment in the categories Quantification, Reduction and Neutralization.



Colbún's emission factor per unit of energy generated remains below the Central Interconnected System's average.

GHG emission factor in Chile

The greenhouse gas (GHG) emissions effect factor allows measuring the behavior of Colbún's emissions per unit of energy generated (tons of CO₂e by MWh generated). For 2017, the SIC's GHG emission factor was 0.326 [tCO₂e/MWh], while Colbún's GHG emission factor was 0.317 [tCO₂e/ MWh] considering all its facilities. With respect to 2016, Colbún's emission factor was 6% lower.

It is worth analyzing the behavior of Colbún's emission factor as compared to the electricity system, because in spite of the increased emission factor of Colbún's matrix, its average still remains below the Central Interconnected System (SIC), which shows that the company has a cleaner matrix than the SIC's average thereby lowering the said average.

*NOTE: * Although the SIC-SING networks were interconnected in 2017, we compared ourselves against the SIC as this was the operational condition that prevailed most of the year.*

*** In addition, it should be noted that as of the closing date hereof, the Ministry of Energy had not yet published the official CO₂ emission factor of the system, so the value reported above is an estimate by the Company.*

GHG emission factor in Chile (305-4)

| Emissions from fuel consumption | 2016 | 2017 |
|---|--------------|--------------|
| Diesel (ton CO ₂ e) | 182,858 | 156,504 |
| Coal (ton CO ₂ e) | 2,109,631 | 2,280,148 |
| Natural gas (ton CO ₂ e) | 1,372,081 | 1,418,150 |
| Net generation (MWh) | 11,180,000 | 12,164,051 |
| Emission factor (ton CO₂/MWh) | 0.339 | 0.317 |

PERU

Due to the importance of monitoring the internal Company's carbon footprint, this measurement extended to Fenix power plant in 2016. For 2017, the quantification of its emissions considered diesel and natural gas, Company vehicles and

SF6 leaks from electrical equipment (Scope 1), in addition to the plant's own electricity consumption (Scope 2), and the GHG generation due to the breakdown of solid waste generated at the plant, and the emissions from business trips (Scope 3).



Scope 1

Diesel and natural gas consumption for power generation
 Diesel consumption for Company vehicles
 SF6 leaks from electrical equipment



Scope 2

Energy consumption



Scope 3

GHG generation from the breakdown of waste
 Business trips

Total Colbún GHG emissions in Peru (305-1, 305-2, 305-3)

| | Scope 1 (ton CO ₂ e) | Scope 2 (ton CO ₂ e) | Scope 3 (ton CO ₂ e) | TOTAL |
|-------------|-----------------------------------|---------------------------------|---------------------------------|------------------|
| | Direct emissions | Indirect emissions | Indirect emissions | |
| | • Thermoelectric generation units | • Own plant consumption | • Breakdown of organic waste | |
| 2016 | 1,255,796 | 311 | 292 | 1,256,399 |
| 2017 | 1,884,056 | 262,10 | 1,638,31 | 1,885,956 |

Emissions from fuel consumption Peru (305-4)

| Emissions from fuel consumption | 2016 | 2017 |
|---|-------------|--------------|
| Diesel (ton CO ₂ e) | 4,089 | - |
| Natural gas (ton CO ₂ e) | 1,251,707 | 1,883,993 |
| Net generation (MWh) | 3,407,000 | 3,771,894 |
| Emission factor (ton CO₂/MWh) | 0.37 | 0.499 |

MEASURING THE CO₂ CARBON FOOTPRINT DURING LA MINA CONSTRUCTION

The Project “Measuring the Carbon Footprint of La Mina Hydroelectric Power Plant Construction” finished by the end of 2017. This is a unique initiative in Chile that allowed knowing in depth the impact of the construction of a hydroelectric power plant on the climate change.

The initiative entailed a preliminary measurement of the Carbon Footprint (which started by late 2013) based on project information from basic and detail engineering to then compare the results with data monitored and reported by the main contracting companies throughout the construction stage.

La Mina construction Carbon Footprint amounted to 82,800 tons of CO₂ associated with earthworks; the production of steel, cement and other inputs; fuel consumption at the work site and personnel

The measurement of Carbon Footprint during La Mina construction confirms that the impact of hydroelectric power in terms of greenhouse gas effect emissions is completely marginal.

transport, among others. If we consider the energy generated by La Mina throughout its service life, the Carbon Footprint of the construction will be more than offset during the first year of operation. The rest of the time, the power plant will generate CO₂ reductions that help mitigate climate change.

The measurement of Carbon Footprint during La Mina construction confirms that the impact of hydroelectric power in terms of greenhouse gas effect emissions is completely marginal (considering the service life of this type of projects and the fact that they practically do not issue CO₂ as a result of their operation), proving that this is an excellent technology alternative to transition our country toward a low carbon-producing economy.



5.4

Development of renewable energies

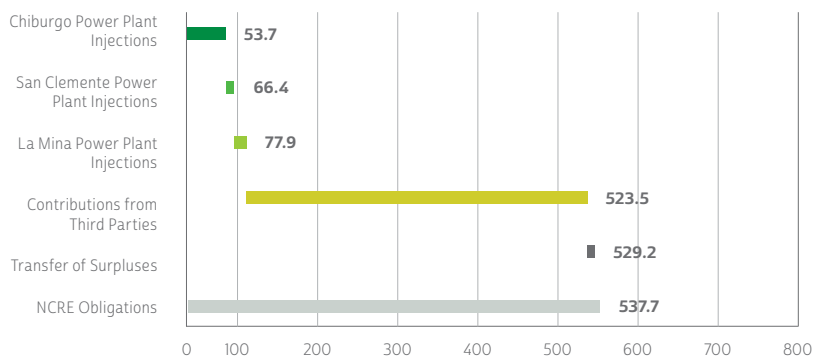
EU8, 103-2, 103-3

Colbún currently owns 25.3 MW of own NCRE installed capacity, which includes two hydroelectric power plants (Chiburgo with 19.4 MW and San Clemente with 5.9 MW). Its energy offering also includes 45 MW of NCRE contracted with Acciona (Punta Palmeras wind farm) which adds to the commissioning of La Mina (37 MW) that will also generate NCRE attributes. In addition, in 2016 photovoltaic assets were purchased from SunEdison and a solar power and NCRE attributes contract by 500 Gwh/year was subscribed with

Total SunPower. Finally, a contract was subscribed over the purchase of NCRE attributes with Los Cururos wind farm.

It is worth mentioning that the Company also operates six other mini-hydro power plants, which are not officially qualified as such because they were built before the enactment of the NCRE law.

2017 NCRE balance





San Clemente
mini-hydro power
plant, Maule Region

5.5

Atmospheric emissions and air quality

305-7, 103-2, 103-3

Atmospheric emissions

The emissions of all thermoelectric power plants in Chile – including Colbún’s power plants – are governed by Supreme Decree 13 of 2011, which established parameters for the protection of people’s health similar to those applied by the European Union.

The issue of this standard entailed installing continuous emission monitoring systems (CEMS), to periodically report to the authorities emission related information. In 2017, all Colbún’s power plants met the emission limits established by DS13/2011.

Among the relevant milestones of 2017, it is worth mentioning that Colbún started to work with the Environmental Superintendence (SMA) to abide by the new compliance rules regarding

Atmospheric emissions from Colbún’s fixed sources in Chile (ton/year) (305-7)

| Colbún | 2015 | 2016 | 2017 |
|-----------------|-------|-------|-------|
| NOx | 3,715 | 3,571 | 4,218 |
| SO ₂ | 1,677 | 1,479 | 1,527 |
| MP | 79 | 50 | 72 |

emissions monitoring, following the practices of the Net Generation Compliance of EPA, the United States’ environmental agency. This translated in the fact that the authority was permanently connected to the continuous emission monitoring system software (CEMS) of Santa María power plant, allowing the SMA to view online data about the MP, NOx and SO₂ emissions of such power plant.

It should be noted that in 2017, an MP 2.5 metering equipment was voluntarily incorporated to the San Pedro air quality station, associated with the Nehuenco Complex. Also, both at the Nehuenco Complex (Units I and II) and at Santa María Complex, Colbún installed supporting CEMS equipment validated by the SMA, which allow ensuring a continuous online measurement in the event of failure of the main CEMS.

Atmospheric emissions from Colbún’s fixed sources in Peru (ton/year) (305-7)

| Fénix | 2016 | 2017 |
|-------|------|-------|
| NOx | 948 | 1,120 |

Colbún started working with the Environmental Superintendence (SMA) in order to abide by the new compliance rules regarding emissions monitoring, following the practices of the United States’ environmental agency.

Finally, at the level of public policies, the Company actively engaged in the citizen participation process for the Prevention and Decontamination Plan (PPDA) of Concepción, and the Environmental and Social Recovery Plan of Coronel (PRAS Coronel).

Pursuant to the requirements of Supreme Decree D.S.13/2011 MMA, specific Mercury samples must be analyzed of the exhaust gases of the power plants that use solid fuels. In the case of Colbún, the monitoring conducted at Santa María I during 2017, yielded a Mercury (Hg) concentration measured at the chimney between 0.0006 and 0.003 mg/ Nm³. These samples are way below the limit established by Supreme Decree DS.13/2011 corresponding to 0.1 mg/Nm³.

Source: Metering Report by the Technical Entity on Environmental Regulations

NOTE 1: The numbers for Colbún Chile were obtained through CEMS, while for Fénix Peru, a calculation methodology with emission factor EPA USA AP-42 was used, because there is no emission setting standard.

Emissions level of Santa María Complex's Unit I, 2017

| | MP (mg/ Nm ³) | PM standard limit (mg/Nm ³) | NOx (mg/Nm ³) | NOx standard limit (mg/Nm ³) | SO2 (mg/Nm ³) | SO2 standard limit (mg/Nm ³) |
|-------------|---------------------------|---|---------------------------|--|---------------------------|--|
| Santa María | 2.1 | 50 | 326 | 500 | 141.9 | 400 |

Emissions Level of Nehuenco Complex, 2017

| | MP (mg/ Nm ³) | PM standard limit (mg/Nm ³) | NOx (mg/Nm ³) | NOx standard limit (mg/Nm ³) | SO2 (mg/Nm ³) | SO2 standard limit (mg/Nm ³) |
|----------------------|---------------------------|---|---------------------------|--|---------------------------|--|
| Nehuenco Natural gas | - | Not applicable | 6.2 | 50 | - | Not applicable |
| Nehuenco diesel | 2.43 | 30 | 106 | 200 | 1.1 | 30 |



Five years of Santa María power plant operations

In August 2017, Santa María Complex's Unit 1 turned five years of commercial operation, after being commissioned in 2012. Over these five years, the power plant generation has played a very relevant role in the system, contributing in average 5% of the annual Central Interconnected System's demand that supplies more than 90% of Chile's population. Now, jointly with the commercial operation, Colbún has placed special emphasis on turning Santa María in one of the best performing thermoelectric power plants in Chile, being its emissions a key subject. In the case of Particulate Material (PM), while the Chilean standard – similar to that of the European Union – establishes a peak emission concentration of 50 milligrams per standard cubic meter (mg/NM³), the power plant has only emitted 1.9 in average. That is, more than 26 times below the maximum permitted level.

The above adds to the improvement in the air quality of the Great Concepción brought by the Particulate Material Emission Compensation Plan defined by the RCA and which forced Colbún to invest in reducing the emission of other zonal sources. If we add up the six measures implemented, 2,105 tons

of particulate materials have been removed from the atmosphere in five years, versus the 57 tons emitted over the same period. That is, with the commissioning of Santa María power plant, the Great Concepción has had 2,045 tons less of particulate material in the atmosphere over this five-year period.

With respect to other emissions, the SO₂ emitted by the power plant was, in the period under analysis, in average 52% below the standard, with 192 milligrams per standard cubic meter (mg/NM³) versus the 400 established by the norm; while NOx emissions were in average 28% below its respective limit, with 358.2 milligrams per standard cubic meter (mg/NM³) versus the 500 established by the norm. During this 5-year period, Colbún has invested an amount of approximately US\$ 9.5 million in different operational and environmental improvements for Santa María Complex, number that corresponds exclusively to improvements made after the commissioning of the power plant, and does not consider the initial investment made in several emission control equipment Santa María plant was provided with (Electrostatic Precipitator and Desulphurization Unit)

at the time of construction. It should be mentioned that Santa María is one of the most modern coal-fired power plants in Chile.

Three large voluntary improvement projects were developed over recent years. One of them focused on assembling a second casing for the coal conveyor belt that transports fuel from the Coronel Port.

Another front was focused on generating the same amount of energy using less coal, to which end a combustion enhancer was introduced in 2014, which has gradually increased the plant efficiency.

Finally, the sea water filters of the cooling down system were replaced by late 2017. The original measure was implemented by the end of 2013, being Santa María the first power plant in its kind to implement it in Chile, to prevent the entry of marine biota to its facilities. The filters were renewed to provide them with greater mechanic resistance mainly because they are exposed to tides.



5%

was the average contribution to the SIC.



26

times below the maximum permitted level of particulate material emission.



2.105

tons of particulate material removed from circulation in the Great Concepción, thanks to the PM Emission Compensations Plan.



66%

ash recycling average of the last two years.

Green Taxes

EU5

Although in Chile there is no system to allocate and trade “cap & trade” emissions, in 2017 the “Green Tax” was enforced, which is a duty introduced by the Government of Chile as part of the Tax Reform applied on the emissions from fixed sources with a thermal capacity higher than or equal to 50 MWt (thermal megawatts). At Colbún we believe that the public policies designed to reduce atmospheric emissions point at the right direction. However, we think that the so-called green tax still has room to improve to better serve that objective. For example, it’s important for all fixed sources that generate emissions to be treated equally, because under the current design

there are some important sources that are not levied against such tax. Another contribution could be to create incentives that trigger alternative solutions aimed at reducing emissions, such as recognizing, in the payment of the green tax, the compensation plans that have allowed reducing emissions from third-party sources or reducing the contribution of power plants certified to reduce CO₂ emissions.

5.6

Biodiversity

103-2, 103-3

At Colbún we recognize and care for the flora and fauna, as well as the habitats and ecosystems of the sites where our facility projects operate.

The Company has developed a Biodiversity Strategy focused on four guidelines:

1. Considering the biodiversity impact of the projects in their early stages, using methodologies that allow addressing biodiversity in a comprehensive manner and applying the mitigation hierarchy in order to minimize residual impact;
2. Keeping in place plans focused on preserving biodiversity, improving the knowledge of endemic species or in conservation status, as well as their habitats, in areas that could be disturbed by our operations;
3. Promoting the onsite biodiversity conservation through the protection or reclamation of natural or high-interest areas;
4. Promoting the knowledge and the understanding of biodiversity among all Company workers.

The following map summarizes the main measures adopted by Colbún in the field of biodiversity.



Main measures in the field of biodiversity

As part of the annual management, follow-up and monitoring plans are implemented at the various facilities, mainly of continental aquatic ecosystems, which show what are the current species and their evolution over time.

ANGOSTURA POWER PLANT

- In 2018 the Company decided to implement a sea bird-watching facility on the shores of the reservoir, which was studied in 2017 identifying many bird species (16).
- The replacement of the eucalyptus vegetal screen with native trees on the southern end of the reservoir was highly valued by the community. Likewise, the transfer of large trees has had very positive results.

COMPLEX COLBÚN

- In 2017, Colbún undertook for the second consecutive year a study of the aquatic biota in its reservoir and in nearby water flows of the Maule river basin, which also included the Machicura reservoir. The study showed the presence of native fish species.

LA MINA AND SAN PEDRO PROJECTS

- In 2017 we continued tracking the aquatic ecosystems of the Maule and San Pedro rivers in different stations, to monitor the dynamic of these river systems and to detect eventual disturbances during the project construction periods.



A close-up photograph of a mechanical assembly, likely a watch movement, featuring various metal components, gears, and screws. The lighting is warm and focused, highlighting the intricate details of the machinery. A large, white, stylized number '6' is superimposed over the center of the image.

6

General
Information



6.1

Scope of the Integrated Report

102-10, 102-49

This document includes the 2017 performance of Colbún S.A. and its subsidiaries in Chile and Peru. No indicators are shown herein for Electrogas or Transquillota, as these are Colbún's related companies or of Centrales Hidroeléctricas de Aysén, company that is undergoing a winding up process.

La Mina power plant is included, as it became part of Colbún's Complex in the Maule Region. Its two turbines

were synchronized to the National Electricity System (SEN) by mid-2017, and to the date of publication of this Annual Report, it is in the stage of commissioning.

The most significant business changes in 2017 were the following:

- Increase in the number of Colbún's clients from 18 to 47.
- Creation of the National Electricity System (SEN), made up of the Central Interconnected System (SIC) and the Great North Interconnected System (SING).

6.2

Methodology

102-1, 102-4, 102-48, 102-50, 102-51, 102-52, 102-54

This report was prepared according to the principles of the International Integrated Reports Committee (IIRC), taking into account the mandatory requirements of the Financial Markets Commission (CMF, per its acronym in Spanish) and this report has been prepared in accordance with the GRI

Standards: Comprehensive option. In addition, the Integrated Report constitutes a communication of progress (CoP) for the United Nations Global Compact and links Colbún's performance with the Sustainable Development Goals (SDG). We maintain the commitment to

annually report our performance in the environmental, social, corporate and economic governance.

No relevant methodological changes were reported in 2017.

6.3

Our Challenges and Sustainability Integration

102-40, 102-43, 102-44

We are convinced that Sustainability is Colbún's business; hence, it must be integrated to all Company's areas and to the relationship with our stakeholders. During 2017, we set ourselves several objectives

and goals that are published in our webpage. Below is a summary that contains the compliance with these goals:



Colbún's Public Goals

| STAKEHOLDER | Objectives | Indicator / KPI / Milestone | 2017 Goal | Result | |
|---------------------------|--|---|--------------------|---|---|
| INVESTORS | Strengthening the model to ensure compliance with the Law on the Defense of Free Competition | Certification of the model by an independent company | Certificate award | Certified by BH Compliance (independent company) |  |
| | Continuous improvement in our investor relations | Meetings with investors (visits, seminars) | 2 | 2 (Investor's Day and Seminar Voces con Energía) |  |
| ENVIRONMENT | Preventing relevant environmental incidents | Number of relevant environmental incidents° | 0 | 0 |  |
| | Managing Greenhouse Gas Emissions | GEG emission factor | Lower than the SIC | 0.317 ton CO2e/MWh, 3% lower than the SIC |  |
| | Biodiversity | Publication and progress in the implementation of the biodiversity strategy | Done / Not done | The Biodiversity Strategy was approved by the Board of Directors in March 2018. |  |
| COMMUNITY AND SOCIETY | Improving our relationship with stakeholders | No. of relevant social incidents° | 0 | 0 |  |
| WORKERS | Safety: consolidated frequency indicator Colbún's workers + contractors | Consolidated frequency indicator | 1.8 | 1.05 |  |
| | | Fatal accidents | 0 | 0 |  |
| | Participation in Innovation | N° of participants (workers and contractors) in Innovation activities | 182 participants | 246 participants* |  |
| | Being the raw model in labor relations | Workplace perception survey at Colbún | 73% | 83% |  |
| | Excellence in workers' development | Internal mobility indicator | 60% | 55.6% |  |
| CLIENTS | Availability management | Power plant availability | 85.0% | 91.6% |  |
| | | Transmission line availability | 99.0% | 99.86% |  |
| | Generating closer relationship with the clients | Meetings with clients (visits, breakfasts, seminars) | 3 | 4 (Meetings with Clients, Energy cluster in Biobío, Expocorma, Seminar Voces con Energía) |  |
| | | Annual satisfaction survey to free clients | Done / Not done | Done |  |
| CONTRACTORS AND PROVIDERS | Exchanging good practices with contractors/suppliers | Meetings with contractors / suppliers (Supplier's Day) | 4 | Three meetings were held, with the participation of Colbún's suppliers from around Chile. |  |
| | Training of local suppliers | N° of suppliers trained in the pilot program | 3 | Internal diagnosis and interview of contractors at Colbún's Complex. |  |
| | Safety: consolidated frequency indicator Colbún's workers + contractors | Consolidated Frequency Indicator | 1.8 | 1.05 |  |
| Fatal accidents | | 0 | 0 |  | |



Achieved



In process



No achieved

* Including all the participants in Innovation Challenges, Workshop for power plant middle managers, Innovation Panel and Experts' Advisory Committee.






Colbún and the Sustainable Development Goals (SDGs)

With respect to the Sustainable Development Goals, in November 2015 Colbún adhered to the Global Compact Network and is actively participating in different work groups. At present, Colbún leads the Human Rights Committee made up of various companies enrolled with the Global Compact, committee that has also been attended by government representatives, and

where the companies have defined short-term goals.





In the SIPP study conducted by the Global Compact Network in Chile, Colbún was designated as one of the Companies that apply the best practices in the Environmental field as a result of the actions aimed at managing Climate Change.

The following tables describe the Sustainable Development Goals directly and indirectly linked to Colbún, it is worth mentioning that we have placed special emphasis on the latter. However, Colbún's management is linked with almost every Sustainable Development Goal.

| Direct SDGs | Description | Some Colbún's Initiatives |
|--|---|--|
|  Clean water and sanitation | Ensure water availability and its sustainable management and sanitization | <ul style="list-style-type: none"> · Hydroelectric power plants do not consume water or compete against human consumption. · Reverse Osmosis Plant at Nehuenco to optimize water usage. · Agreement with the Maule Irrigators' Association. · Hydroelectric power plants exceed the international standards established by the United Nations to qualify projects as being efficient in water management and causing low environmental impact. · Water level at the reservoirs (Colbún, Lago Chapo) |
|  Non-polluting and accessible energy | Ensure access to reliable, sustainable and modern sources of energy. This is an opportunity that transforms peoples' lives, the economies and the whole planet. | <ul style="list-style-type: none"> · Development of competitive, safe and sustainable energies, including renewable energies (hydropower, solar, wind, etc.) · Resource optimization (fuel, materials, etc.) · Ash reutilization. |
|  Climate Action | Adopt urgent measures to prevent climate change and its effects | <ul style="list-style-type: none"> · Certification with the Clean Development Mechanism /Carbon Verification Standard of 5 power plants · Carbon Footprint measurement (CDP) · Carbon neutral destinations · Plans to mitigate and compensate the effects of thermoelectric power plant emissions. |
|  Land ecosystems | Promote the sustainable use of land ecosystems, fight against desertification, stop and revert land degradation and stop the loss of biological diversity. | <ul style="list-style-type: none"> · Impact evaluation, monitoring and reduction. · Specialized areas (e.g. forest) · Implementation of a strategy and promoting biodiversity protection (e.g. guidelines) |
|  Alliances to achieve the objectives | Strengthen the means for executing and reviving the World Alliance for Sustainable Development | <ul style="list-style-type: none"> · Alliances with union associations, chambers of commerce, international organizations. Universities, public-private work groups, community work groups, etc.) |

Note: For further details, see Materiality Table in Chapter 6 that includes the link between the Sustainable Development Goals and our materiality issues mentioned in this Integrated Report.



| Indirect SDGs | Description | Some Colbún's Initiatives |
|---|--|--|
|  <p>Decent jobs and economic growth</p> | <p>Promote a steady, inclusive and sustained economic growth and productive employment, so that everybody can have a decent job.</p> | <ul style="list-style-type: none"> · Operations in 7 regions of Chile and 1 in Perú, offering local employment to workers, contractors and suppliers. · Internal mobility > 55% · Scholarships and employee trainings. · Competitive compensations · Human Rights approach in dealing with our suppliers) |
|  <p>Industry, Innovation and Infrastructure</p> | <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and promote innovation</p> | <ul style="list-style-type: none"> · Innovation with a focus on operation and the development of new businesses. · Workshops to instill an innovation culture. · Community infrastructure at all our power plants, both in Chile and Perú. |
|  <p>Sustainable Cities and Communities</p> | <p>Have the cities and human settlements be inclusive, safe, resilient and sustainable.</p> | <ul style="list-style-type: none"> · Angostura power plant. · Projects to install street lights and reinforce road safety in the communities where we operate. |
|  <p>Peace, justice and sound institutions</p> | <p>Promote the development of peaceful and inclusive societies, facilitating access to justice and set up efficient, responsible and inclusive institutions at all levels.</p> | <ul style="list-style-type: none"> · Public accounts at our power plants. · Meetings with investors, clients and suppliers. · Visits to power plants. · Participative monitoring. · Training in Crime Prevention Models, Free competition. · Third-party verification of our Annual Integrated Report. · Audited Financial Statements. · Transparency of adhesions and participation in our webpage. |

Note: For further details, see Materiality Table in Chapter 6 that includes the link between the Sustainable Development Goals and our materiality issues mentioned in this Integrated Report.

6.4

How the Annual Integrated Report was built

102-32, 102-44, 102-46, 102-47

This report integrates in a single document the economic, governance, social and environmental Company performance. This is the third Annual Integrated Report prepared by the Company that merges in a single document what we used to publish separately in the Company's Annual

Financial Report and Sustainability Report. Together with the materiality analysis explained below, the data and the information included herein were verified by the independent auditing firm KPMG.

Materiality Exercise

Detail is provided of the construction process of the 2017 Annual Integrated Report, to which end we followed the "materiality data collection" process proposed by the fourth-generation methodology of the Global Reporting Initiative

guidelines (GRI). Materiality is the process whereby the relevant topics to be included in the Integrated Report are determined, either because they show the economic, environmental and social effects of the organization or because they

have a significant influence on our stakeholders' decisions.



**Including Chile and Perú*

This process consists of four stages. In the first place, documents, interviews and public information on the electric power industry and Colbún were reviewed, from the internal and external perspective. Then, with the information collected,

the relevant issues (long list) were identified and grouped as major material themes. Finally, they were prioritized in the materiality matrix presented at the end of this chapter. The material aspects were validated by the General Manager. At the end

of the process, a review stage is included, which will feed back future preparation processes.

Relevant information for the power industry and colbún: external and internal sources

In order to identify the characteristics, projections and main challenges of the energy sector and of Colbún the following information was analyzed:

| External Sources | Internal Sources |
|--|---|
| Benchmark: reports and annual reports published by international power companies | Colbún's 2018 Purpose and Strategy |
| Identification of industrial trends | Colbún's Risk Matrix |
| Press analyses: news on Colbún from third party sources | Press Analyses: news generated by Colbún |
| Analysis of queries received on the Telephone Helpline (1,023) | Results of Colbún's Dow Jones Sustainability Index |
| Opinion polls from external stakeholders in Chile: - Reputational Risks Survey ESG: <ul style="list-style-type: none"> · Investors (9) · Providers (242) · Suppliers (13) · Generation and Transmission Clients (50) · Relevant National and Local Players (83) · Communities (303) <p>- Surveys and feedback from the communities and relevant players at Colbún's public account renderings</p> | Interviews to Executives and Directors (12) Workplace Environment Survey, Chile (871) Workplace Environment Survey, Perú (96) |
| Opinion polls from external stakeholders in Perú: -Surveys: Clients (10) Communities (401) | Subjects presented in the Public Accounts: Carena station, Nehuenco Complex, Santa María Complex, Candelaria station, Angostura station, Rucúe-Quilleco power plants, Colbún Complex, Canutillar power station |

Identification of relevant topics (long list)

Based on the information analyzed from external and internal sources, we identified 69 relevant topics for Colbún's value creation process. These topics revolve around a broad spectrum of challenges, from financial, operational concepts to community concerns and/or environmental opportunities or achievements, among others. These 69 topics were broken down into 14 large topics, which were prioritized as shown below.



Prioritization of material aspects

The following Materiality Matrix was reviewed and validated by Thomas Keller, General Manager of Colbún, and the members of the Board, who received this Report for their review and comments.

On the “X” axis, the level of impact that the thematic could have on the Company or -as inverse- the impact that the operation of the Company could have on the thematic. On the “Y” axis, the level of relevance that the stakeholders gave to each of the 14 thematics, was established.















Materiality Matrix - Colbún 2017



Description of Material Topics

103-1

Below is the coverage of each material topic and the sub-topics that should be responded by Colbún hereunder. Each sub-topic included in the column Scope was mentioned by our internal and external stakeholders.

| List of Material Topics | Scope | Coverage* | Description of the material issue according the stakeholder's vision | Which stakeholders mentioned it |
|--|---|-----------------------|--|---|
| New generation sources (Variable Renewable Energy Sources) | <ul style="list-style-type: none"> · Solar and wind power · Horizonte Project in Taltal · Projects in study acquired from SunEdison · Ovejería solar project · Completion of HidroAysén and Santa María's Unit II projects | Internal/ External | Colbún, Workers, Communities, Clients, Investors |    |
| Changes in the electric power industry | <ul style="list-style-type: none"> · Business opportunities · Lower growth in demand · "B2B to B2C" clients · Tenders to regulated clients · Business model · Market share · Market atomization | Interna / Externa | Colbún, Inversionistas, Clientes, Trabajadores |    |
| Operational Excellence | <ul style="list-style-type: none"> · Reliable energy supply · Energy efficiency · Suppliers and contractors' management · Payment of invoices · Supply availability · Innovation and technology | Internal/ External | Colbún, Workers, Contractors, Clients, Investors, Communities |    |
| Profitability | <ul style="list-style-type: none"> · Fluctuation of the share price · EBITDA · Presence in the DJSI · Bond emissions · Growth · Investors' relations · Corporate image | Internal/ External | Colbún, Investors, Workers, Clients |   |
| Customers' Relations | <ul style="list-style-type: none"> · Service quality · Added value · Customers' relations · Free clients | Internal/ External | Colbún, Clients, Investors, Communities |  |
| Corporate governance and Regulations | <ul style="list-style-type: none"> · Corporate governance · Business ethics and integrity · Anticorruption · Regulatory changes in Chile and Perú · Peruvian political environment | Internal/ External | Colbún, Investors, Clients, Workers |   |

| List of Material Topics | Scope | Coverage* | Description of the material issue according to the stakeholder's vision | Which stakeholders mentioned it |
|------------------------------------|---|--------------------|---|---|
| Occupational Safety and Health | <ul style="list-style-type: none"> Occupational Safety and Health Community safety and health | Internal/ External | Colbún, Workers |   |
| Organizational Climate and Culture | <ul style="list-style-type: none"> Adapting to internal culture Work climate People's development Workers' compensation Collaboration and teamwork Balance between work and family Pride to pertain Interest for people Inclusion Human Rights Employees' commitment | Internal | Colbún, Workers |  |
| Community Relations | <ul style="list-style-type: none"> Community Relations Relationship with other Company's Stakeholders Visits to power plants | Internal/ External | Colbún, Communities, Workers |    |
| Community Development | <ul style="list-style-type: none"> Local training Local entrepreneurship Work opportunities Services opportunities Energy costs for the communities Potable water for the community Community infrastructure | Internal/ External | Colbún, Communities |        |
| Emissions | <ul style="list-style-type: none"> Atmospheric emissions | Internal/ External | Colbún, Communities, |   |
| Water | <ul style="list-style-type: none"> Use of water in thermoelectric power plants Water management in hydroelectric power plants Level of water bodies | Internal/ External | Colbún, Communities, |   |
| Climate Change | <ul style="list-style-type: none"> Climate Change Sale of carbon credits Green tax | Internal/ External | Colbún, Investors, Community |   |
| Biodiversity | <ul style="list-style-type: none"> Biodiversity and habitat preservation Environmental dissemination | Internal/ External | Colbún, Community, |   |

Note: Coverage is the description of where the impacts of each relevant issue occur (possible material aspect). In determining the Coverage of each Aspect, the organization must take into account both internal and external impacts.



6.5

Verification of the 2017 annual integrated report

102-56

The Annual Integrated Report was reviewed by the external auditor KPMG to ensure the reliability of the information provided herein and the compliance with GRI G4 (Global Reporting Initiative). This verification process included a detail review of the materiality data and enabled us to find opportunities for improvement. With respect to Colbún's Carbon Footprint, this was verified by the external auditing firm E&Y.

Similarly, it should be noted that the financial information relating to the Annual Report requirements by the Superintendencia of Securities and Insurance is audited by KPMG.



Independent Accountant's Report
"Colbún S.A.'s 2017 Annual Integrated Report"

Sirs
 General Manager and Directors
Colbun S.A.

We have conducted a limited review of the content and data related to the GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" for the year ended December 31, 2017.

Colbún's management is responsible for the preparation of the Integrated Report. Additionally, Colbún's management is responsible for the contents, affirmations, scope definition, management and control of information systems for reporting in the Integrated Report.

Our review was conducted in accordance with attestation engagement standards established by the Colegio de Contadores de Chile A.G. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion over the content and data related to the GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report". Accordingly, we do not express such an opinion.

Contents and data related to GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" were reviewed also considering the criteria established in the Global Reporting Initiative (GRI) Sustainability Reporting Standard as well as its related Supplement for the Power Sector.

- ✓ Determine that the content and data related to the GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" are duly supported with sufficient evidence.
- ✓ Determine that Colbún has prepared the contents and data related to the GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" in accordance with the Principles on Content and Quality as established by the GRI Standard and the Supplement for the Power Sector.

Our procedures consisted of management interviews and inquiries with the personnel involved in the development process of "Colbún's 2017 Integrated Report", as well as, other analytical procedures and tests that included:

- ✓ Interviews with Colbún's key personnel, in order to assess the 2017 annual integrated report preparation process, content definition and information systems used.
- ✓ Verification of the content and data related to the GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" through supporting documentation provided by the administration.
- ✓ Analysis of the collection process and internal controls of quantitative data related to GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report"
- ✓ Verification of data reliability using analytical procedures, testing on a sample basis and the review of recalculations.
- ✓ Visits in corporate offices located in the Metropolitan Region.
- ✓ Review of the wording of the sustainability contents "Colbún's 2017 Integrated Report".

Based on our review, nothing came to our attention that caused us to believe that the:

- ✓ Contents and data related to GRI indicators and other sustainability topics disclosed in Colbún's 2017 Annual Integrated Report are not duly supported with sufficient evidence.
- ✓ Contents and data related to GRI indicators and other sustainability topics disclosed in "Colbún's 2017 Integrated Report" have not been prepared in accordance with the Principles on Content and Quality as established by the GRI Standard and the Supplement for the Power Sector.

The above translation is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

KPMG Auditores Consultores Ltda.

Luis Felipe Encina K-P
 Partner

Santiago, April 9, 2018

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Santiago
 Isidora Goyenechea 3520
 Piso 2, Las Condes
 +56 2 2798 1000
 contacto@kpmg.com



EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Informe de Verificación Limitada e Independiente del Inventario de Emisiones de Gases Efecto Invernadero de Colbún S.A., Periodo 2017.

Señores
Colbún S.A.
Presente

Alcance

Hemos efectuado una verificación limitada e independiente a los contenidos de información y datos presentados en el "Inventario de Gases de Efecto Invernadero" para el periodo comprendido entre el 1 de Enero 2017 y el 31 Diciembre 2017 de Colbún S.A.

La preparación de dicho Inventario es responsabilidad de la administración de Colbún S.A. Asimismo, también es responsable de la información presentada, de los supuestos contenidos, de la definición del alcance del Inventario y de la gestión y control de los sistemas de información que proporcionan los datos reportados.

Nuestra responsabilidad consiste en emitir nuestras consideraciones sobre la razonabilidad, consistencia y fiabilidad de los datos e información no financiera incluida en este Inventario de Emisiones, en función de los procedimientos de verificación y el alcance definido, los que describimos a continuación:

Estándares y procedimientos de verificación

Nuestra revisión fue efectuada de acuerdo a la norma de verificación internacional para auditorías de información no financiera; ISAE 3000, la cual es establecida por el International Auditing and Assurance Board de la International Federation of Accountants.

Dicha norma permite obtener un nivel de aseguramiento limitado, respecto de la información contenida en los Inventarios de Emisiones de Gases Efecto Invernadero del periodo mencionado, y además que dicho Inventario esté alineada con:

- Las Directrices del GHG Protocol - el cual es respaldado por el World Business Council for Sustainable Development (WBCSD) y el World Resources Institute (WRI).
- Así como también, a criterios y estándares corporativos indicados por la administración de Colbún.

Para la realización de este trabajo visitamos las instalaciones de la Central Fénix y las Oficinas Administrativas Centrales de Colbún, con el objetivo de conocer los procesos productivos, el alcance físico y entender la forma de consolidación y registro de información de cada instalación, a fin de validar las fuentes de emisión consideradas, y al mismo tiempo, entender la metodología de registro, cálculo, y agregación de los datos de consumo de combustible, electricidad, residuos, y todos aquellos que son input para la estimación de emisiones.

En el proceso verificador examinamos los datos e información contenida en el Inventario de Gases de Efecto, a través de:

- La revisión de la documentación de respaldo proporcionada por la Administración de Colbún S.A.
- La inspección de los estándares internos propuestos para la evidencia.
- La revisión de las fórmulas, razonabilidad aritmética y lógica de las estimaciones utilizadas en la herramienta de cálculo.
- La aplicación de las directrices establecidas por el estándar del GHG Protocol.
- La revisión de la correcta aplicación de los Factores de Emisión utilizados.

Nuestra responsabilidad

Nuestra responsabilidad se limita exclusivamente a los procedimientos mencionados con anterioridad, correspondiendo a una verificación de alcance limitado, la cual sirve de base para nuestras consideraciones. No aplicamos procedimientos de verificación extendida ni de auditoría, ya que estos procesos requieren de un mayor nivel de evidencia y tiempos de trabajo más extensos.

Nuestras conclusiones se refieren exclusivamente a la información proporcionada por la Administración de Colbún S.A. y corresponde al Inventario de Emisiones de GEI para el periodo comprendido entre el 01 de Enero 2017 y el 31 Diciembre 2017. La información correspondiente a periodos anteriores y posteriores no ha sido objeto de nuestra revisión.

Limitaciones

Considerando la metodología descrita, la Administración de Colbún S.A., ha decidido excluir aquellas fuentes de emisión relacionadas a:

- La compra de activos, debido a la alta incertidumbre en cuanto a sus factores de emisión.
- El combustible utilizado en grupos electrógenos en centrales y el transporte de residuos industriales y asimilables a domiciliarios hacia el sitio de disposición final, debido a su inmaterialidad.
- La extracción y refinación de combustibles hasta el puerto de despacho, debido a la disponibilidad y trazabilidad de la información.

Conclusiones

Considerando las limitaciones anteriormente mencionadas y sujeto a los efectos que puedan tener en el Inventario de Gases de Efecto Invernadero el no haberlos incluido y en base a los resultados de los procedimientos indicados en el alcance de la verificación, concluimos que no ha llegado a nuestro conocimiento ningún aspecto que nos haga pensar que:

- Las emisiones de GEI calculadas por Colbún S.A. para el periodo comprendido entre 01 de Enero 2017 y el 31 de Diciembre 2017, no cuenten con la documentación de respaldo definida para los datos reportados.
- El inventario de emisiones no haya sido elaborado de acuerdo a las guías metodológicas establecidas.
- La estimación y lógica aritmética aplicada al cálculo este fuera del estándar.
- La información y los datos revisados en el Inventario de Emisiones de GEI para el periodo en cuestión, no estén presentados de forma correcta.

Recomendaciones de mejora

Sin que incidan en nuestras conclusiones, hemos detectado brechas de mejora, las cuales se detallan en un informe de recomendaciones separado, presentado a la contraparte técnica de Colbún S.A.

Saludamos atentamente a usted,
EY Consulting SpA.

Eduardo Valente Melo
Socio Senior P., Advisory
29 de Marzo de 2018
10039318

Declaración de Responsabilidad

En cumplimiento de lo dispuesto en la Norma de Carácter General N°283 de la Comisión Para El Mercado Financiero, los firmantes declaramos bajo juramento que toda la información incorporada en la presente Memoria Anual Integrada es expresión fiel de la verdad, por lo que asumimos la responsabilidad legal correspondiente.



Juan Eduardo Correa García
Presidente
12.231.796-K



Vivianne Blanlot Soza
Vicepresidenta
6.964.638-7



María Ignacia Benítez Pereira
Directora Independiente
7.460.907-4



Luz Granier Bulnes
Directora Independiente
7.040.317-K



Bernardo Larrain Matte
Director
7.025.583-9



Andrés Lehuedé Bromley
Director
7.617.723-6



Arturo Mackenna Íñiguez
Director
4.523.287-5



Jorge Matte Capdevila
Director
14.169.037-K



Francisco Matte Izquierdo
Director
16.612.252-K



GRI
Standards
Index

102-55

| GRI Standard | Content | Name of the content | Page | Section | Omissions | UN Global Compact |
|---------------------------------------|---------------|---|-------------------------|---|-----------|-------------------|
| General Content | | | | | | |
| GRI 102: General Contents 2016 | 102-1 | Name of the organization | 253 | Identification of the Company | | |
| | 102-2 | Activities, brands, products and services | 6, 7 | Colbún in numbers 2017 | | |
| | 102-3 | Location of headquarters | 284 | Identity of the Society | | |
| | 102-4 | Location of operations | 6, 7 | Colbún in numbers 2017 | | |
| | 102-5 | Ownership and legal form | 58, 294 | 2.4 Ownership and corporate structure / Appendices: Ownership and corporate structure. | - | |
| | 102-6 | Markets served | 6, 7, 54 | Colbún in numbers 2017 / 2.3 Our facilities | | |
| | 102-7 | Scale of the organization | 6, 7 | Colbún in numbers 2017 | | |
| | 102-8 | Information on employees and other workers | 154, 157, 158, 333, 341 | 4.1 Workers | | Principle 6 |
| | 102-9 | Supply Chain | 73, 172, 176 | 2.6 Our Business Model / 4.2 Contractors and suppliers | | |
| | 102-10 | Significant changes to the organization and its supply chain | 58, 253 | 2.4 Ownership and corporate structure / 6.1 Scope of the Integrated Memory | | |
| | 102-11 | Precautionary principle or approach | 73 | 2.6 Our business model | | |
| | 102-12 | External initiatives | 315 - 318 | Appendices: Associations and collaboration opportunities in which we participate | | |
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| | 304-2 | Significant impacts of the activities, products and services on biodiversity | 357 | Appendices: Biodiversity | | Principle 8 |
| | 304-3 | Protected or restored habitats | 357, 359 | Appendices: Biodiversity | | Principle 8 |
| | 304-4 | Species that appear in the Red List of the International Union for Conservation of Nature, IUCN and in national conservation lists whose habitats are in the areas affected by the operations | 357, 359 | Appendices: Biodiversity | | Principle 8 |
| Contents relevant for the organization Thematic Standard: Environmental | | | | | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | 233 | 5.2 Use of materials and efficiency | | Principle 7 / Principle 8 |
| | 301-2 | Recyclable consumable goods used | | | Not applicable: It's a content that doesn't cover the specific impacts that make the topic material | Principle 8 |
| | 301-3 | Products reused and packaging materials | | | Not applicable: It's a content that doesn't cover the specific impacts that make the topic material | Principle 8 |

| GRI Standard | Content | Name of the content | Page | Section | Omissions | UN Global Compact |
|---|--------------|---|----------|---|-----------|-------------------|
| GRI 306: Effluents and residues 2016 | 306-1 | Water discharge in terms of its quality and destination | 362 | Appendices: Residual water spill | | Principle 8 |
| | 306-2 | Residues by type and elimination method | 361 | Appendices: Residues generated and spilled | | Principle 8 |
| | 306-3 | Significant spill | 214, 363 | 4.4 Community Relations / Appendices: Residual water spill | | Principle 8 |
| | 306-5 | Bodies of water affected by water spills and/or runoff | 360 | Appendices: Biodiversity of water masses and related habitats | | Principle 8 |

Identification of the Company

102-1, 102-3

Business Name: Colbún S.A.

Tax ID: 96.505.760-9

Type of Entity: Public Limited Company, Inscription on the Registry of Securities: N ° 0295

Address: Av. Apoquindo 4775, 11th floor, Santiago, Chile

Phone: (56 2) 2460 4000

Fax: (56 2) 2460 4005

Website: www.colbun.cl

Twitter: @ColbunEnergia

Facebook: www.facebook.com/ColbunEnergia/

Financial Statements - External Auditors: KPMG Auditors Consultores Ltda.

Carbon Footprint - External Auditors: Ernst & Young Professional Services of Audit and Advising Ltda.

Economic, social and environmental indicators - External Auditors: KPMG Auditores Consultores Ltda.

Materiality: GECCO SpA

Graphic design: Armstrong & Asociados

Printing: Fyma

Contact information

102-53

For more information, suggestions, questions or queries regarding this document, please contact:

Miguel Alarcón (malarcon@colbun.cl)
+562 24604394, Finance and Administration Division

Ana Luisa Vergara (alvergara@colbun.cl)
+56 2 24604428, Sustainable Development Division







7

Appendixes

7.1

The electricity sector in our markets appendix

Regulatory framework in Chile

103-2, 103-3

Chile's electricity sector and Colbún's operations are mainly ruled by the General Law on Electric Power Services, the General Environmental Law and the Water Code.

GENERAL LAW ON ELECTRIC POWER SERVICES

DFL No.1 of 1982 which systematic and merged text is included under DFL No. 4-2006, which contains the main amendments thereto.

“Short Law 1” (Ley Corta 1) Law No 19,940 enacted in 2004. This law introduced (i) new regulation applicable to the transmission system, development of the transmission system and the rates transmission facility owners can charge to users of the system and (ii) regulation regarding reliability and ancillary services.

“Short Law 2” (Ley Corta 2), Law No 20,018 enacted in 2005. This law established, among other things, the framework of bids for energy supply to regulated customers through long-term contracts of up to 15 year-term. These contracts are indexed to the United States' CPI and other relevant fuel indexes.

Law No 20,257 an amendment to the Chilean Electricity Law enacted in 2008. This amendment promotes the use of non-conventional renewable

energies (“NCRE”). The law defines the different types of technologies considered to be NCRE. Under this law, power generation companies are required to supply 5.5% of their total contractual obligations in 2015 and will increase by 0.5% annually up to 2024, when the requirement will reach 10% of total contractual obligations. In addition, an amendment to this law was enacted in 2013, which will increase the magnitude of the obligation from 10% in 2024 to 20% in 2025, for all contracts entered into after July 1, 2013. This new system contemplates a gradual application of the standard.

Law No. 20,805 enacted in January 2015, which improves the electric power supply bids for clients subject to price regulations. Law No. 20,928 enacted in May 2016, which provides for equity mechanisms on electricity rates.

Law No. 20,936 enacted in July 2016, which establishes a new electric power transmission system and sets a coordination entity independent from the National Electricity System.

ENVIRONMENTAL LAW:

The “General Environmental Law” (19,300) regulates and establishes the environmental framework in Chile. Among the main changes is the creation of the Environmental Ministry, Environmental Superintendence, the Environmental Tribunals and the Biodiversity and Wild Protected Area Service. Among the main modifications is the reformulation of the fines. In addition, there are numerous laws, regulations, decrees and municipal ordinances that may rule our operations or the development of new projects, which are aimed at protecting the environment.

WATER CODE:

Water rights are governed by the “Water Code” (“Código de Aguas”), which defines the means by which water rights may be obtained, the characteristics of these water rights and how such rights may be constituted and exercised. Water rights are granted by the Water Management Directorate (“Dirección General de Aguas” or “DGA”). The

Water Code was modified for the last time in 2005, to establish, among other things, the payment of a permit for unused water rights.

THE TRANSMISSION REGULATORY SECTOR IN CHILE:

In order to deliver our electric power to the system and to supply energy and capacity to our customers, we use transmission facilities of our own as well as those of third parties. The new legislation breaks down the transmission system into three types: National System (Ex Trunk Transmission System), Zone System (Ex Subtransmission System), Dedicated Transmission System (Ex Ancillary System), System for Development Poles and International Interconnection Systems that will be ruled by special norms. In terms of planning, there are two processes: a long-term energy planning for an at least 30-year horizon to be determined every five years by the Ministry. Similarly, the National Energy Commission is responsible for carrying out an annual planning process for transmission, which will include the required expansion for the various transmission systems. The law provides the Transmission Systems with an open access regime, and consequently this type of facilities may be used by third-party users under non-discriminatory technical and economic conditions, where access to Dedicated Systems will be granted according to the available capacity of the lines, as determined by the System Coordinator.

A transparent, participative and regulated methodology was

established to determine the tariffs associated with the use of the National and Zone Systems, leaving the use of Dedicated Systems to a bilateral negotiation between the owner and the user.

The new regulation establishes that transmission companies will recover their investment through tariffs charged to the end users, this change in transmission charges will be gradually applied, so that starting in 2034, the transmission will be fully financed by the system's demand. For the systems operating at Development Poles, a charge will be applied to generation companies connected to such line, where in the long run the idle capacity of the lines will be paid by the end users.

Regulatory framework in peru

Since 1992, the electric power activities and businesses are regulated by the Law on Electric Concessions No. 25,844, which was amended and supplemented by other laws aimed at promoting investment and providing for specific aspects of the national energy policy.

Below is a description of the main standards that encourage investment in the Peruvian power sector, the technical standards relating to the safety at electric power facilities and quality assurance of the power services delivered to the end user:

LAW ON ELECTRIC CONCESSIONS:

Law No. 25,844. In agreement with this law, the Peruvian electricity sector is divided into three large segments: generation, transmission and distribution. Starting in October 2000, the Peruvian power sector is made up of a single National Interconnected System (SEIN), in addition to some isolated systems. At present, the Company develops its operations within the electric generation segment under the SEIN.

LAW TO ENSURE AN EFFICIENT POWER GENERATION DEVELOPMENT:

In 2006, Law No. 28,832 was enacted, which establishes among its main objectives: (a) assuring sufficient and efficient power generation to reduce the Peruvian

electric system exposure to price volatility, lowering the risks due to lack of energy and providing the end consumer with more competitive rates, (b) decreasing the administrative intervention in the determination of generation prices by means of market solutions, and (c) encouraging actual competition in the generation market.

ANTI-MONOPOLY AND ANTI-OLIGOPOLY LAW IN THE POWER SECTOR:

Law No. 26,876 ensures that vertical concentrations equal to or greater than 5%, or horizontal concentrations equal to or greater than 15% involved in the power generation, transmission and distribution activities are subject to preliminary authorization so as to avoid concentrations affecting free competition.

LAW THAT PROMOTES THE EFFICIENT USE OF NATURAL GAS AND INVESTMENTS IN HYDROELECTRIC POWER PLANTS:

The Law No. 1,041 published in June 2008 promotes investment in hydroelectric power plants, expanding the maximum term of 15 years to 20 years for electricity supply contracts from power tenders. Also it promotes investment in combined open cycle power plants to improve efficiency in the use of natural gas and the transport infrastructure.

LAW THAT PROMOTES RENEWABLE ENERGIES:

The Law No. 1,002 published in May 2008 which grants competitive advantages to generation projects with renewable energy - RER. It also established that a 5% of the national

energy demand should be covered by RER generation, excluding hydropower.

Law No. 1,058, published in June 2008 grants the benefit of accelerated depreciation, up to 20% annually for investments in hydroelectric and other renewable resource projects.

Law No. 28,876 published in June 2006 establishes the early recovery of the national tax on power sales for companies using hydropower and renewable energies.

infrastructure or public facility services in the form of a private-public partnership to speed up the materialization of the private investment.

REGULATION ON ELECTRICITY SUPPLY TENDERS:

They are aimed at establishing the standards applicable to electricity supply tenders to ensure the timely and efficient supply of the bidders' demands, and to encourage competition and investment in new power generation plants in agreement with the law.

REGULATION ON ENVIRONMENTAL PROTECTION AGAINST ELECTRIC POWER ACTIVITIES:

(Supreme Decree No. 29-94-EM):

The purpose of this standard is to regulate the interrelation of the generation, transmission and generation systems' activities with the environment, under a sustainable development framework.

In Peru, investors are entitled to enter into contracts that provide for legal and tax stability, and free availability of foreign currency. If necessary, they may undertake feasibility studies for public

7.2

Who we are and what we do appendix

Ownership structure

102-5

In agreement with what is set forth in Title XV of Law 18,945 below is a list of the majority Company shareholders representing 49.96% of the capital with the right to vote as of December 31, 2017:

Participation of the majority shareholders at december 31, 2017

| Shareholder | No of SHARES | % |
|---|----------------------|--------------|
| MINERA VALPARAISO S.A. | 6,166,879,733 | 35.17 |
| FORESTAL COMINCO S.A. | 2,454,688,263 | 14.00 |
| FORESTAL CONSTRUCTORA Y COMERCIAL DEL PACIFICO SUR S.A. | 34,126,083 | 0.19 |
| FORESTAL Y MINERA CANADILLA S.A. | 31,232,961 | 0.18 |
| FORESTAL CAÑADA S.A. | 22,308,320 | 0.13 |
| FORESTAL BUREO S.A. | 17,846,000 | 0.10 |
| INVERSIONES ORINOCO S.A. | 17,846,000 | 0.10 |
| INVERSIONES COILLANCA LTDA. | 16,473,762 | 0.09 |
| INMOBILIARIA BUREO S.A. | 38,224 | 0.00 |
| TOTAL | 8,761,439,346 | 49.96 |

The Company control is exercised in agreement with a joint control and management agreement subscribed with respect to Forestal O'Higgins S.A and other affiliates whereby it controls the majority shareholders mentioned above. Forestal O'Higgins is owned by members of the following companies Larraín Matte, Matte Capdevila and Matte Izquierdo, in the manner and in the proportions set forth below:

Patricia Matte Larraín, ID N° 4.333.299-6 (6.49%) and her children María Patricia Larraín Matte, ID N° 9.000.338-0 (2.56%); María Magdalena Larraín Matte, ID N° 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, ID N° 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, ID N° 10.031.620-K (2.56%).

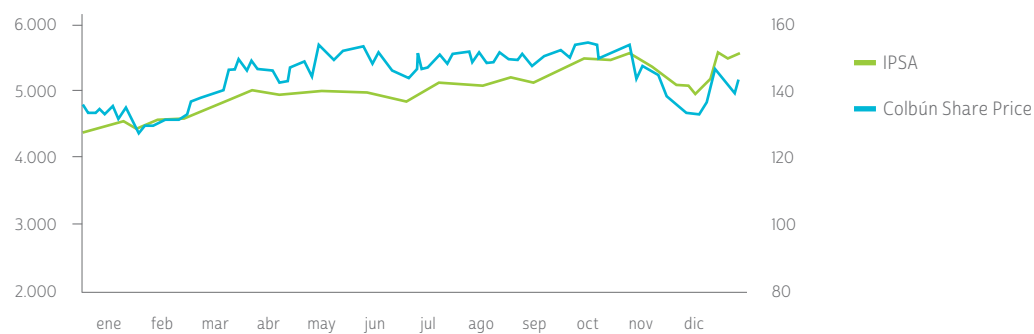
Eliodoro Matte Larraín ID N° 4.436.502-2 (7.21%) and his children Eliodoro Matte Capdevila, ID N° 13.921.597-4 (3.27%); Jorge Matte Capdevila, ID N° 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, ID N° 15.959.356-8 (3.27%)

Bernardo Matte Larraín, ID N° 6.598.728-7 (7.79%) and his children Bernardo Matte Izquierdo, ID N° 15.637.711-2 (3.44%); Sofía Matte Izquierdo, ID N° 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, ID N° 16.612.252-K (3.44%). The shareholders mentioned above pertain by kinship to the same business group.

Share transactions

The following graph shows the evolution of Colbún's share price and the IPSA price evolution over the last year.

COLBUN SHARE PRICE AND IPSA INDEX EVOLUTION AT DECEMBER 31, 2017

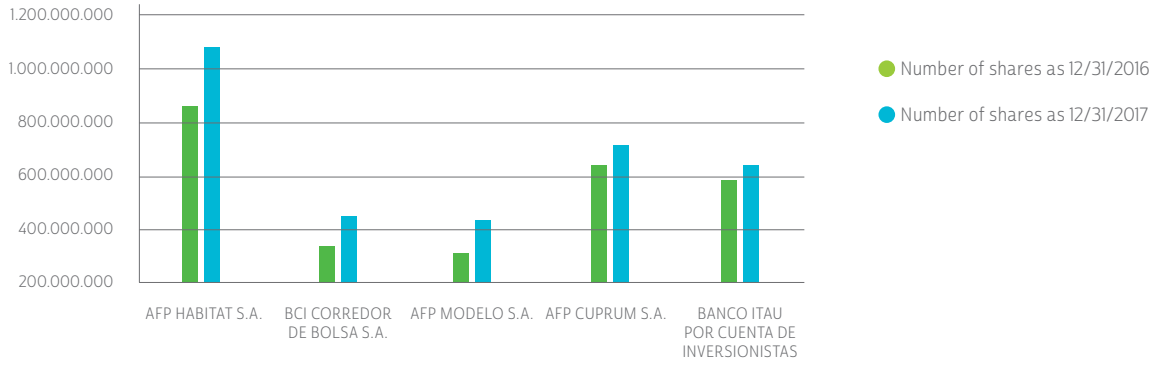


Summary of colbún's share transactions over the last 2 years

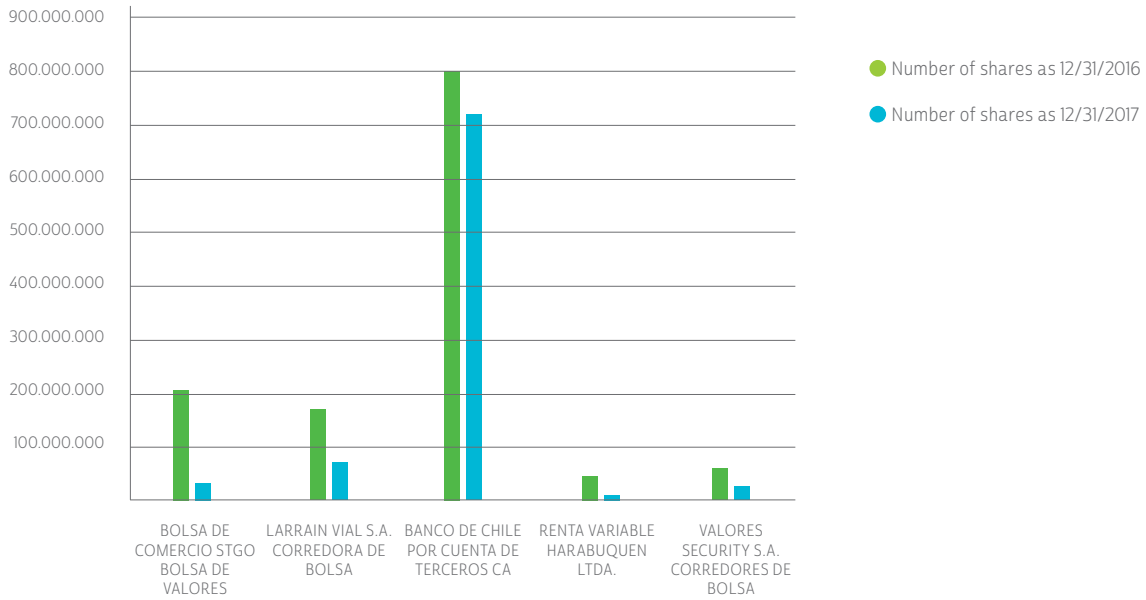
| 2016 | | | |
|---------|-------------|-----------------|---------------------------|
| Quarter | Units | Amount (CH\$) | Average Price (CLP/Share) |
| 1 | 458,084,393 | 79,917,403,203 | 174.46 |
| 2 | 490,775,830 | 84,491,966,893 | 172.16 |
| 3 | 507,324,213 | 76,819,032,332 | 151.42 |
| 4 | 895,258,319 | 119,561,748,502 | 133.55 |

| 2017 | | | |
|---------|-------------|----------------|---------------------------|
| Quarter | Units | Amount (CH\$) | Average Price (CLP/Share) |
| 1 | 516,455,076 | 68,404,474,816 | 132.45 |
| 2 | 596,818,314 | 88,734,946,926 | 148.68 |
| 3 | 525,470,471 | 78,825,825,355 | 150.01 |
| 4 | 673,534,850 | 96,456,925,869 | 143.21 |

5 main increases in share ownership 2016-17



5 main decreases in share ownership 2016-2017



Colbún's Shares in the Stock Exchange

The Company's shares are traded on the Santiago Stock Exchange, the Electronic Stock Exchange and the Valparaíso Stock Exchange. In the first two Stock Exchanges our stock market presence is 100%, while on the Valparaíso Stock Exchange our presence is 0%.

The following charts show information on the price, volumes and amounts in the stock exchanges where the Company's shares are traded.

Electronic stock exchange

| Period | Number (shares) | Amount (CLP) | Higher Price (CLP) | Lower Price (CLP) | Average Price (CLP) | Closing Price (CLP) |
|-------------|----------------------|------------------------|--------------------|-------------------|---------------------|---------------------|
| 1T17 | 492,840,865 | 66,428,245,208 | 142.19 | 126.17 | 135.15 | 137.79 |
| 2T17 | 560,877,956 | 83,354,846,132 | 153.75 | 140.29 | 148.64 | 147.70 |
| 3T17 | 498,753,399 | 74,918,402,954 | 155.09 | 144.33 | 150.18 | 152.65 |
| 4T17 | 650,069,404 | 94,521,493,477 | 154.33 | 135.36 | 145.79 | 143.11 |
| 2017 | 2,202,541,624 | 319,222,987,771 | 155.09 | 126.17 | 145.35 | 143.11 |

Stock exchange

| Period | Number (shares) | Amount (CLP) | Higher Price (CLP) | Lower Price (CLP) | Average Price (CLP) | Closing Price (CLP) |
|-------------|--------------------|-----------------------|--------------------|-------------------|---------------------|---------------------|
| 1T17 | 23,614,211 | 3,203,963,092 | 149.86 | 123.33 | 135.68 | 144.58 |
| 2T17 | 35,940,358 | 5,293,096,614 | 155.50 | 142.01 | 147.22 | 142.01 |
| 3T17 | 26,938,482 | 4,043,231,068 | 154.50 | 146.02 | 149.19 | 151.95 |
| 4T17 | 23,465,446 | 3,348,065,010 | 156.49 | 127.00 | 141.21 | 141.51 |
| 2017 | 109,958,497 | 15,888,355,784 | 156.49 | 123.33 | 144.13 | 141.51 |

Valparaíso stock exchange

| Period | Number (shares) | Amount (CLP) | Higher Price (CLP) | Lower Price (CLP) | Average Price (CLP) | Closing Price (CLP) |
|-------------|-----------------|-------------------|--------------------|-------------------|---------------------|---------------------|
| 1T17 | 65,442 | 8,275,376 | 124.42 | 124.42 | 124.42 | 124.42 |
| 2T17 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3T17 | 11,900 | 1,719,550 | 144.50 | 144.50 | 144.50 | 144.50 |
| 4T17 | 264,760 | 36,588,326 | 138.19 | 138.19 | 138.19 | 138.19 |
| 2017 | 342,102 | 46,583,252 | 144.50 | 124.42 | 135.98 | 138.19 |

Dividend distribution

Dividends per share (clp)

| Management Period | Provisonal | Definite | Total |
|-------------------|-------------|-------------|-------------|
| 2010 | 0.50 | 0.50 | 1.00 |
| 2011 | - | - | - |
| 2012 | - | 0.36 | 0.36 |
| 2013 | - | 0.58 | 0.58 |
| 2014 | 1.46 | - | 1.46 |
| 2015 | 1.62 | 0.44 | 2.06 |
| 2016 | 1.75 | 2.34 | 4.09 |
| 2017 | 1.53 | 0.55 | 2.08 |

Requirements over the shares held by management

1.1.10 DJSI

Colbún does not set any limit on the ownership of shares as a multiple of the annual base salary. However, we are subject to a regulation that bans the trading of shares within specific periods of time to prevent insider trading. The Information Management Manual certifies compliance by the Company with a series of standards issued by the Superintendence of Securities and Insurance of Chile (SVS) and rules the manner in which an executive shall purchase or sell Company's shares.

Affiliated companies

Colbún's affiliated companies

| Company Name and Legal Purpose | Company Purpose | General Data | Direct and Indirect Participation | Chairman | General Manager | Board of Directors |
|---|---|---|-----------------------------------|--|-----------------|--|
| TERMOELÉCTRICA ANTILHUE S.A. | Generation, transportation, transformation, distribution, supply or commercialization of electric power or operation of power plants. | Closed Stock Company. Established on December 14, 2007. Owner of Antilhue thermoelectric power plant. | 99.9% | Juan Eduardo Correa G. | Carlos Luna C. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| EMPRESA ELÉCTRICA INDUSTRIAL S.A. | Production, transportation, distribution, supply or commercialization of electric power and management or operation of power plants. | Closed Stock Company. Established on December 31, 1997. Owner of Carena hydroelectric power plant. | 99.99% | Juan Eduardo Correa G. | Carlos Luna C. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| TERMOELÉCTRICA NEHUENCO S.A. | Production, transportation, distribution, supply or commercialization of electric power and management or operation of power plants. | Closed Stock Company. Established on April 13, 2006. In charge of the operation of the power plants that make up the Nehuenco thermoelectric complex situated in Quillota, V Region, as well as of the Candelaria thermoelectric power plant situated in Mostazal, VI Region. | 100.00% | Juan Eduardo Correa G. | Carlos Luna C. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| SOCIEDAD HIDROELÉCTRICA MELOCOTÓN LTDA. | To conduct prefeasibility studies and develop projects for hydroelectric power plants and to operate the said power plants. | Limited Liability Company, established on July 1, 1980. This company although is not currently engaged in operating activities owns water rights to develop hydroelectric projects. | 100.00% | Legal Representative: Thomas Keller L. | | |

| Company Name and Legal Purpose | Company Purpose | General Data | Direct and Indirect Participation | Chairman | General Manager | Board of Directors |
|--------------------------------|---|---|-----------------------------------|------------------------|------------------|--|
| RIO TRANQUILO S.A. | Generation, transportation, distribution, purchase and sale of electric power and capacity. | Closed Stock Company. Established on May 20, 2005. Owner of the Hornitos hydroelectric power plant. | 100% | Juan Eduardo Correa G. | Carlos Luna C. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| COLBÚN TRANSMISIÓN S.A. | Electricity transmission; commercialization of power transportation and transformation capacity; management and operation of electric transmission installations and the delivery of services relating with its purpose. | Closed Stock Company. Established on June 28, 2012. Colbún S.A. owns 99% of its shares. | 100,00% | Juan Eduardo Correa G. | Carlos Varela B. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| COLBÚN DESARROLLO SPA | Generation, transportation, transformation distribution, supply, purchase, sale and any other activity relating to the commercialization of electric capacity and energy; management, operation and maintenance of hydraulic works and power generation plants; development of national and foreign power generation, transmission and distribution projects. | Closed Stock Company. Established in March 18, 2015. Colbún S.A. owns 100% of its shares. | 100,00% | Thomas Keller L. | | Thomas Keller L. Juan Eduardo Vásquez M. Sebastián Fernández C. Eduardo Lauer R. Sebastián Moraga Z. |

| Razón Social y naturaleza jurídica | Objeto Social | Datos Generales | Participación Directa e Indirecta | Presidente | Gerente General | Directorio |
|------------------------------------|---|--|-----------------------------------|------------------------|-------------------------|---|
| INVERSIONES SUD SPA | Generation, transportation, transformation distribution, supply, purchase, sale and any other activity relating to the commercialization of electric capacity and energy; management, operation and maintenance of hydraulic works and power generation plants; development of national and foreign power generation, transmission and distribution projects. | Stock Company. Established on March 31, 2015. Colbún S.A. owns 100% of its shares | 100.00% | Juan Eduardo Correa G. | Juan Eduardo Vásquez M. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |
| INVERSIONES ANDINAS SPA | Generation, transportation, transformation distribution, supply, purchase, sale and any other activity relating to the commercialization of electric capacity and energy; management, operation and maintenance of hydraulic works and power generation plants; development of national and foreign power generation, transmission and distribution projects. | Stock Company. Established on March 31, 2015. Colbún S.A. owns 100% of its shares. | 100.00% | Juan Eduardo Correa G. | Juan Eduardo Vásquez M. | Juan Eduardo Correa G. Thomas Keller L. Juan Eduardo Vásquez M. |

| Company Name and Legal Purpose | Company Purpose | General Data | Direct and Indirect Participation | Chairman | General Manager | Board of Directors |
|----------------------------------|---|--|-----------------------------------|------------------|------------------------|---|
| COLBÚN PERU S.A. | Investment in all kinds of movable property, including the purchase of shares or rights in all kind of companies, communities, foundations or partnerships, all kinds of securities and credit or investment instruments together with the administration and operation of those investments and their fruits or products; and the generation, transportation, transformation, distribution, supply, purchase, sale and any other activity relating to the commercialization of electric capacity and energy, without limitation. | Closed Stock Company incorporated in agreement with the laws of the Republic of Peru, acquired by Colbún Desarrollo S.p.A. on September 28, 2015. Later, by means of Extraordinary Shareholders' Meeting held on December 15, 2015 Colbún S.A. joined this company, and currently holds 99.9996% of the shares, and Colbún Desarrollo S.p.A. owns the remaining 0.0004%. | 100.00% | Thomas Keller L. | Sebastián Fernández C. | Juan Eduardo Correa G. (alterno Juan Eduardo Vásquez M.) Thomas Keller L. (alterno Rodrigo Pérez S.) Sebastián Fernández C. (alterno Eduardo Lauer R.) |
| INVERSIONES DE LAS CANTERAS S.A. | Investment in all kinds of movable property, including the purchase of shares or rights in all kind of companies, communities, foundations or partnerships, all kinds of securities and credit or investment instruments together with the administration and operation of those investments and their fruits or products; and the generation, transportation, transformation, distribution, supply, purchase, sale and any other activity relating to the commercialization of electric capacity and energy, without limitation. | Company incorporated in agreement with the laws of the Republic of Peru, on November 16, 2015 by Inversiones Hacienda Montalbán S.A. (currently Colbún PERU S.A.) and Juan Carlos Escudero Velano, who later transferred his share to the former. On December 18, 2015 the partners made a capital increase, and Colbún PERU S.A. subscribed and paid 51% of the shares, and Sigma Infrastructure Investment Fund joined the Company with 13% of the shares; and Blue Bolt A 2015 Limited, also joined the company with 36% of the shares. | 51.00% | Thomas Keller L. | Sebastián Fernández C. | Juan Eduardo Correa G. (alternate director Juan Eduardo Vásquez M.); Thomas Keller L., (alternate director Sebastián Moraga Z.); Sebastián Fernández C. (alternate director Eduardo Lauer R.); Rodrigo Pérez S. (alternate director Carlos Luna C.); Luis Miguel Azenha P. (alternat director Mujeeb Rehman Q.); Andrés Jana B. (alternate director Laurent Fortino); Luis Carranza U. (alternate director Gonzalo de las Casas D.) |

| Company Name and Legal Purpose | Company Purpose | General Data | Direct and Indirect Participation | Chairman | General Manager | Board of Directors |
|--------------------------------|--|---|-----------------------------------|-----------------------------------|------------------|---|
| FENIX POWER PERU S.A. | Power generation, secondary transmission and commercialization activities in agreement with the law; engaging in any activity or civil, industrial and commercial operation or in any similar activity or operation directly or indirectly related to the compliance with the Company's purpose, as well as the exploitation of the natural resources produced as a result of such power generation, as necessary, adequate, and as permitted by the law on closed stock corporations. | Closed Stock Company incorporated in agreement with the laws of the Republic of Peru on September 15, 2004 by Enrique Víctor Macedo Abreu, Fernando Enrique Macedo Abreu, and Horace Alfred Sklar. At present Inversiones de Las Canteras S.A. owns 100% of the shares. | 51% | Miguel Aramburú Alvarez- Calderón | Juan Miguel Cayo | <p>Juan Eduardo Correa G. (alternate director Juan Eduardo Vásquez M.); Thomas Keller L., (alternate director Rodrigo Pérez S.); Sebastián Fernández C. (alternate director Eduardo Lauer R.); Miguel Aramburú Alvarez-Calderón (alternate director Sebastián Moraga Z.)</p> <p>Luis Azanha P. (alternate director Mujeeb Ur Refman); David Andrés Jana B. (alternate director Laurent Fortino); Gonzalo de las Casas D., (alternate director Luis Carranza U.)</p> |

Colbún coligadas

| Company Name and Legal Purpose | Company Purpose | General Data | Direct and Indirect Participation | Chairman | General Manager | Board of Directors |
|---|---|---|-----------------------------------|-------------------------|------------------|---|
| TRANSMISORA ELÉCTRICA DE QUILLOTA LTDA. | Transmission, distribution and supply of electric power. | Limited Liability Company. Owner of the San Luis substation, located alongside of the Nehuenco thermoelectric complex, as well as of the 220 KV high tension line that connects this substation with the Quillota substation. The company began its operations in 1999. Colbún holds 50% stake in this company. | 50.00% | Carlos Varea B. | | Santiago Bradford Vicuña (alternate director Gastón Zepeda C.); Goran Nakik, (alternate director María Canales Nuñez); Sergio Avila Arancibia (alternate director Rodolfo Durán Figueroa) Pedro de la Sotta Sánchez |
| CENTRALES HIDROELÉCTRICAS DE AYSÉN S.A. | Development, financing, ownership and operation of a hydroelectric Project in the Eleventh Region of Aysén. | Closed Stock Company. Incorporated by public deed on September 4, 2006, granted at the Santiago Public Notary of Eduardo Avello Concha. Colbún owns 49% of this Company. | 49.00% | Juan Eduardo Vásquez M. | Camilo Charme A. | This company is undergoing winding up by a Liquidating commission made up of Messrs. Juan Eduardo Vásquez Moya, Rodrigo Pérez Stiepovic, Ignacio Quiñones Sotomayor and Carlos Helfmann Soto. |
| ELECTROGAS S.A. | Buy, sell, invest and hold shares of Electrogas S.A. | Closed Stock Company. Established on March 11, 1999. Inversiones Electrogas S.A. is a company whose shareholders are Colbún S.A. (42.5%), Enel Generación S.A. (42.5%) and Enap (15%). | 42.50% | Eduardo Lauer R. | Allan Fischer H. | Thomas Keller Lippold (alternate director Rodrigo Pérez Stiepovic); Juan Eduardo Vásquez Moya (alternate director Sebastián Fernández Cox); Rodrigo Costa (alternate director Marta Almeida); Gonzalo Soares (alternate director Joao Farias); Alfredo del Carrol Caviglia (alternate director Oscar Santibáñez Letelier) |

NOTE: The main commercial relationships between Colbún and its affiliates are energy purchase, sale and transport contracts. Such affiliates are fully consolidated and these contracts do not have an impact on the results. In connection with the relationship with all our affiliates/related companies, it should remain unchanged.

Subscribed and paid in capital affiliates and related companies

| Affiliates | Currency | Subscribed Capital | Paid In Capital |
|---|----------|--------------------|-----------------|
| Empresa Eléctrica Industrial S.A. | MUS\$ | 3,680 | 3,680 |
| Sociedad Hidroeléctrica Melocotón Ltda. | MUS\$ | 1,114 | 1,114 |
| Río Tranquilo S.A. | MUS\$ | 64 | 64 |
| Termoeléctrica Nehuenco S.A. | MUS\$ | 212 | 212 |
| Termoeléctrica Antihue S.A. | MUS\$ | 3,332 | 3,332 |
| Colbún Transmisión S.A. | MUS\$ | 28,891 | 28,891 |
| Colbún Desarrollo SpA | MUS\$ | 160 | 160 |
| Inversiones SUD SpA | MUS\$ | 10 | 10 |
| Inversiones Andinas SpA | MUS\$ | 10 | 10 |
| Colbún PERU S.A. | MUS\$ | 219,635 | 219,635 |
| Inversiones Las Canteras S.A. | MUS\$ | 432,100 | 432,100 |
| Fenix Power PERU S.A. | MUS\$ | 445,637 | 445,637 |

| Related Companies | Currency | Subscribed Capital | Paid In Capital |
|---|----------|--------------------|-----------------|
| Electrogas S.A. | MUS\$ | 21,266 | 21,266 |
| Centrales Hidroeléctricas de Aysén S.A. | M\$ | 188,855,665 | 188,855,665 |
| Transmisora Eléctrica de Quillota Ltda. | M\$ | 4,404,446 | 4,404,446 |

Percentage that represents the investment in each affiliate and related company over the total assets held by the parent company

| Affiliates | Investment MUS\$ | % over assets |
|---|------------------|---------------|
| Empresa Eléctrica Industrial S.A. | 5,547 | 0.08% |
| Sociedad Hidroeléctrica Melocotón Ltda. | 9,145 | 0.13% |
| Río Tranquilo S.A. | 28,246 | 0.41% |
| Termoeléctrica Nehuenco S.A. * | (16,389) | (0.24%) |
| Termoeléctrica Antihue S.A. | 13,708 | 0.20% |
| Colbún Transmisión S.A. | 87,013 | 1.26% |
| Colbún Desarrollo SpA | 160 | 0.00% |
| Inversiones SUD SpA | 49 | 0.00% |
| Inversiones Andinas SpA | 10 | 0.00% |
| Colbún PERU S.A. | 238,833 | 3.45% |
| Inversiones de Las Canteras S.A. | 461,581 | 6.67% |
| Fenix Power PERU S.A. | 459,441 | 6.64% |

| Related Companies | Investment MUS\$ | % over assets |
|---|------------------|---------------|
| Electrogas S.A. | 17,049 | 0.25% |
| Centrales Hidroeléctricas de Aysén S.A. | 9,245 | 0.14% |
| Transmisora Eléctrica de Quillota Ltda. | 12,282 | 0.18% |

* This company has negative equity.

Biographies of Colbún's board members

122-27

María Ignacia Benítez Pereira

National ID card number: 7.460.907-4

She was born in 1958 and holds a degree in Chemical Engineering from the Universidad de Chile, with broad experience in the public, private and academic world. She was the Ministry of the Environment throughout the period that President Sebastián Piñera was in office. She was a Regional Advisor to the Metropolitan Region from 2000 to 2008. She was the Senior Project Head and the Finance Assistant Manager of Gestión Ambiental Consultores (GAC). She joined Colbún's Board of Directors in 2016. She is currently a partner of Teamfex Spa, and provides consulting and project management services. She is a professor of Business Administration at the Universidad Adolfo Ibáñez.

Vivianne Blanlot Soza

National ID card number: 6.964.638-7

She was born in 1955. She holds a Business Administration Major from the Pontificia Universidad Católica de Chile, and obtained a Master's in Applied Economics from the American University in the U.S. She is director of Colbún since 2012, member of the Council on Transparency since 2011, and director of Antofagasta Minerals since 2014. She was previously the Minister of National Defense, Executive Secretary of the National Energy Commission and Executive Director of Chile's National Environmental Commission (CONAMA). In addition, she was a member of the Board of Trustees of the Universidad de Santiago and Banco del Estado, and director of EMOS. She is currently a Board member of Antofagasta PLC and Empresas CMPC.

Juan Eduardo Correa García

National ID card number: 12.231.796-K

He was born in 1972. He is a civil industrial engineer from the Pontificia Universidad Católica de Chile and a member of Colbún's Board of Directors since 2014. He has had an outstanding professional trajectory in companies such as Enersis, Quiñenco and IConstruye. He was the Director of the Santiago Stock Exchange for

5 years. Since 2005 he has worked in different companies of the Matte Group. He is currently the General Manager of the holding BICECORP S.A., the Chairman of BICE Vida Compañía de Seguros S.A., and the Vice-chairman of the Banco BICE's Board of Directors and director of Inmobiliaria Almahue S.A. He joined Colbún's Board of Directors in 2014, where in addition to his role as Director, has been a member of the Directors' Committee and the Auditing Committee. He undertook the Chairmanship of Colbún's Board of Directors in May 2017.

Luz Granier Bulnes

National ID card number: 7.040.317-K

She was born in 1965. She holds a Business Administration Major from the Universidad de Chile. She is currently an independent financial adviser.

In the past, she was director of the CIMM (Research Center for Mining and Metallurgy), Loginsa, Eléctrica Guacolda and TermoAndes, among others. In addition she was the Undersecretary of Social Services, Head of Cabinet of the Ministry of Public Works and the Ministry of Mining and Energy. She had an 11-year professional trajectory in Gener as the Treasury Manager, Administration and Finance Manager of Norgener, and finally, as the Assistant Manager of International Investments.

Bernardo Larraín Matte

National ID card number: 7.025.583-9

He was born in 1966. He holds a Business Administration Major from the Pontificia Universidad Católica de Chile, obtained a M.Sc. of Finance from the London School of Economics and a Master in Business Administration from the University of Stanford.

He undertook as Colbún's General Manager in 2005, and from April 2012 to May 2017 he was the Chairman of Colbún's Board. He is also a Board member of Minera Valparaíso S.A. and of Puertos y Logística S.A.. From 2008 to 2016 he was member of ICARE's Board of Directors, a non for-profit organization. He is currently the President of the Sofofa.

Arturo Mackenna Íñiguez

National ID card number: 4.523.287-5

He was born in 1946. He is a civil industrial engineer from the Universidad de Chile and holds a PhD in Economics from the Massachusetts Institute of Technology. He joined Colbún's Board of Directors in 2006. Until October 2015 he was a Board member of Empresas CMPC S.A., and to date he seats at the Board of Directors of Empresas Iansa S.A., Almahue S.A. and the University Finis Terrae.

Andrés Lehuedé Bromley

National ID card number: 7.617.723-6

He was born in 1968, holds a Business Administration Major from the Pontificia Universidad Católica de Chile and a Master in Business Administration from the University of California, United States. In the past, he worked for Citicorp Chile, Cruz del Sur AGF and Cruz del Sur Compañía de Seguros de Vida.

He is currently the general manager of Inversiones Siemel S.A. He is also the Director of Comercializadora Novaverde S.A. (Guallarauco); Atton Hoteles S.A.; Red to Green S.A.; Woodtech S.A.; Agrícola Siemel Ltda and Valle Grande S.A.

Jorge Matte Capdevila

National ID card number: 14.169.037-K

He was born in 1981, holds a Business Administration Major from the Universidad de los Andes. He is currently the Chairman of the Board of Directors of Forestal Mininco S.A. He is also a Board member of CMPC Celulosa S.A.; CMPC Tissue S.A.; Puertos y Logística S.A.; Inversiones Portoseguro S.PA., and Chairman of the Board of Directors of Fundación Amulen.

Francisco Matte Izquierdo

National ID card number: 16.612.252-K

He was born in 1988; he is a lawyer from the Pontificia Universidad Católica de Chile and joined Colbún's Board in 2016. He works as the Company lawyer mainly in charge of the business and tax areas.

Board of directors' effectiveness

The average board meeting attendance was 92% in 2017.

Appointment and election of the board members

102-24

With respect to the appointment and election of the governing body, any individual who freely administers his assets and is not included in any of the cases expressly indicated in Articles 35 and 36 of the LSA, may be elected Director of the Company. In addition, in order to be an Independent Director, being this understood in agreement with the provisions of Article 50 bis of the LSA, he/she must comply with the conditions established in the said article.

Required information

The shareholders that wish to promote the nomination of a person to hold a position of Director or to apply directly may submit the following information to the General Manager of the Company:

1. Experience and professional profile of the candidate.
2. Statement by the candidate accepting the appointment and guaranteeing his compliance with all the requirements to fulfill the position established by the law and its regulations.
3. Declaration of the candidate's contractual, business relationships or others with the controlling company, the competitors or suppliers over the last 18 months.

The Company will not be responsible for ensuring the veracity of the information; the Company will only be responsible for receiving the information and making it available to the shareholders through its webpage.

Delivery of information

The background information shall be sent to the Company's General Manager at least three days in advance of the Shareholders' Meeting holding date, through an email addressed to rsperez@colbun.cl or through a letter delivered at the Company's address.

Application

The General Manager shall make available to the shareholders on the Company's webpage, at least three days in advance of the Shareholders' Meeting, the information delivered to the Company on the experience and professional profile of the candidates for Director received at such date.

The above does not preclude the possibility of promoting any interested individual to candidate for Director upon the holding of the corresponding Shareholders' Meeting.

Election

At the Shareholders' Meeting, the shareholders vote to elect the board of directors. At least one Independent Director is appointed in compliance with Article 50 bis of the Law on Stock Corporations. In this regard, the proposals of the

shareholders that represent one percent or more of the shares of the Company are received within the corresponding deadlines

2017 management of the directors' committee

During 2017, the Committee held meetings to review the proposals by the Management to the Board of Directors, in connection with transactions with related parties as per Article 147 of Law 18,046, where it agreed to propose their approval to the Board of Directors inasmuch as they were consistent with the fairness conditions prevailing in the market for this type of transactions or were part of customary transactions within the Company's line of business.

In particular, the Committee provided an opinion regarding the following transactions:

Capital increase and later subscription of shares between Colbún S.A. and Centrales Hidroeléctricas de Aysén S.A., (HidroAysen)

which purpose is mainly to provide for the lack of use of water rights and for attorneys' fees corresponding to 2017. Colbún's capital increase amounts to \$2,180,500,000. This transaction was reviewed by the committee, as Messrs. Bernardo Larraín M., Thomas Keller L. and Juan Eduardo Vásquez M., Chairman, Chief Executive Officer and Business Manager of Colbún S.A., respectively, are directors of Centrales Hidroeléctricas de Aysén S.A.

Reorganization of transmission assets. This is a transaction aimed at reorganizing electric power transmission assets of Colbún S.A., transferring them to the affiliate company Colbún Transmisión S.A. The above, with the purpose of, among other matter, complying with the provisions contained in the General Law on Electric Power Services on the ownership and operation of trunk transmission facilities. The Committee reviewed the background information of this operation pursuant to letter c) of the final paragraph of Article 147 of the Law on Closed Stock Corporations as Colbún S.A. owns more than 95% of Colbún Transmisión S.A.'s assets.

Contribution to the Center for Public Studies (Centro de Estudios Públicos, CEP), which purpose is to fund activities relating to the study, promotion and debate of public policies in the economic, social and educational fields, among others, for the development of the country. The contribution reached an annual amount of UF 429 over 2017 and 2018, i.e. UF 858 in total. The Committee reviewed this operation given that Mr. Eliodoro Matte L., member of the controlling company and blood relative to the Director Mr. Jorge Matte C., is a member of the CEP's Steering Committee.

Modification of the Communicational Advisory Contract" between Colbún S.A. and Asesorías e Inversiones Nexos SPA", which consists of modifying the price of the monthly advisory, and adding a confidentiality clause and the obligation to meet the Law 20,393. This is a transaction between related companies, as the

Director Mr. Francisco Matte I. is a blood relative to the first degree of a partner of the above mentioned advisory company, who in turn is the spouse of one of the members of the controlling group.

Power supply offer to Puerto Lirquén S.A. and Puerto Central S.A. The Committee reviewed the business terms of the binding power supply offers made by Colbún S.A. within the framework of the tender process of Puerto Lirquén S.A. and Puerto Central S.A. The offers involved the annual supply of 5 and 16 GWh, respectively, for 5-year term contracts, which, if awarded, would require entering into the respective Supply Contracts. This is a transaction between related companies, as Mr. Bernardo Larraín M., Chairman of Colbún S.A.'s Board is in turn the Director of Puertos y Logística S.A., the parent company of Puerto Lirquén S.A. and Puerto Central S.A.

Renewal of the mobile telephony contract with Entel PCS S.A. This transaction consists of adjusting the prices and the services contemplated under the existing contract, reducing it from approximately \$12.7 million per month to \$8.3 million per month, improving technical assistance and lowering the data roaming rates for PERU. This is a transaction between related companies, as Mr. Bernardo Larraín M., Chairman of Colbún S.A., and Colbún's Board members Messrs. Francisco Matte I. and Jorge Matte C., pertain to the controlling group of the telecommunications company that provides the contracted service.

Budget approval for Fundación Colbún. The Committee reviewed the annual budget of Fundación Colbún, which funds a series of works and activities aimed at benefiting the local communities where Colbún S.A. operates its facilities, mainly in the social, educational and sports areas. The budget amounts to USD 611,071 irrespective of the other projects that need to be implemented through the year for which approval is requested. The Committee reviewed the budget of this donation because it could be qualified as a transaction between related parties, because the members of the Foundation Steering Committee, namely, Messrs. Juan Pablo Schaeffer Fabres, Carlos Luna Cabrera, Sebastián Moraga Zúñiga, Paula Martínez Osorio and Ricardo Carrasco Nuñez, are in turn the Sustainable Development Manager, Generation Manager, Administration and Finance Manager, Organization and People Management and the Procurement Manager of Colbún S.A., respectively.

Binding power supply offer to Empresas CMPC S.A. The Committee reviewed the business terms of this power supply offer, since the Directors Messrs. Bernardo Larraín M., Jorge Matte C., Francisco Matte I., Arturo Mackenna I., Juan Eduardo Correa G. and Ms. Vivianne Blanlot S. were all elected with the votes of Colbún S.A. and CMPC's Controlling Group. The supply will range from 912 GWh to 1,235 GWh for variable supply commencement terms from 2018 to 2020 for a 5 to 20-year period, with the main supply points being the substations Ancoa and Charrúa.

PMGD FV Ovejería Project developed by Orion Power

S.A. The Committee reviewed this transaction, as one of the partners of Orión Power S.A. is related within the second degree of affinity to the Director Mr. Bernardo Larraín M. The transaction involved the purchase of assets to develop a Small Distributed Generation photovoltaic Plant (PMGD), with an installed capacity of approximately 10 MW and a generation of 10 GWh, to which end it subscribed an EPC contract with Orion Power S.A. for the construction and commissioning of the power plant.

Financial advisory proposal by

BICE Chileconsult. Consists of evaluating the process, term and costs involved in the eventual allocation of a specific asset class in a company (SPV) and the splitting thereof. The cost of the service amounts to US\$10,000. The Committee reviewed this operation because the Director Juan Eduardo Correa G., is at the same time the General Manager of BICE Chileconsult and the Directors Messrs. Bernardo Larraín M., Jorge Matte C. and Francisco Matte I. are members of the Controlling Group of both companies.

EPC Contract for the construction of a fire fighting network with Kúpfer Hermanos

S.A. Consists of building and implementing a fire fighting network inside the encapsulated conveyor belt that takes the coal from the Coronel Port to the stockpile yard of Santa María

Power plant, by US\$ 800,000. The Committee reviewed this transaction because the General Manager Mr. Thomas Keller L. is in turn a Board member of Kúpfer Hermanos S.A.

Catering services contract with Micocina for the delivery of catering services in addition to the other catering contracts held by the Company.

The Committee reviewed this transaction because the Director Mr. Bernardo Larraín M. is related by affinity to the shareholder of the company Micocina Banquetería SpA.

Power supply offer to Proex

SpA. The Committee reviewed the background information of this transaction because Colbún's Development Manager, Mr. Sebastián Fernández C. is a shareholder of Proex SpA.

Binding electric power supply offer to Compañía Minera

Zaldívar. The Committee reviewed this offer because the Director Ms. Vivianne Blanlot S. is in turn the Director of Antofagasta Minerals, parent company of Compañía Minera Zaldívar.

Financing of Inversiones Sud

SpA to manage the construction of the Project "La Ovejería" (PMGD 9 MW), to which end it is requesting financing from the parent company, Colbún S.A., by US\$ 10 million. The Committee reviewed this transaction because Inversiones Sud SpA is an affiliated company of Colbún S.A. and because the Director of the Company, Mr. Juan Eduardo Correa G., is also a Director of

Inversiones Sud SpA.

Contribution or Financing for the Sociedad de Instrucción

Primaria, SIP. Contribution by \$11,700,000 to the Sociedad de Instrucción Primaria in the promotion of musical activities, especially, youth orchestras. The Committee reviewed this operation because a director of the Sociedad de Instrucción Primaria is Magdalena Larraín M., sister of the President Bernardo Larraín M. and cousin of the Directors Mr. Jorge Matte C. and Francisco Matte I.

In addition, the Directors' Committee conducted the following activities in 2017:

- Reviewed the Company's financial statements as at December 31, 2016;
- Met the representatives of the external auditing company Ernst & Young to discuss the scope of the services provided through 2016, accounting criteria used and the results of the audit as at December 31, 2016;
- Reported the activities conducted by the Committee during 2016, and issued the Annual Management Report;
- Evaluated the Management's proposals to designate the external auditing companies for 2017, and agreed to recommend the Board of Directors to propose the Shareholders' Committee to appoint as external auditors for the 2017 management period in the first place KPMG

Auditores Consultores Ltda., and in the second place, EY Servicios Profesionales de Auditoría y Asesorías SpA.;

- Evaluated the Management's proposal to designate a local risk rating agency and agreed to propose to the Board the agency Standard & Poor's Chile.
- Reviewed the remunerations and the compensation plans of the Company's managers, executives and workers;
- Reviewed the background information and agreed to propose the Board of Directors to approve two consulting services contracts with the external auditing company KPMG for renewable energy balance audit and the sustainability audit.

In 2017, the Directors' Committee did not retain any consulting services or incur any expenses.

Relevant facts reported to the CMF

Summary of the Relevant Facts reported to the Commission for the Financial Market in 2017 (Comisión del Mercado Financiero in Spanish).

1. The Board informed that in Regular Shareholders' Meeting held on March 28, 2017, agreement was made to call the shareholders of the Company to Regular Shareholders' Meeting to be held on April 27, 2017 to submit the following matters to the shareholders' consideration:

- (i) Review of the Company's situation and report by the External Auditors and the Account Inspectors;
- (ii) Approval of the Annual Report and Financial Statements as of December 31, 2016;
- (iii) Profit and dividend distribution;
- (iv) Approval of the company's investment and financing policy;
- (v) Profit and dividend policies and procedures;
- (vi) Appointment of External Auditors for the 2017 management period;
- (vii) Appointment of Account Inspectors and their remuneration;
- (viii) Election of the Board members;
- (ix) Determination of the Board members compensations;
- (x) Directors' Committee activity reports;
- (xi) Determination of the Directors' Committee compensations and budget;
- (xii) Information on Board agreements relating to acts and

contracts ruled by Title XVI of Law No. 18,046

- (xiii) Designation of the newspaper where shareholders' meeting calls should be published and
- (xiv) Other matters of interest to the Company that must be decided by the Board.

In addition, it was reported that the Board of Directors agreed to propose to the Ordinary Shareholders' Meeting that US\$54,684,247.34, equivalent to US\$0.00312 per share are taken from the 2016 Distributable Net Income, and allocated to the payment of a final and definitive dividend; this amount, along with the provisional dividend in the amount of US\$ 45,759,879.0, equivalent to US\$0.00261 per share, approved by the Board of Directors on December 20, 2016 and paid on January 9, 2017, would account for a distribution of 50% of the Distributable Net Income. It was also reported that the dividend proposed would be payable in pesos, national currency, at the exchange rate known as "observed dollar", published on the Official Gazette on May 3, 2017, in keeping with the regular procedures applied by the Company to the payment of dividends.

The Shareholders' Meeting will be asked to empower the Board so that until the next Regular Shareholders' Meeting, it could agree to and pay eventual dividends against withheld profits available to the Company from previous periods, in the amounts and on the

dates determined by the Board of Directors in each opportunity, according to the circumstances it deems it convenient.

It was also reported that the Financial Statements of the Company as of December 31, 2016 would be available on the Company website (www.colbun.cl).

Finally, it was reported that the Annual Report would be available to the shareholders and the general public on the same website, as from April 11, 2017.

2. The Regular Shareholders' Meeting held on April 27, 2017, adopted the following agreements, among others:

2.1 Board Elections: The Board of Directors informed the renewal of its members being elected Mss. María Ignacia Benítez Pereira, Vivianne Blanlot Soza and Luz Granier Bulnes, and Messrs. Bernardo Larraín Matte, Arturo Mackenna Iñiguez, Andrés Lehuedé Bromley, Jorge Matte Capdevila, Juan Eduardo Correa García and Francisco Matte Izquierdo; it should be noted that Mss. María Ignacia Benítez Pereira and Luz Granier Bulnes were elected in their capacity of independent directors.

2.2 Agreement was made to designate KPMG Auditores Consultores Limitada as the external auditing company for the 2017 management period.

2.3 Agreement was made to distribute as definite dividend No.48 charged to the profits for the period ended at December 31, 2016, the total sum of US\$54,684,247.34, corresponding to US\$ 0.00312 per share, payable in pesos, national currency, at the exchange rate known as “observed dollar”, published on the Official Gazette on May 3, 2017, in keeping with the regular procedures applied by the Company for the payment of dividends.

3. The Board informed that during its Board meeting held on May 3, 2017 the following agreements were adopted:

3.1 Mr. Juan Eduardo Correa García was appointed the Chairman of the Board and Ms. Vivianne Blanlot Soza was appointed the Vice-Chairman of the Board.

3.2 Mr. Francisco Matte Izquierdo, and Mss. Luz Granier Bulnes and María Ignacia Benítez Pereira were designated members of the Directors’ Committee; the latter in their capacity of independent directors.

4. On May 25, 2017 it was informed that the day before, i.e., May 24, 2017, Colbún and Enap Refinerías S.A. (“ERSA”) subscribed a “Natural Gas Supply Contract with Reserved Regasification Capacity” (the “Contract”) based on liquefied natural gas (LNG), which will allow Colbún to have LNG from ERSA and third-party shipments on the international market, to operate at full capacity a combined cycle power

plant of the Nehuenco Complex. The minimum payment could amount to approximately US\$400 million, throughout the contractual term.

The Board informed that in consideration of the supply contract currently in force with ERSA that expires on December 31, 2018, this new contract, enforceable as from January 1, 2019 for a 12-year term, will allow providing the Nehuenco Complex with operational continuity.

The Board also reported that this new contract will allow Colbún having regasification capacity to access the international LNG market and be able to diversify its supply sources of efficient thermal energy to be better protected in front of adverse hydrological conditions.

5. On October 5, the Board reported that on such date Colbún S.A. had issued and placed bonds on the international markets for a total of US\$ 500,000,000 (five hundred million dollars of the United States of America) for a 10-year term. The interest rate on the funds placed was 3.984% and the coupon rate was 3.95%. The bonds were issued in agreement with Standard Form 144A and Regulation S from the Securities and Exchange Commission, pursuant to the Securities Act of 1933 of the United States of America.

The Board also reported that the funds from this transaction would be used in pre-paying bonds previously issued by Colbún S.A. on international markets, maturing in 2020. As a result of this refinancing the Company will improve the profile of its financial debt, reducing its

average rate and extending its average life.

6. On November 17, the Board reported that on such date, HidroAysén S.A., in which Colbún S.A. owns a 49% stake informed the cease of activities and the cancellation of the “Hidroaysen Hydroelectric Project” due mainly to the fact it was not economically viable in the context of the current power market situation and its future perspectives; hence, the Board agreed to wind up the company, liquidate the assets, withdraw the pending legal claims and waive Colbún’s water rights in the project.

It was also reported that at the closing of the 2014 management period, Colbún S.A. had recorded an impairment provision for its participation in Hidroaysén S.A. by an approximate amount of US\$102 million and therefore, the winding up of the company will not have adverse material accounting effects.

7. On December 29, 2017 the Board reported that in the meeting held on November 28, 2017, it had agreed to distribute a provisional dividend against withheld profits available to the Company from the period ended December 31, 2017, for US\$ 0.003320 per share. The dividend would be paid from December 20, 2017, 2016 to the shareowners whose shares were registered with the Shareholders’ Registry as of the fifth business day prior to such date.

The Board informed that the said dividend would be paid in pesos, national currency, at the exchange rate known as “observed dollar”,

published on the Official Gazette on December 14, 2017, in keeping with the regular procedures applied by the Company for the payment of dividends; the payment notice would be timely published in agreement with the applicable laws.

Collaborative associations and organizations we are part of

102-12, 102-13

COLLABORATIVE ORGANIZATIONS IN WHICH WE PARTICIPATE IN CHILE (102-12)

| Organization | Description | Admission Date |
|---|--|----------------|
| Water Disclosure Project (Water CDP) www.cdp.net/water | Promotes the monitoring and the measurement in the global use of water. | 2011 |
| Programa Bota por mi Vida www.fundacionsanjose.cl | Paper recycling at the offices of the Metropolitan Region and the fifth region in Chile | 2011 |
| Carbon Disclosure Project (CDP) www.cdp.net | Promotes the measurement of carbon emissions from private companies and government entities, at worldwide level | 2009 |
| Concurso Junior del Agua www.juniordelagua.cl | It seeks to increase the interest, creativity and knowledge among high school students to promote water awareness in Chile | 2009 |
| Empresas Conscientes http://www.empresasconscientes.com/ | Global organization that seeks to contribute with content and actions to the compliance with the four pillars of Conscious Capitalism, i.e. the new "shared-value" business model. | 2017 |

NOTE: Colbún S.A. participates in all these initiatives in a voluntary manner.

UNION AND BUSINESS ASSOCIATIONS IN WHICH WE PARTICIPATE IN CHILE (102-12, 102-13)

| Organization | Description | Participation Level | Admission Date | Amount (US\$) |
|--|--|--|----------------|------------------------------------|
| Asociación Chilena de Energías Renovables (ACERA) www.acera.cl | Promotes a regulatory framework that will allow NCRE to participate in equal conditions against other traditional sources. | Partners | 2017 | 6.592 |
| Club de Innovación www.clubdeinnovación.cl | It seeks to articulate the innovation processes among companies by means of connection, collaboration and co-creation | Partners | 2016 | 8.712 |
| Fundación Chilena del Pacífico www.funpacifico.cl | Articulates integration pathways to the Pacific | Partners | 2016 | 8.363 |
| Red Pacto Global www.pactoglobal.cl | The Global Compact Network (Pacto Global) seeks to promote sustainable growth and the social responsibility of companies, which commit to adopt the ten universal principles in their daily actions, worldwide | Partners, Board of Directors and work committees | 2015 | 4.138 |
| Asociación Gremial de Riego y Drenaje (AGRYD) www.agryd.cl | Promotes the professionalism of the irrigation and drainage sector, contributing to the efficient use of water resources, the protection of the environment and the sustainable agricultural development | Related partners | 2015 | 1.411 |
| Corporación Regional de Desarrollo del Biobío www.desarrollabiobio.cl | It seeks to project itself towards the community as the promoter of public and private alliances to provide for the strategic guidelines and the monitoring of various development strategies | Partners, Board of Directors and work committees | 2015 | Expenditure made in previous years |
| Corporación Municipal de Desarrollo Coronel (CORCORONEL) | It seeks to facilitate the social work of the companies from the district of Coronel | Partners, Board of Directors and work committees | 2015 | 5.344 |
| Visión Valdivia www.visionvaldivia.cl | Entity that coordinates, promotes and disseminates the collaborative efforts of the private, public, academic and scientific worlds. | Partners | 2015 | 871 |
| Cámara Chilena de la Construcción (CChC) Valdivia www.cchc.cl | Contributes to the well-being of the Chilean people by developing the construction sector and promoting the private and public sector initiatives, as agents of progress and equity. | Partners | 2015 | 1.048 |
| Cámara de Comercio en Industria de Valdivia www.cciv.cl | Entity that represents the union interests of the business and industrial sector in Valdivia | Partners | 2015 | 1.625 |
| Asociación Gremial de Generadoras www.generadoras.cl | It promotes the development of electricity companies in Chile | Partners, Board of Directors and work committees | 2011 | 299.644 |

| Organization | Description | Participation Level | Admission Date | Amount (US\$) |
|---|---|---|----------------|---------------|
| Acción Empresas www.accionempresas.cl | It promotes CSR and sustainable development work in Chile | Partners, Board of Directors, work committees, sponsoring of events | 2011 | 10.890 |
| Asociación de Industriales del Centro de Talca (ASICENT) www.asicent.cl | It seeks to collaborate with the development of its associates and with the progress of the Maule Region | Partners | 2011 | 1.045 |
| Cámara de la Producción y del Comercio de Concepción (CPC) www.cpc.cl | It fosters the productive development of the Biobío Region | Partners | 2010 | 4.182 |
| Corporación Industrial para el Desarrollo Regional del Biobío (CIDERE) www.ciderebiobio.cl | It works for the development of the Biobío Region | Partners, Board of Directors, innovation and CSR work groups | 2010 | 26.330 |
| Corporación para el Desarrollo de la Región de Los Ríos (CODEPROVAL) www.codeproval.cl | Corporation that works across multiple sectors and fosters the growth of Los Ríos Region | Partners and sponsoring of events | 2010 | 9.421 |
| Instituto de Ingenieros de Chile www.iing.cl | It seeks to contribute to the scientific and engineering development in Chile | Partners | 2010 | 1.307 |
| Sociedad de Fomento Fabril (SOFOFA) www.sofofa.cl | It promotes and disseminates best business practices | Partners and advisors | 2009 | 40.074 |
| Corporación Pro Aconcagua www.proaconcagua.cl | It promotes the sustainable development of the Aconcagua Valley in the Valparaíso Region. | Partners and Board of Directors | 2009 | 13.068 |
| Centro de Líderes Empresariales para el Cambio Climático www.clgchile.cl | It promotes policies and actions to address climate change in Chile. | Partners and Board of Directors | 2009 | 8.712 |
| Centro de Estudios Públicos (CEP) www.cepchile.cl | Its purpose is the study and dissemination of values, principles and institutions that serve as the basis for a free society in Chile | Partners | 2008 | 18.687 |
| ICARE www.icare.cl | It promotes entrepreneurial excellence in Chile | Partners | 2008 | 1.277 |

Nota: Las tasas de cambio fueron consideradas al 31 diciembre 2017: 615,22 CLP/US\$; 26.798,14 CLP/UF; 46.972 CLP/UTM

Union and business associations in which we participate in Peru (102-12, 102-13)

| Organization | Description | Participation Level | Admission Date |
|---|--|--|----------------|
| Asociación Chilena de Energías Renovables (ACERA) www.acera.cl | Promotes a regulatory framework that will allow NCRE to participate in equal conditions against other traditional sources. | Partners | 2017 |
| Club de Innovación www.clubdeinnovación.cl | It seeks to articulate the innovation processes among companies by means of connection, collaboration and co-creation | Partners | 2016 |
| Fundación Chilena del Pacífico www.funpacifico.cl | Articulates integration pathways to the Pacific | Partners | 2016 |
| Red Pacto Global www.pactoglobal.cl | The Global Compact Network (Pacto Global) seeks to promote sustainable growth and the social responsibility of companies, which commit to adopt the ten universal principles in their daily actions, worldwide | Partners, Board of Directors and work committees | 2015 |
| Asociación Gremial de Riego y Drenaje (AGRYD) www.agryd.cl | Promotes the professionalism of the irrigation and drainage sector, contributing to the efficient use of water resources, the protection of the environment and the sustainable agricultural development | Related partners | 2015 |

Human Rights Due Dilligence (412-1)

| Risk Scenario | Description | Colbún's Statement | Due Diligence 2017 |
|-------------------------------------|--|--|--|
| 1. Freedom of Association. | Every employee may join a union, at the corporate as at the plants. | We respect the freedom of association, union freedom and the right to collective bargaining. | <ul style="list-style-type: none"> - 5 unions and other 4 collective bargaining agreements in Chile (44% of the workers). In Peru there are no unions. - 3 successful negotiations in Chile. - We have not had strikes in Chile, nor in Peru. - 81% of Colbún's contractors in Chile consider that there are not obstacles to join unions freely (15% does not know). |
| 2. Occupational Safety and Health. | Guarantees the safety and health of its workers in the performance of their tasks. | We Foster working conditions that allow our workers and contractors to perform in healthy, safe and reliable working environments, managing risks, training and demanding the skills required from the people that work with us. | <ul style="list-style-type: none"> - 1.1 was the index of Frequency of accidents at Colbún in 2017, including our own workers and contractors in Chile and Peru, the lowest value in its history. - From the 26 workers with health prevalence in Chile in 2016, 50% improved their conditions in 2017, passing from "fitness: not fit" to "fitness: normal". - 90% of the programmed workers in Chile had their health exam in 2017; 100% in Peru. - 93% of the Colbún's contractors in Chile consider that Colbún takes care of their safety and health. |
| 3. No workplace discrimination. | Rejects the discrimination on the basis of race, color, sex, religion, gender, political opinion or any other type of discrimination. | <p>We foster an environment of inclusion, promoting the diversity of people and ideas, while rejecting any type of discrimination on the basis of sex, age, religion, gender, ethnicity, race, sexual orientation, gender identity, political tendency or any other condition.</p> <p>We favor fair treatment, we act with respect, responsibility, equity and transparence in our work relationships.</p> | <ul style="list-style-type: none"> - 18% of Colbún's personnel in Chile are men, of which 35% work at the headquarters; 21% of the personnel in Peru are women. - More than 91% of the workers in Chile consider that at Colbún there is a fair treatment, regardless of sexual orientation, age, sex or social condition (in the average of the best companies in Chile); 93% in Peru. - 4% is the income gap between women and men in Chile; 2% in Peru. - The Employment Equity Act, which forces the companies with more than 100 persons to have at least 1% of people with disabilities, was enacted in Chile, effective April 2018. - 3 complains in Chile in the category of diversity during 2017. |
| 4. No forced labor. No child labor. | The right to rest, leisure time, overtime payment, vacations. Minors under the age of 18 may not work, except if specific conditions are met. | We foster unrestricted respect to labor law, inasmuch as we disapprove forced, child, or any other type of labor that violates the dignity of people. | <ul style="list-style-type: none"> - 18 annual working days was the balance of the average vacations from December 2017 in Chile, which indicates the majority of our workers has used their vacations. - In the cases in which out of necessity or force majeure it's mandatory to work during days which for the average worker are for rest, these days are paid with a higher surcharge than the one that the labor legislation indicates. - 95% of Colbún's contractors in Chile consider that in their own company the regulation of minimum age to work is obeyed and 84% consider that the working hours are respected (12% doesn't know). |
| 5. Right to be heard and informed. | Provides early and transparent information to the communities. | Every time we carry out a project we build relationships with the surrounding communities for the purpose of generating trust, opportunities and future. This is a relationship that we maintain during the entire installation operation, conversing with the communities on a permanent basis. | <ul style="list-style-type: none"> - Colbún has a team dedicated to good community relations with the neighbors of each of the plants, in Chile as in Peru. - 1 process of civic engagement and early enquire for the Minihidro El Médano Project in Chile. - 1,023 calls received on Colbún's Contact Line, 13 of which were complaints. - 13 public accounts in 13 municipalities of Chile during 2017. - 19,124 visits to our facilities in Chile during 2017. - 83% of the local stakeholders with which Colbún relates at the power plants in Chile consider that the company listens to the suggestions or concerns of the community (10% don't know); 82% consider that the company honors all the commitments agreed upon with the community (11% don't know); 78% consider that the company creates relationships of trust (8% don't know); 72% consider that it communicates its activities and projects in a timely manner (15% don't know); 79% consider that it responds to requirements or queries at the appropriate time (11% don't know). |

| Risk Scenario | Description | Colbún's Statement | Due Diligence 2017 |
|-------------------------------|---|--|---|
| 6. Safety of the communities. | Protects the safety of the community. No coercion or force may be used against the community. | We make an effort to adopt the measures to protect the safety of the communities as a consequence of our operations. | <ul style="list-style-type: none"> - The project "Seguridad con Comunidades en Centrales"(Safety of the Communities near the Power Plants) of the Sustainability Board, carried out a detailed assessment of the safety risks to the communities adjacent to Colbún's plants in Chile and Peru. Those pressing risks such as sudden water discharges and canal falls, are already being managed. (For more details, see Chapter 4, section "Management of Public Safety Issues in Our Communities".) |
| 7. Water and environment. | Safe Access to the basic needs of the community. | In exercising our water rights, we consider sustainability criteria within the legal framework in force. We promote a healthy, balanced and safe environment during our operations, seeking the sustentation and continuity of the environment for the future generations. | <ul style="list-style-type: none"> - 51% of the questions posed in Colbún's hydroelectric power plants Public Report were related to the use of water, and 61% of the questions posed in Colbún's thermoelectric plants Public Report were related to consumption of water and emissions (air/noise). - Regarding the level of the Colbún Reservoir, during the summers of 2017 and 2018 Colbún carried out a voluntary, temporary and experimental plan to render the use of the waters of the reservoir compatible with touristic purposes. Regarding the level of Lake Chapo, Colbún has made constructions to mitigate some of the effects that worry the neighbors, and sent a proposal to the National Electricity Coordinator to set a new minimum level of operation starting in 2020. - 67% of the local stakeholders with which Colbún relates at the power plants in Chile consider that the company uses natural resources responsibly. - There were 150 audits at the Santa María complex during 2017 and no sanctions. - Up to 50% in water savings allows the generation of electricity for the reverse osmosis plant at the Nehuenco complex during periods of drought. - Colbún voluntarily subscribed to the Online Monitoring System launched by the Superintendence of the Environment (SMA) for thermoelectric plants. - In June 2017, Colbún announced that it will not continue to operate the carbon power plant Santa María II. - Candelaria power plant carried out a participative monitoring of noise with the community. - Fenix power plant in Peru carries out annual participative monitoring with representatives of different organizations from Las Salinas and Chilca, where a third party trains community monitors on topics of their interest, in order to achieve detailed and transparent monitoring. |
| 8. Corruption and ethics. | Promote the principles of Good Corporate Governance. | We recognize corruption as one of the factors that undermines institutions and democracy, ethical values and justice and the wellbeing and development of society. For this reason, we reject corruption in all its forms. We have at our disposal a line for direct and anonymous complaints related to the compliance of the rules of ethical conduct. This mechanism is fully available to be used by our workers and third parties with a guarantee of the confidentiality, as described above.. | <ul style="list-style-type: none"> - 23 complaints received and managed through the Hotline in Chile; 3 in Peru. - 202 workers approved the Crime Prevention Model course in Chile in 2017. - 91% of the workers in Chile consider that managers exercise business in an honest and ethical manner; 86% consider that people avoid using dishonest means to achieve their goals. - 69% of the local stakeholders which Colbún relates at the power plants in Chile considers that Colbún is an ethical organizations that is not involved in fraud, bribery nor acts of corruption (28% doesn't know). - 92% of the contractors in Chile consider that the workers of Colbún are ethical, transparent and reliable; 91% considers that Colbún is an ethical organization that is not involved in frauds, briberies nor acts of corruption; and 67% considers that Colbún has confidential complain channels available (29% doesn't know). |
| 9. Land rights. | Protect the institutions, property and culture of the people. | We respect the property rights of third parties over lands surrounding our projects, according to the governmental supervision in force. In those cases when our projects require relocating people, these relocations will be carried out according to the law, making our best efforts to reach an agreement with all the parties. | <ul style="list-style-type: none"> - During 2017, the projects in development did not require relocation of people. - In 2017 Colbún continued its community work at Lake Chapo to mitigate the effects of the variation of the river level, especially during the summer, that was a cause of concern to the riverside neighbors. In addition, the Company sent a proposal to the National Electricity Coordinator in order to set a new minimum level of operation for the year 2020. |

7.3

Economic performance and governance appendix

Taxation

1.7 DJSI

Companies in Chile must fully comply with their tax obligations stemming from the business activities they undertake as corporations and which are hence subject to the payment of levies. These tax liabilities are clearly defined in the various laws governing the matter, for example, the Tax Code, the Income Tax Law (Statutory Decree 824), VAT Law (Statutory Decree 825), etc. Therefore, Colbún fully meets the rules and regulations in force and there are no better means to develop a tax policy/strategy or guidelines than the law.

Colbún publishes quarterly Financial Statements and an Annual Report. These public reports sent to the Commission for the Financial Market (CMF, per its acronym in Spanish)

contain an explanation of the tax policy and provide further detail on the Effective Tax Rate and the Tax Rate Reconciliation.

In addition, we send tax documentation to the regulatory service (IRS: Internal Revenue Service) broken down pursuant to the current legal requirements on a monthly and annual basis.

Fenix Power Peru S.A. fully meets the laws and regulations applicable hereto; and sends monthly and annual tax information to the Peruvian Regulatory Authority (SUNAT: Superintendencia Nacional de Administración Tributaria) appropriately broken down and containing all the details required by

the applicable laws.

Crime prevention model

Our company has implemented a Crime Prevention Model within the framework of Law 20,393 on Criminal Liability of Corporations that seeks to prevent the risk of bribery, money laundering, financing of terrorism and handling of stolen goods.

Information and training on anti-corruption procedures in the organization (205-2)

| | Board of Directors | Workers |
|--|--------------------|---------|
| Total number of members | 9 | 992 |
| Members informed of anti-corruption procedures | 9 | 992 |
| % of members informed of anti-corruption | 100% | 100% |
| Members trained in anti-corruption procedures | 9 | 584 |
| % of members trained in anti-corruption | 100% | 59% |

Risk management

102-15, 102-30

Risk management policy

Our Risk Management strategy is aimed at reinforcing the principles of stability and sustainability, identifying and managing the sources of uncertainty that could or may affect the Company.

Comprehensive risk management includes identifying, measuring, analyzing, mitigating and controlling the various risks faced by the different management areas of the Company, and also estimating their impact on the Company's consolidated position, its follow-up and control over time. This process involves both Colbún's top management and the areas that are directly charged with managing the risks.

Tolerable risk levels, risk measurement metrics and the frequency of risk analyses are policies regulated by the Company's Board of Directors.

The risk management function is performed by the General Management and each Company division and management area with the support of the Corporate Risk Management Division and is supervised, followed-up and coordinated by the Risk and Sustainability Committee.

Power business risks:

The Company's activities are exposed to diverse risks that have been classified in business and financial risks.

Hydrological risk:

In Chile, 49% of Colbún's installed capacity is hydropower; hence, they are exposed to variable hydrological conditions. To be able to meet the contracts under dry hydrological conditions, Colbún must operate its combined cycle natural gas or diesel thermoelectric power plants, operate its supporting thermoelectric power plants or otherwise purchase energy on the spot market.

This situation could increase Colbún's costs, raising the variability of its results based on the hydrological conditions.

The Company's exposure to hydrological risks is reasonably mitigated through a commercial policy whose purpose is to maintain a balance between the competitive base generation (hydraulic in a mild to dry year, and coal-fired and cost-efficient natural gas power plants, other cost-efficient renewable energies, duly supplemented by other generation sources as a result of their intermittence and volatility) and its commercial commitments. Under conditions of extreme and repeated droughts the eventual scarcity of water for refrigeration would affect the combined cycle generating capacity. Colbún has built a Reverse Osmosis Plant that allows reducing by 50% the water used in cooling down the Neuenco combined cycle plant. The plant was completed in May 2017 and was commissioned during the third quarter of 2017.

In Peru, Colbún owns a combined cycle power plant and its business policy is aimed at selling such base energy through mid and long-term contracts. The exposure to dry hydrological conditions is limited as it would only have an impact under eventual operational failures that force the company to resort to the spot market. In addition, the Peruvian power market offers an efficient thermal supply and sufficient natural gas availability.

La planta terminó su construcción en mayo de 2017 y entró en operación durante el tercer trimestre del 2017.

En Perú, Colbún cuenta con una central de ciclo combinado y una política comercial orientada a comprometer a través de contratos de mediano y largo plazo, dicha energía de base. La exposición a hidrologías secas es acotada ya que sólo impactaría en caso de eventuales fallas operacionales que obliguen a recurrir al mercado spot. Adicionalmente el mercado eléctrico peruano presenta una oferta térmica eficiente y disponibilidad de gas natural local suficiente para respaldarla.

Fuel price risks:

In Chile, in situations of low hydraulic generation, Colbún must resort mainly to its thermoelectric power plants or purchase energy on the spot market at marginal costs.

The above entails risks due to the variation of international fuel prices. Part of this risk is mitigated with contracts which sale prices are

indexed to fuel price variations. In addition, the Company has engaged in hedging transactions involving several derivative instruments, such as call and put options, among others, to provide for the remaining exposure, if any. On the contrary, in situations of high water availability, the Company may find itself in a surplus situation on the spot market, which price is partly determined by the fuel prices.

In Peru, the cost of natural gas is less dependent on international prices due to a large domestic supply of this hydrocarbon, which allows limiting the exposure to this risk. Just like in Chile, the proportion exposed to the variation of international prices is mitigated through indexation formulas of energy sale contracts. In consequence, our exposure to fuel price variations is partly mitigated.

Fuel supply risks:

In connection with the supply of liquid fuels, in Chile the Company holds agreements with suppliers and has own storage capacity that allows it high reliability in the availability of this type of fuel.

Regarding natural gas supply in Chile, Colbún has subscribed medium term contracts with ERSA and Metrogas, and for the long-term it is worth mentioning the new contract with ERSA for liquefied natural gas and reserved re-gasification capacity dated May 24 and supplemented on July 26, in effect from 2018 to 2030, and which will allow Colbún to have natural gas supply for its Nehuenco Complex. In Peru, Fenix power plant has entered

into long-term contracts with the consortium ECL88 (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and into gas transport agreements with TGP.

With respect to coal purchases for Santa Maria's unit I thermoelectric power plant, the company has called to new tenders, inviting renown international vendors and awarding the supply to competitive and financially sound companies. The above is in line with an early purchase and an inventory management policy so as to substantially mitigate the risk of running out of this fuel.

Equipment failures and maintenance risks:

The availability and the reliability of Colbún's generation power plants and transmission facilities are fundamental for the business. Therefore, Colbún's policy reinforces scheduled, preventative and predictive maintenance of its equipment, pursuant to the manufacturers' recommendations, and holds insurance policies for all its physical assets including coverage for physical damages and business interruption losses.

Project construction risks:

The development of new projects may be affected by factors such as: delayed permitting, regulatory changes, litigations, higher equipment or labor prices, opposition from local and international stakeholders, unforeseen geographic conditions, natural disasters,

accidents or other unforeseen events.

The Company's exposure to this type of risks is managed through a commercial policy that contemplates the effects of eventual project delays. Alternatively, term and construction cost estimates include certain allowances. In addition, the Company's exposure to this risk is partially covered by the contracting of "All Construction Risks" insurance policies that provide both for physical damages and for loss of income relating to the delayed commissioning as a result of a loss, both with standard deductibles for this type of insurance policies.

The sectoral companies face a very challenging power market, as stakeholders from the neighboring communities and NGOs become more and more active in the search of more participation and relevance. In addition to the challenges involved in the incorporation of new infrastructure, the projects have to go through long and uncertain environmental approval processes, followed by litigations of the same characteristics. The above has brought about a reduction in the number of large size projects.

Colbún has strived to harmoniously integrate the social and environmental dimensions to the development of its projects. The Company has developed a community relationship model enabling it to work with neighboring communities and the society in general starting an early citizen involvement and a confidence building process in the early stages that extends

throughout the project life.

Regulatory risks:

Regulatory stability is fundamental for a sector such as power generation, where investment projects involve long development, execution and return on investment times. Colbún deems that regulatory changes must be made considering the complexities of the power system and the adequate investment incentives. It is important to have a regulation that provides the industry players with clear and transparent rules.

In Chile, the energy agenda promoted by the government contemplates several regulatory changes, which could represent an opportunity or a risk to the Company depending on how they are implemented. Especially relevant are the changes being currently discussed in Congress about the (i) the Water Code Reform, (ii) the law that promotes regionalization (iii) the draft law that creates the Ministry of Indigenous peoples, and (iv) the draft law that creates the National Council and the Aboriginal Peoples Council and (v) the Law on Biodiversity and Protected Areas. Of great importance to the sector are (i) the definition on the regulations required for the proper application of the Power Transmission Law, already enacted, (ii) the definition of Chile's Long-Term Energy Policy (2050) already being disseminated, (iii) and the first Annual Transmission Expansion Plan for 2017, among others.

In Peru, in December 2017, the Ministry of Energy and Mines

approved new regulatory provisions on declaring the gas price (the gas price will be declared once a year with a minimal declaration price) and requested the Companies to report the operational inflexibility of power generation units.

The balanced development of the power market over the next few years in both Chile and Peru will largely depend upon the quality of this new regulation and the signals provided by the authority.

Risk in the variation of electric power demand/supply and sale price:

The projection of future electricity consumption is very relevant information for the determination of its market price.

In Chile lower than forecasted growth in demand, the reduction in fuel prices and the increased entry of variable renewable solar and wind energy projects pushed down the short-term energy price (marginal cost) over the last few years.

Regarding long-term values, the bidding process for the supply of regulated customers concluded in August 2016 and October 2017 resulted in a significant drop in the bid and awarded prices, reflecting the greater competitiveness in the market and the impact of the emergence of new technologies – solar and wind fundamentally – with a significant reduction of costs due to its massification. Although the factors that trigger these competitive dynamics and price trends can be expected to remain in

the future, it is difficult to determine their precise impact in the long-term values of energy.

Additionally, given the difference generated between regulated and unregulated clients, a portion of regulated clients may choose a non-regulated regime. This can occur because the electricity legislation allows clients with connected capacity between 500 kW and 5,000 kW to choose to be categorized as regulated or non-regulated customers. Colbún has one of the most efficient generation matrix in the Chilean system, thus we have the ability to offer competitive conditions and costs to customers who require it.

In Peru, there is also a scenario of a temporary imbalance between supply and demand, mainly due to the increase of efficient supply (hydroelectric and natural gas plants), involving a decrease of energy prices in recent months.

The growth that has been observed in the Chilean (and potentially in the Peruvian) market of non-conventional renewable sources of generation such as solar and wind may generate integration costs and therefore affect the operating conditions of the rest of the electrical system especially in the absence of a market for complementary services that adequately remunerate the services necessary to manage the variability of such generation sources.

Transmission risks

Risks on people's health at

the easement strips. In some transmission lines located close to populated zones, there is the probability of intrusion by individuals who enter the easements to make illegal constructions under these lines, attempting against people's health, the facilities and the surroundings. Hence, Colbún has implemented a pedestrian walkway to check the easement strips of all our lines to identify the potential constructions and prevent risks on people's health.

Effect on the community and the facilities due to the climate change: Colbún analyzes the effects of Climate Change on the environment, the surrounding communities and the Company's operations. During the 2016-2017 season Chile was hit by worst wildfire in its history that mainly affected the zones comprised between the O'Higgins Region and the Biobío Region. Colbún has set up prevention plans such as inspection, cleaning and pruning of trees close to the transmission lines.

Effect on the power system due to stolen conductors. The control over the theft of conductors is identified as one of the most important factors to ensure the operation and the security of the electric system. In order to maintain the supply availability, Colbún has installed aluminum conductors on all its power lines, which, because of their low reselling value have greatly deterred the theft of conductors.

Financial risks:

Financial risks are those associated with the inability to perform transactions or the breach of

obligations from the activities due to lack of funds, as well as variations in interest rates, exchanges rates, counterparty financial stress or other financial market variables that may materially affect Colbún.

Exchange rate risk:

The exchange rate risk is mainly caused by currency fluctuations that come from two sources. The first source of exposure comes from cash flows corresponding to revenues, costs and disbursements of investments denominated in currencies other than the functional currency (U.S. dollar). The second source of risk corresponds to the accounting mismatch between assets and liabilities of the Statement of Financial Position denominated in currencies other than the functional currency. Exposure to cash flows in currencies other than USD is limited because virtually all sales of the Company are denominated directly in or indexed to USD. Similarly, the main costs are related to diesel, natural gas and coal purchases, which incorporate pricing formulas based on international prices denominated in USD. Regarding investment projects disbursements, the Company incorporates indexers in its contracts with suppliers and resorts to the use of derivatives to fix the expenses in currencies other than USD.

Exposure to the mismatching of Balance Sheet accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural items denominated in currencies other than USD. For purposes of the above, Colbún maintains a significant

proportion of its cash surpluses in dollars and additionally resorts to the use of derivatives, mainly using currency swaps and forwards.

The information on the credit rating of the clients is disclosed in note 11.b of the Financial Statements.

Interest rate risk:

Is related to changes in interest rates that affect the value of future cash flows tied to a floating interest rate, and changes in the fair value of assets and liabilities linked to fixed interest rate that are measured at fair value. In order to mitigate these risks, interest rate swaps are used.

The Company's financial debt, including the effect of the contracted interest rate derivatives, has the following profile:

Credit risk:

The Company is exposed to the risk arising from the possibility that a counterpart fails to meet its contractual obligations, producing an economic or financial loss. Historically, all of Colbún's counterparties with which it has maintained energy supply contracts have made the corresponding payments correctly.

With respect to cash and derivatives statements, Colbún has entered into these transactions with financial institutions with high credit ratings. Additionally, the Company has established limits by counterparty, which are approved by the Board of Directors and periodically reviewed.

As of December 31, 2017, cash surpluses are invested in mutual funds (of subsidiaries of banks) and in time deposits in local and international banks. The former correspond to short-term mutual funds with maturities of less than 90 days, which are known as "money market".

Information on contractual maturities of the main financial liabilities is disclosed in note 11.b of the Financial Statements.

Liquidity risk:

This risk results from different funding requirements to meet investment commitments and business expenses, debt payments, among others. The funds needed to meet these cash flow outputs are obtained from our own resources generated by Colbún's ordinary activity and by contracting credit lines to ensure sufficient funds to cover projected needs for a given period.

As of December 31, 2017, Colbún has cash in excess for approximately US\$810 million, invested in time deposits with an average maturity of 97 days (includes time deposits with a duration of more than 90 days, which are recorded as "Other Current Financial Assets" in the Consolidated Financial Statements) and in short-term mutual funds with a maturity of less than 90 days. The Company also has as additional liquidity sources available to date: (i) two bonds lines registered in the local market for a total amount of UF 7 million, (ii) a line of trade notes in the local market for UF 2.5 million and (iii) uncommitted bank lines of approximately US\$150 million.

In the next 12 months, the Company must disburse approximately US\$139 million in interests and principal amortization. These obligations are expected to be funded with the Company's own cash flow generation.

As of December 31, 2017, Colbún has a local credit rating of AA- by Fitch Ratings and AA- by Standard and Poor's Chile (S&P Chile), both with stable outlooks. At the international level, the Company's rating is BBB by Fitch Ratings and BBB by Standard & Poor's (S&P Global), both with stable outlooks.

On its part, Fenix has international risk rating Baa3 by Moody's, BBB- by Standard & Poor's (S&P) and BBB- by Fitch Ratings, all with stable outlooks.

Considering the foregoing, it is assessed that the Company's liquidity risk is currently limited. Information on contractual maturities of the main financial

| Interest rate | Dec-16 | Dec-17 |
|---------------|--------|--------|
| Fixed | 97% | 100% |
| Variable | 3% | 0% |
| Total | 100% | 100% |

As of December 31, 2017, the Company's financial debt is 100% denominated in fixed rate.

liabilities is disclosed in note 22.c.1 of the Financial Statements.

Risk measurement

The Company periodically conducts analyses and measurements of its exposure to different risk variables, as presented in previous paragraphs. The risk management function is performed by a Risk Committee with the support of the Corporate Risk Management Division in coordination with the other Company divisions.

In connection with business risks, especially those relating to variations in commodity prices, Colbún has implemented mitigation measures consisting of indexation factors to energy sale contracts and hedge derivatives to provide for an eventual exposure. Hence, no sensitivity analyses are submitted.

In order to mitigate equipment failure or project construction risks, the Company has retained insurance policies that provide for physical damages, business interruption losses and loss of income resulting from delays in the commissioning of a project. So, this risk is reasonably limited.

Regarding financial risks, in order to measure its exposure Colbún prepares sensitivity and value-at-risk analyses to track the potential losses assumed by the Company in the event the exposure finally materializes. The exchange rate risk is limited since the main Company flows (revenues, costs and capital expenditures) are either directly denominated in or indexed to the dollar.

The exposure to the mismatch of accounting accounts is mitigated

through the application of a policy of maximum mismatch of assets and liabilities for structural entries stated in currencies other than the dollar.

Based on the above, at December 31, 2017 the Company's exposure to this risk translates into a potential impact of approximately US\$1.8 million from the exchange rate difference, in quarterly terms, based on a sensitivity analysis with 95% of reliability.

No interest rate variation risk exist, since 100% of the Company's financial debt is contracted at fixed rate.

Credit risk is limited as Colbún only engages with national and international banking counterparts with high credit ratings and has established maximum participation limits on each counterpart that limit the specific concentration by these institutions. In the case of banks, local institutions have a local risk rating equal to or greater than BBB+ and the foreign entities have an international risk rating of investment degree. At the closing of the period, the financial institution that holds the greatest share of cash surplus reaches 24%. With respect to derivative instruments, Colbún's international counterparts show a risk equivalent to BBB+ or greater and the national counterparts have a local risk rating equal to BBB+ or greater. It should be mentioned that with respect to derivative instruments, no counterpart concentrates more than 27% in notional terms.

The liquidity risk is regarded as low by virtue of the Company's

relevant cash position, the amount of financial obligations over the next twelve months and the access to additional financing sources.

Detail of fines and sanctioning processes in 2017

419-1, 307-1

The last significant fine in 2017 was due to a tax judgment related to Empresa Eléctrica Industrial

| COMPANY | FINE | AMOUNT US\$ | DESCRIPTION |
|--|------------|-------------|--|
| Colbún S.A. | IRS | 1,387.3 | Rectification of the additional tax January and March 2016 |
| | IRS | 40,254.8 | Rectification of the additional tax |
| | IRS | 3,937.9 | Rectification of the additional tax |
| | IRS | 1,056.4 | Payment of delayed property contributions |
| | Labor Fine | 2,947.2 | Labor fine |
| Colbún Transmisión Colbún S.A. | IRS | 69.7 | Fine over the submission of outdated information |
| Empresa Eléctrica Industrial Colbún S.A. | IRS | 294,659.7 | Fines over tax proceeding AT 2007 to 2010 |
| | Labor | 136.1 | Labor accident |
| Sociedad Hidroeléctrica Melocotón LTDA. | Municipal | 13,803.8 | Payment of a business permit (patent) |

X Note: There are no fines or non-monetary sanctions for the inclusion of environmental regulations during 2017.

During 2017 no legal claims have been reported against Colbún S.A. due to causes relating to anti-trust or free competition practices; however, two proceedings have been filed in which although Colbún is not involved, has been requested to provide information, namely: a). Proceeding, court record number NC 427-14 from the Court for the Protection of Free Competition, triggered by a consultation by

the Conadecus on the gas Market (resolved per Resolution 51/2018 of January 6, 2018), and b). Proceeding court record No. 2357-15 from the National Economic Prosecutor's Office (FNE) on access and free competition conditions in the electric power market of the central zone of Chile. In both cases, the information requested was timely delivered.

Growth perspectives

EU10, 103-2, 103-2

At Colbún we are committed to maximizing the value of our company, by exploring and identifying growth opportunities in Chile that will enable us to meet electricity requirements in a competitive, safe and sustainable manner.

Planned capacity (mw) and its maximum generation attainable versus the forecasted long-term demand for electricity, by energy source - Chile (EU10)

| Clasificación | | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------------------------|--------|--------|--------|--------|--------|
| Energy source | Reservoir hydro power | 1,065 | 1,065 | 1,065 | 1,065 | 1,065 |
| | Run-of-the river hydro power | 532 | 569 | 569 | 569 | 569 |
| | Coal-fired thermo power | 350 | 350 | 350 | 350 | 350 |
| | Solar Photovoltaic | 0 | 9 | 9 | 9 | 9 |
| | LNG/diesel thermo power | 1,335 | 1,335 | 1,335 | 1,335 | 1,335 |
| | Under construction | 46 | | | | |
| Total planned capacity (VW) | | 3,282 | 3,328 | 3,328 | 3,328 | 3,328 |
| Colbún's maximum forecasted generation capacity P70 (GWh) | | 19,690 | 19,917 | 19,917 | 19,917 | 19,917 |
| Total forecasted demand (GWh) | | 51,557 | 53,466 | 55,443 | 57,488 | 57,488 |
| Maximum forecasted generation versus forecasted demand (%) | | 38% | 37% | 36% | 35% | 35% |

NOTE:

Refer to Colbún's installed capacity on the webpage www.colbun.cl

Forecasted demand of the SIC defined by the National Energy Commission in the node price setting report of the first half of 2018

The peak generation capacity differs or may differ from the capacity actually generated by the Company in 2017 or from what it expects to generate in the future. P70 implies a medium to dry hydrological scenario.

*commissioning of La Mina Hydroelectric power plant.

Planned capacity (mw) and its maximum generation attainable versus the forecasted long-term demand for electricity, by energy source – Peru (EU10)

| Classification | | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------------------|--------|--------|--------|--------|--------|
| Energy source | LNG/diesel thermo power | 565 | 565 | 565 | 565 | 565 |
| Total planned capacity (VW) | | 565 | 565 | 565 | 565 | 565 |
| Maximum forecasted generation capacity P70 (GWh) | | 4,113 | 4,000 | 4,154 | 4,379 | 4,379 |
| Total forecasted demand (GWh) | | 48,993 | 52,052 | 55,572 | 59,194 | 59,194 |
| GMaximum forecasted generation versus forecasted demand (%) | | 8% | 8% | 7% | 7% | 7% |

7.4

Annexes – social performance - workers

Headcount per type of contract, work day

102-8

Of the total number of workers, as of December 31, 2017, there are 25 fixed-term contracts or contracts for specific works. Of these, 11 are women and 14 are men. Below is the breakdown of workers per type of contract and work day:

For Chile:

| Type of contract | 2016 | | 2017 | |
|------------------------------|------------|------------|------------|------------|
| | Women | Men | Women | Men |
| Indefinite contract | 178 | 795 | 171 | 796 |
| Contracts for specific works | 3 | 5 | 7 | 9 |
| Contrato a plazo fijo | 6 | 24 | 4 | 5 |
| Total | 187 | 824 | 182 | 810 |

| Type of work day | 2016 | | 2017 | |
|--------------------|------------|------------|------------|------------|
| | Women | Men | Women | Men |
| Full-time work day | 187 | 824 | 182 | 810 |
| Part-time work day | 0 | 0 | 0 | 0 |
| Total | 187 | 824 | 182 | 810 |

For Peru:

| Type of contract | 2016 | | 2017 | |
|---------------------|-----------|-----------|-----------|-----------|
| | Mujeres | Hombres | Mujeres | Hombres |
| Indefinite contract | 18 | 72 | 19 | 71 |
| Fixed-term contract | 0 | 1 | 0 | 2 |
| Total | 18 | 73 | 19 | 73 |

| Type of work day | 2016 | | 2017 | |
|--------------------|-----------|-----------|-----------|-----------|
| | Mujeres | Hombres | Mujeres | Hombres |
| Full-time work day | 18 | 73 | 19 | 73 |
| Part-time work day | 0 | 0 | 0 | 0 |
| Total | 18 | 73 | 19 | 73 |

Workers Diversity

NCG.386

Workers headcount per age range, as of december 31, 2017, without front-line managers (ncg386)

| Age range | Women | Men |
|--------------|------------|------------|
| Above 70 | 0 | 3 |
| 61 - 70 | 5 | 53 |
| 51 - 60 | 19 | 160 |
| 41 - 50 | 56 | 251 |
| 30 - 40 | 80 | 267 |
| Under 30 | 21 | 67 |
| TOTAL | 181 | 801 |

Workers headcount per seniority, as of December 31, 2017, including front-line managers (NCG.386)

| Workers per seniority | Women | Men |
|-----------------------|------------|------------|
| More than 12 years | 14 | 179 |
| 9 - 12 years | 35 | 159 |
| 6 - 9 years | 34 | 126 |
| 3 - 6 years | 54 | 187 |
| Less than 3 years | 44 | 150 |
| TOTAL | 181 | 801 |

Workers headcount per nationality, as of December 31, 2017, including front-line managers (NCG.386)

| | Chilean | Others |
|------------------------------|------------|-----------|
| TOTAL DE TRABAJADORES | 977 | 15 |

| Nationality | Number of Workers |
|--------------|-------------------|
| German | 2 |
| Argentine | 2 |
| Belgian | 2 |
| Bolivian | 1 |
| Brazilian | 1 |
| Colombian | 3 |
| Italian | 1 |
| Venezuelan | 3 |
| Total | 15 |

Workers Turnover

401-1

Workers Turnover Rate, by Age and Gender in Chile, December 31st, 2017 (%) (NCG 386)

| | <30 | | | 30-50 | | | > 50 | | | Totales | | |
|-----------------|------------|------------|----------|------------|-------------|------------|-------------|-------------|-------------|------------|-------------|-------------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total | Men | Women | Grand total |
| Executives | 0 | 0 | | 6.9 | 0.0 | 5.1 | 6.5 | 0 | 6.3 | 6.7 | 0 | 5.6 |
| Professionals | 7.1 | 5.6 | 6.5 | 5.1 | 15.5 | 8.0 | 6.3 | 0 | 5.9 | 5.6 | 13.0 | 7.4 |
| Administrative | 0 | 0 | 0 | 33.3 | 3.0 | 11.1 | 76.9 | 23,5 | 46.7 | 45.2 | 9.1 | 22.1 |
| Other positions | 0 | 0 | 0 | 3.0 | 0.0 | 2,9 | 7.9 | 0 | 7.9 | 3.8 | 0 | 3.7 |
| Total | 2.7 | 3.8 | 3 | 4.8 | 10.6 | 5.9 | 11.3 | 16.7 | 11.9 | 6.3 | 10.4 | 7.1 |

*Note: In 2017, the contracting rate was lower than the turnover rate with 4.0% and 7.1%, respectively. In 2017, the turnover rate increased as compared to the previous year, due mainly to the outsourcing of surveillance services in the Valparaíso, El Maule and Biobío regions, and the completion of a project under construction in El Maule. During 2017 there were higher turnover rates and a lower rate of hiring in workers in both sexes. In 2017, the female turnover rate increased as compared to 2016, from 5.3% to 10.4%, while the male turnover rate remained similar to the previous year, with 6.4% and 6.3%, respectively. There is a reduction in the turnover rate of workers under 30 years of age and an increase in turnover of workers over 50 years old, the latter due to the exits explained above.

TURNOVER RATES PER GEOGRAPHIC ZONE - % (401-1) Chile

| Region | 2016 | | 2017 | |
|---|------------|------------|-------------|------------|
| | Women | Men | Women | Men |
| Metropolitan Region | 6.8 | 9.0 | 7.9 | 5.1 |
| V - Valparaiso Region | 5.3 | 2.9 | 28.6 | 11.0 |
| VI - Libertador Bernardo O'Higgins Region | 0 | 0 | 0 | 4.2 |
| VII - Maule Region | 0 | 7.5 | 66.7 | 14.6 |
| VIII - Biobío Region | 0 | 5.7 | 5.0 | 1.5 |
| X - Los Lagos Region | 0 | 10.5 | 50.0 | 0 |
| XIV - Los Ríos Region | 0 | 5.3 | 0 | 0 |
| Total | 5.3 | 6.4 | 10.4 | 6.3 |

Entries, exits and turnover rate in Chile (401-1)

| Turnover Rates | Number of Collaborators 2015 | Number of Collaborators 2016 | Number of Collaborators 2017 |
|--------------------|------------------------------|------------------------------|------------------------------|
| Total Headcount | 962 | 1,011 | 992 |
| Total Exits | 74 | 63 | 70 |
| Total Entries | 70 | 76 | 40 |
| Turnover Rate (%) | 7.7 | 6.2 | 7.1 |
| New Hire Rates (%) | 7.3 | 7.5 | 4.0 |

Mean employee turnover - breakdown per age group and gender (401-1)

| | <30 | | | 30-50 | | | > 50 | | | Totales | | |
|-----------------|-----------|----------|-------------|------------|------------|------------|----------|----------|----------|------------|------------|-------------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total | Men | Women | Grand total |
| Executives | 0 | 0 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 0 | 0 | 16.7 |
| Professionals | 0 | 0 | 0 | 8.6 | 0 | 7.1 | 0 | 0 | 0 | 8.3 | 0 | 6.4 |
| Administrative | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other positions | 0 | 0 | 0 | 4 | 0 | 4 | 0 | 0 | 0 | 8 | 0 | 8 |
| Total | 50 | 0 | 16.7 | 5.9 | 8.3 | 6.3 | 0 | 0 | 0 | 6.8 | 5.3 | 6.5 |

Entries, exits and turnover rate

| Turnover Rates | N° de Colaboradores 2015 | Number of Collaborators 2016 | Number of Collaborators 2017 |
|-------------------|--------------------------|------------------------------|------------------------------|
| Total Headcount | 87 | 91 | 92 |
| Total Exits | 15 | 5 | 6 |
| Total Entries | 12 | 9 | 6 |
| Turnover Rate (%) | 17.2 | 5.5 | 6.5 |
| New Hire Rate (%) | 13.8 | 9.9 | 6.5 |

Workers eligible for retirement

EU15, 201-3

The table below shows the percentage of workers eligible for retirement in the coming 5 to 10 years; breakdown per category of position and per region.

Chile:

| Region | Categories | 2015 | 2016 | 2017 |
|-----------------------|-------------------------------|---|-------|-------|
| | | Current or expected percentage (%) of workers eligible for retirement in 5-10 years | | |
| Metropolitan Region | Executives | 1.56% | 1.38% | 1.81% |
| | Other workers | 2.70% | 2.67% | 2.72% |
| | Professionals and Technicians | 2.81% | 3.17% | 3.33% |
| V - Valparaiso Region | Executives | 0% | 0.20% | 0.10% |
| | Other workers | 1.56% | 1.98% | 1.71% |
| | Professionals and Technicians | 0.62% | 0.99% | 1.01% |
| VI - Maule Region | Executives | 0% | 0.10% | 0.10% |
| | Other workers | 1.04% | 1.19% | 1.31% |
| | Professionals and Technicians | 1.56% | 1.88% | 1.92% |
| VIII - Biobio Region | Executives | 0.10% | 0.10% | 0.20% |
| | Other workers | 0.21% | 0.20% | 0.50% |
| | Professionals and Technicians | 0.83% | 0.99% | 1.01% |
| Otras Regiones | Executives | 0% | 0% | 0% |
| | Other workers | 0% | 0% | 0% |
| | Professionals and technicians | 0% | 0% | 0.40% |

We don't have retirement plans for our workers

Competitive Remunerations

202-1

Relationship between the initial salary and the local minimum wage

Chile:

| Locations with significant operations | Men (CLP) | Women (CLP) |
|---------------------------------------|-----------|-------------|
| Metropolitan Region | 463,190 | 395,526 |
| Valparaiso Region | 436,848 | 687,194 |
| Maule Region | 539,206 | 735,334 |

* MONTHLY GROSS SALARY STATED IN CHILEAN PESOS.
NOTE: Minimum wage in Chile in 2017 was \$270.00 Chilean pesos.

Peru:

| Locations with significant operations | Men (Peruvian Soles) | Women (Peruvian Soles) |
|---------------------------------------|----------------------|------------------------|
| Lima | 2.493 | 3.045 |

* MONTHLY GROSS SALARY STATED IN PERUVIAN SOLES.
NOTE: Minimum wage in Peru in 2017 as of December 31, 2017 was \$850 Peruvian Soles.

Parental Leave

401-3

In 2017, 37 workers used the Parental Leave (birth) benefit.

The table below shows the work reinstatement and retention levels after parental leave broken down per gender.

Chile:

| Gender | Number of Sick Leaves 2016 (1) | Re-entries 2016 | | Number of Employees Reinstated to Work 2016 (4) | Number of Sick Leaves 2017 | Re-entries 2017 | | Number of Employees Reinstated to Work 2017 |
|--------------|--------------------------------|-----------------|----------|---|----------------------------|-----------------|----------|---|
| | | 2015 (2) | 2016 (3) | | | 2016 | 2017 | |
| Men | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| Women | 10 | 2 | 8 | 10 | 13 | 0 | 9 | 9 |
| Total | 11 | 2 | 9 | 11 | 13 | 0 | 9 | 9 |

NOTE:

(1): Number of employees who used their maternity leave benefit

(2): Number of employees reinstated to work after maternity leave in the previous period (2015)

(3): Number of employees reinstated to work after maternity leave in this period (2016)

(4): Number of employees reinstated to work in 2016, including those employees reinstated to work after leave in 2015 and 2016

Peru:

| Gender | Number of Sick Leaves 2016 (1) | Re-entries 2016 | | Number of Employees Reinstated to Work 2016 (4) | Number of Sick Leaves 2017 | Re-entries 2017 | | Number of Employees Reinstated to Work 2017 |
|--------------|--------------------------------|-----------------|----------|---|----------------------------|-----------------|----------|---|
| | | 2015 (2) | 2016 (3) | | | 2016 | 2017 | |
| Men | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Women | 1 | 0 | 1 | 2 | 3 | 0 | 2 | 2 |
| Total | 1 | 0 | 1 | 2 | 3 | 0 | 2 | 2 |

NOTE:

(1): Number of employees who used their maternity leave benefit

(2): Number of employees reinstated to work after maternity leave in the previous period (2015)

(3): Number of employees reinstated to work after maternity leave in this period (2016)

(4): Number of employees reinstated to work in 2016, including those employees reinstated to work after leave in 2015 and 2016

Unionizing

403-4

Identification of unions in Chile

| Power Plants | Name of the collective agreement covering health and safe' topics | Type of agreement |
|-------------------------|---|---|
| Carena | Labor Union Empresa Electrica Industrial S.A. | Collective Agreement |
| Bío-Bío Complex | Angostura Agreement, Labor Union N°1 and Labor Union N°2 | Angostura y Sindicato N°1 (Convenio Colectivo); Sindicato N° 2 (Contrato Colectivo) |
| Colbún Power Plant | Labor Union N°1 | Collective Agreement |
| Canutillar Power Plant | Canutillar Agreement | Collective Agreement |
| Aconcagua Complex | Labor Union N°2 | Collective Agreement |
| Santa María Power Plant | Santa María Agreement | Collective Agreement |
| Candelaria Power Plant | Convenio Candelaria | Collective Agreement |
| Nehuenco Power Plant | Labor Union N° 1 Nehuenco | Collective Agreement |
| Antilhue Power Plant | Labor Union N°2 | Collective Agreement |
| Los Pinos Power Plant | Labor UNION N° 2 | Collective Agreement |

Identification of trade unions in Chile

| Union Name (or Number) | Number of workers represented | % of workers represented | Number of negotiations or consultations | Number of strike days |
|--|-------------------------------|--------------------------|---|-----------------------|
| Labor Union Empresa Eléctrica Industrial | 26 | 2.62% | Collective Negotiation 2017 | No strikes |
| Labor Union N° Empresa Eléctrica Industrial and Subsidiaries | 109 | 10.99% | Collective Negotiation 2017 | No strikes |
| Labor Union N° 2 Colbún S.A. Workers | 135 | 13.61% | Without Negotiation | No strikes |
| Labor Union N° 1 Termoeléctrica Nehuenco S.A. Workers | 52 | 5.24% | Without Negotiation | No strikes |
| Labor Union Santa María Power Plant Workers | 62 | 6.25% | Without Negotiation | No strikes |
| Total | 384 | 38.71% | | |

Training and Development

404-2

The development and growth of our employees is essential to Colbún. The Company prioritizes internal formation, training and promotion as the mechanisms to leverage people management excellence, one of the goals we have set ourselves as corporate guideline.

Chile:

| Formation/Training Program | Description | 2016 | | 2017 | |
|--|---|-------------------------|---|-------------------------|---|
| | | Number of beneficiaries | % of beneficiaries as compared to total | Number of beneficiaries | % of beneficiaries as compared to total |
| Undergraduate scholarships | Technical or university studies | 53 | 4.1% | 50 | 5.3% |
| Graduate scholarships | Further education at Chilean universities | 56 | 4.3% | 22 | 2.3% |
| Capacitate Program (Be Trained!) | Worker soft and technical skills | 46 | 3.5% | 142 | 14.9% |
| English | Further improvement in English | 56 | 4.3% | 112 | 11.8% |
| Crime prevention program | Information on relevant aspects of Law 20.393 | 396 | 30.6% | 212 | 22.3% |
| Company On-boarding program - | Informar aspectos relevantes del negocio a las personas que se incorporan a la empresa | 53 | 4.1% | 61 | 6.4% |
| Company On-boarding program - In person | Information on relevant aspects of the business to individuals joining the company | 53 | 4.1% | 44 | 4.6% |
| Company On-boarding program - Visits to Plants | Plant walk-through for both new employees and headquarter employees who have been working for the company for years | 16 | 1.2% | 45 | 4.8% |
| Presentation on compensation | Information on the methodology applied by the company salary scaling | 0 | 0 | 259 | 27.3% |
| Total | | 729 | | 947 | |

*Total workers (indicator 102-8): 992

Peru:

| Formation/Training Program | Description | 2016 | | 2017 | |
|--|--|-------------------------|---|-------------------------|---|
| | | Number of beneficiaries | % of beneficiaries as compared to total | Number of beneficiaries | % of beneficiaries as compared to total |
| Graduate scholarships | Further education at domestic and foreign universities | 7 | 7.7% | 2 | 2.2% |
| Leadership Program "Somos Jefes Fenix" | Company Managerial Leadership Skills | 0 | 0 | 17 | 185% |
| Program on Safe Construction Practices | Formation/Training in vehicle driving | 1 | 1.1% | 1 | 1.1% |
| Languages | Further improvement in foreign languages | 16 | 17.6% | 6 | 6.5% |
| Program on Operational Excellence | Development of Competencies in Operation and Maintenance | 0 | 0 | 36 | 39.1% |

Processes aimed at ensuring the retention and renewal of talents

EU14

These programs focus on the specialization of workers at the plants, where this type of formation/training is delivered on a regular basis. Such programs are as follows:

Chile:

| Program name | Program description | Women | Men | Description of alliances, if applicable to the certification program |
|-----------------------------|---|---------------------------|---------------------------|---|
| | | Number of workers trained | Number of workers trained | |
| Program on competencies | Program designed to close gaps detected in competencies assessments, mainly in the area of operations | 9 | 193 | In the long term, this program could lead to certification through an external entity |
| Technical courses at Plants | Activities designed to strengthen specialized knowledge in the different areas involved at the Plants | 7 | 134 | |

Peru:

| Program name | Program description | Women | Men | Description of alliances, if applicable to the certification program |
|---|--|---------------------------|---------------------------|--|
| | | Number of workers trained | Number of workers trained | |
| Desarrollo de Competencias - Excelencia Operacional | Programa dirigido a los colaboradores de HSE, Operaciones y Mantenimiento | 1 | 35 | Du Pont Sustainable Solutions |
| Técnicas Análisis Causa Raíz | Resolución de problemas a partir del uso de Técnicas Análisis Causa Raíz (ACR) | 0 | 20 | Engizone |

Performance Assessment

404-3

Percentage of employees who receive regular performance and professional development assessments, broken down by gender and professional category

TOTAL HEADCOUNT COLBÚN (102-8)

| Position category | 2017 | | |
|-------------------|------------|------------|------------|
| | Men | Women | Total |
| Executives | 60 | 11 | 71 |
| Professionals | 313 | 101 | 414 |
| Administrative | 28 | 52 | 80 |
| Other positions | 391 | 6 | 397 |
| Total | 792 | 170 | 962 |

The Performance Assessment Process is conducted for all personnel under indefinite contract. Personnel not assessed include workers under contract for specific works, fixed-term contract and specific project; they are assessed by means of other evaluation criteria. In 2017, company headcount decreased by 1.9 as compared

to 2016. In 2017, the number of contractor workers was 2,994, distributed into Generation Division Contractors, 2,132; Project Contractors, 603; and Transmission Contractors, 209.

Percentage of workers covered by collective agreements 2017

102-41

| Collective Agreements | Plant | Number of collaborators subscribed | % Total for the facility | % Total Colbún |
|---|---------------------|------------------------------------|--------------------------|----------------|
| Sindicato Empresa Eléctrica Industrial S.A. | Central Carena | 26 | 72.22% | 2.62% |
| Angostura Agreement | Complejo Bio-Bío | 12 | 14.46% | 1.21% |
| | Matriz Santiago | 1 | 0.26% | 0.00% |
| Los Pinos Agreement | Central Los Pinos | 13 | 54.17% | 1.31% |
| Canutillar Agreement | Central Canutillar | 13 | 61.90% | 1.31% |
| Santa María Agreement | Central Santa María | 62 | 56.88% | 6.25% |
| Candelaria Agreement | Central Candelaria | 12 | 48.00% | 1.21% |
| Union Nr. 1 Nehuenco | Central Nehuenco | 52 | 75.36% | 5.24% |
| Union Nr. 1 Colbún | Complejo Bio-Bío | 24 | 28.92% | 2.42% |
| | Central Colbún | 60 | 70.59% | 6.05% |
| | Matriz Santiago | 21 | 5.43% | 2.12% |
| | Otras Instalaciones | 1 | 3.23% | 0.10% |
| | Central Candelaria | 2 | 8.00% | 0.20% |
| | Complejo Aconcagua | 1 | 0.93% | 0.10% |
| Union Nr. 2 Colbún | Complejo Aconcagua | 90 | 84.11% | 9.07% |
| | Central Antihue | 12 | 80.00% | 1.21% |
| | Central Los Pinos | 4 | 16.67% | 0.40% |
| | Central Santa María | 2 | 1.83% | 0.20% |
| | Complejo Bio-Bío | 16 | 19.28% | 1.61% |
| | Otras Instalaciones | 5 | 16.13% | 0.50% |
| | Central Candelaria | 6 | 24.00% | 0.60% |
| Total | | 435 | - | 43.85% |

Communication Channels

402-1, 103-2, 103-3

Although there is no formal agreement with unions to report organizational changes in advance, whenever there is a relevant organizational change in the company, it is reported through corporate email or through the intranet to all workers; the reasons for the change are discussed, and the collaboration and support from all workers is requested to address the new challenge. Additionally, when the organizational change affects unionized workers, this situation is reported to the respective union. The company promotes dialogue between the representatives of the workers and senior management; to this end, Organization and People Management maintains a constant dialogue with the leaders, through bipartite meetings.

In 2017, three Trade Union Days were held (July, October and December). Participants included, on

behalf of Colbún, Thomas Keller, General Manager; Paula Martínez, Organization and People Manager; Carlos Luna, Generation Division Manager; Juan Andrés Morel, SSO Manager, and Víctor Aravena, Specialist in Management and SSO; Juan Pablo Schaeffer, Manager, Sustainable Development Division, and Paulina Basoalto, Business Division and Energy Management. Topics such as the importance of Organizational Climate metrics, compensation management, new challenges in the power market, sustainability and safety, and occupational health, among others, were addressed.

Work Environment

Benefits

401-2

We believe that benefits established in keeping with the needs of our workers will contribute to a sense of belonging and pride in relation to the Company. For this reason, we have established special benefits and instances to include the families of our workers. The social benefits package established for all Company workers hired for an indefinite term, regardless of their geographical location or facility, is better than those in other companies in the power sector in many ways; this benefit package, along with our compensations and remunerations and the competitive products that we deliver, make of ours an attractive place to work. Through the purchase of specialized studies, we continuously monitor new trends and new benefits that we can deliver to our workers, in order to cover the broadest spectrum in this area.

In Chile, these benefits include:

| List of Services/Benefits | Applicable to full-time workers (check with an X) | Número de Trabajadores | | | % VALUES REPORTED |
|--|---|------------------------|-------|------|-------------------|
| | | 2015 | 2016 | 2017 | |
| Supplementary health insurance | X | 950 | 974 | 967 | 97% |
| Life insurance | X | 950 | 974 | 967 | 97% |
| Remuneration maintained through sick leave | X | 950 | 974 | 967 | 97% |
| Allowance for bereavement | X | 922 | 919 | 945 | 95% |
| Christmas toys for children | X | 962 | 1.011 | 992 | 100% |
| Christmas celebration for children | X | 962 | 1.011 | 992 | 100% |
| Scholarships for children | X | 922 | 946 | 945 | 95% |
| Birth and wedding allowances | X | 950 | 946 | 874 | 88% |
| Disability coverage | X | 950 | 974 | 967 | 97% |
| Birthday present | X | 962 | 974 | 992 | 100% |
| Christmas food basket | X | 962 | 1.011 | 992 | 100% |
| Dental allowance | X | 922 | 946 | 945 | 95% |
| Medicine allowance | X | 922 | 974 | 967 | 97% |
| Eyeglass allowance | X | 922 | 974 | 967 | 97% |
| All-purpose or emergency loans | X | 856 | 946 | 874 | 88% |
| Parental leave | X | NR | NR | 967 | 97% |
| Birth, maternity, death leave | X | NR | NR | 967 | 97% |
| Personal days | X | NR | NR | 945 | 95% |
| Headcount as of 12/31 each year | | 962 | 1.011 | 992 | |

In Peru, the benefits include:

| List of Services/Benefits | Applicable to full-time workers | 2015 | Número de Trabajadores 2016 | 2017 | % of workers covered |
|--|---------------------------------|------|-----------------------------|------|----------------------|
| Supplementary health insurance | X | X | X | X | 97% |
| Life insurance | X | X | X | X | 97% |
| Remuneration maintained through sick leave | X | X | X | X | 97% |
| Allowance for bereavement | | | | | 95% |
| Christmas toys for children | X | | X | X | 100% |
| Christmas celebration for children | X | | X | X | 100% |
| Scholarships for children | | | | | 95% |
| Birth and wedding allowances | | | | | 88% |
| Disability coverage | X | X | X | X | 97% |
| Birthday present | | | | | 100% |
| Christmas food basket | X | X | X | X | 100% |
| Dental allowance | | | | | 95% |
| Medicine allowance | | | | | 97% |
| Eyeglass allowance | | | | | 97% |
| All-purpose or emergency loans | | | | | 88% |
| Vacation allowance | | | | | 97% |
| Parental leave | X | | | X | 97% |

**Data not verified by the external auditor*

SPECIFIC BENEFITS AND CONCILIATION POLICIES - CHILE

| | |
|-------------------------------|--|
| Academic excellence award | Ninth version; this symbolic and economic award is a recognition to the families of workers for academic performance, both at school and university. |
| Work day with children | Ninth consecutive yearly version, conducted at all Colbún plants in addition to the Santiago headquarters |
| Personal days | Workers are given two personal days a year to be used as needed. They can be divided into four half days. |
| Half-day on Fridays | At the headquarters, we work half a day on Fridays (1:30 pm). This modality is beginning to be implemented in some of the plants. |
| Free day between two holidays | Inter-holidays are granted Monday or Friday for a long weekend. That day must be previously recovered by working on Friday afternoon. |
| Flexible schedule | In Santiago, employees have the option to advance or delay the clock-in time. Three new schedules are available, plus the current one. Employees must choose one schedule and maintain it throughout the year. |
| Quality-Of-Life Program | Conducted in Santiago and plants; it includes trekking and walks for workers and families, along with cultural talks. |

Work related complaints

103-2

Colbún fully abides by the current applicable labor legislation; this is reflected in the absence of any significant sanctions and/or claims from former workers, and by the absence of sanctions or fines from the enforcement entities. The one claim received was due to the delay in the delivery of part of the working clothes (lower number than delivered). It should be noted that the problem was being resolved when the claim was filed, and was fully resolved in the course of 2017, with the delivery of work clothes to the workers involved.

Colbún (both in Chile and Peru) has a communication

channel for direct and anonymous reports related to compliance with its ethical conduct standards, which are then referred to the respective area for analysis and resolution.

Health and safety

403-1

A Parity Committee has been set up at each power plant that represents 100% of our workers.

Workers represented in formal health and safety committees - chile (403-1)

| | 2016 | | 2017 | |
|-------------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Workers Represented | Contractors Represented | Workers Represented | Contractors Represented |
| Canutillar Plant | 19 | 62 | 20 | 52 |
| Biobío Complex | 79 | 221 | 78 | 230 |
| Colbún Complex | 73 | 93 | 76 | 80 |
| Carena Complex | 39 | 35 | 33 | 47 |
| Aconcagua Complex | 104 | 143 | 97 | 109 |
| Antihue Plant | 15 | 13 | 15 | 12 |
| Los Pinos Plant | 16 | 61 | 17 | 65 |
| Candelaria Plant | 15 | 41 | 16 | 44 |
| Nehuenco Complex | 63 | 120 | 64 | 150 |
| Santa María Complex | 79 | 330 | 92 | 263 |
| Santiago Headquarters | 402 | 26 | 404 | 28 |
| Transmission Management | 41 | 191 | 42 | 209 |
| La Mina Project | 28 | 857 | - | - |
| San Pedro Project | 11 | 9 | - | - |
| LAT Project La Mina Loma Alta | 0 | 158 | - | - |
| DIP Engineering Project | 6 | 69 | - | - |
| Other Projects | 0 | 327 | 42 | 603 |
| Total | 990 | 2,756 | 996* | 1,892 |

NOTE:

-The total represents the annual average headcount of the Company.

- Facilities with less than 25 workers create Site Bipartite Committees.

-The coverage of the Parity Committee reaches 100%.

- The number of own participants and the number of participants from contracting companies correspond to the number of workers involved in the activities.

Community Relations

Community Involvement

EU19

In terms of community infrastructure investment projects, Colbún has established working groups involving the respective territorial and functional organizations in order to collect information on the local visions. Under this methodology, initiatives have been developed such as the Santa Bárbara Historic and Cultural Center; the refurbishing of the Lago Chapo offices; multi-purpose courts at Coronel; new green areas at Los Álamos; Quilleco street lighting, just to name a few. Fenix in Peru operates similarly. One example is the Lo Salinas Polyclinic: this initiative arose from the commitments assumed in the EIA for the plant, where the company assumed the commitment - in public hearings - to support the health of the residents through the installation of a polyclinic facility. The project was developed in consultation with the Municipality of Chilca, the health authorities, and other social organizations and residents in general.

Local Development

Colbún -3.S0

In addition to the social programs outlined in the main body of the Integrated Year Book 2017, below are some of the other programs promoted by the Company:

Programs associated to the promotion of productivity

Farming Productivity (Colbún Complex)

Colbún's main focus in the Maule Region has been the promotion of better agricultural practices. In January of 2018, the Stubbles Management and Incorporation Program was re-launched, in partnership with the Municipality of Colbún, benefiting some 80 small farmers in the district.

In 2017, we also furthered the Field Days program, an initiative supported by the Ignacio Carrera Pinto Colbún High School; the purpose of the program is to train farmers in agricultural techniques. 2 sessions were conducted last year, attended by 36 farmers.

Framework agreement with irrigation associates (Colbún Complex)

In 2011, Colbún and the Maule Sur Irrigation Association subscribed an agreement whereby tools are created to encourage the saving of water resources and promote irrigation efficiency; this generates benefits for farming and for power generation. This agreement was renewed in 2017.

Initiatives associated to tourism (Colbún Complex)

In 2017, the third version of the Certification in Nature Tourism was implemented; this initiative seeks to promote skills and knowledge in order for participants to be able to

enhance local tourism. This time, a total of 23 entrepreneurs from San Clemente, belonging to local tourism groups, were certified in Nature Tourism 2017, an initiative developed by the Colbún S.A. jointly with the Municipality of San Clemente and the professional institute Vertical.

Pre-incubation (Santa María Complex)

The program "Pre-incubation for the Coronel district: Supporting entrepreneurship" was developed in 2017, based on an alliance between the UCSC School of Engineering, Colbún and the NGO Acción Emprendedora (AE) through the Colbún Entrepreneurship Center AE in Coronel. This initiative involves senior students from the Civil Industrial Engineering School at the UCSC, who give advice to micro-entrepreneurs in the district. In 2017, a total of 15 entrepreneurs received the advisory from close to 50 students.

Pesca Futuro (Santa María Complex)

This program was established in 2014 and seeks to support Coronel fishermen and their families in three areas: training, productivity promotion at union level, and scholarships for children or family members. In 2017, 81 new scholarships were incorporated and beneficiaries received their certificates after a contest among 120 applicants. In the three years since its creation, scholarships have been awarded to 258 fishermen relatives, allowing them to study in institutions recognized by the

Ministry of Education.

In addition, as part of the Pesca Futuro program, in 2017, 10 leaders of these small-scale fisheries in Coronel were trained and certified in “Strengthening of Administrative Capacities in Entrepreneurship”, developed by the School of Engineering and the OTEC of the Universidad Católica de la Santísima Concepción.

Fepaer Camping (Canutillar Power Plant)

Work was conducted this year with the Federación de Pescadores del Estuario de Reloncaví (Fepaer – Federation of Fishermen of the Reloncaví River Estuary) to drive the development of camping facilities in Cochamó; the first milestone was the construction of bathrooms for ladies and gentlemen, including showers.

Programs associated to education

Energía: Circuito Vital (several plants)

Through the “Energía: Circuito Vital” (Energy: A Vital Circuit) Program, in 2017, the Company trained 28 teachers from Mostazal, Codegua, Los Andes, San Esteban and Curacaví in subjects associated with renewable energies. During a workshop held in Santiago, participating teachers delved into topics such as energy generation processes, their sources and types, through a series of leisure activities and experimentation. They also strengthened the application of investigative methodology and planned activities outside the classroom related to renewable energies.

Cochamó Youth Orchestra (Canutillar Power Plant)

The orchestra has been formed by students in the Cochamó district and supported for several years by Colbún. It has extended its recognition and presentations to different locations of the southern zone of our country, based on the concept that music is an educational channel that fosters a number of different values. In 2017, the group made a presentation in Bariloche, Argentina, with the support of the municipality, the government and Colbún.

Leadership Workshop (Santa María Complex)

A total of 35 neighbors’ association leaders of the Coronel district participated in the 2017 two-day conference on leadership and communication topics. This initiative, developed by the Company, convened leaders from the Coronel South Sector Panel, which includes 13 neighbors’ associations, and from the Estero Manco Panel, which includes 10 organizations. The workshop was conducted by the Colbún Public Affairs team in Coronel and consultant Engrana.

Programs associated to the support of sports

Supporting Sports in Coronel (Santa María Complex)

For the fourth consecutive year, in 2017 Colbún supported the implementation of the Jaime Osorio Cup, in alliance with the Coronel Soccer Association; 8 educational entities participated in this version.

Soccer School “Energía para Campeones” (Aconcagua Complex)

This initiative benefits 100 children and youth of the International Highway, part of the Los Andes and San Esteban districts; the purpose of the initiative is to promote sports and a healthy lifestyle. A new version was conducted in 2017, which included summer workshops.

Programs associated to quality of life

Led Street Lighting for Quilleco (Quilleco Power Plant)

The second stage of the modernization of public lighting in the district of Quilleco was completed in 2017. This project has been developed by Colbún in partnership with the local municipality. In the first year, 250 street led lights were installed in the urban area of the district; then, in 2017, another 200 were added in the sectors of Las Canteras, El Hualle and San Lorencito. The installation of 200 additional lights is planned for this year to cover other rural sectors with public lighting.

Río Colorado Rural Health Post (Aconcagua Complex)

Within the framework of an agreement established with the Municipality of San Esteban, the expansion and improvement of the Río Colorado Rural Health Post (International Highway) opened in 2017. The initiative, which involves the expansion of the building area by almost 25%, considers a new admission unit, exclusive spaces for treatments and wound dressing, a gynecological care box, rooms the

dispatch of food and medicines, and universal access bathrooms. The project is to be opened in 2018.

New street lighting and highway safety (Aconcagua Complex)

Based on an agreement with the Municipality of Los Andes, work was conducted with nine municipal schools last year, in order to implement two relevant projects. The first project involved the installation of LED lighting in the schools, thus generating estimated minimum annual savings of approximately 40% in energy costs. The second project, on the other hand, strengthened road safety in the school areas, based on the installation of photovoltaic warning lights, zebra pedestrian crossings with built-in proximity signs, solar floor warning lights and pedestrian protection fences.

El Médano Community Center and Thermal Baths (La Mina Power Plant)

As part of the development and construction of the La Mina Plant, a new community center was implemented in Villa Las Asturias, in the Baños del Médano sector, Maule Region. This project is the result of a participatory process involving the area residents and included, in addition to the center itself, all the necessary equipment. Also, catwalks, booths and other works were implemented in order to improve the thermal baths located at El Médano, thus promoting a better infrastructure for a sector with a high tourism potential.

Community Center a Lago Chapo (Canutillar Power Plant)

The remodeling and implementation

of a new community center for the Lago Chapo neighbors' association was one of the most important projects developed by Colbún in that area, where the Canutillar Plant is located. This worked took about three months to complete and involved the installation of thermal insulation, floor repair, roof change and general overhaul of the kitchen, bathrooms, and meeting room. The initiative benefited about 40 residents living in that sector.

Implementation of Dental Box (Canutillar Power Plant)

Together with the residents of the Pocolhuén Alto sector of the Cochamó district, in alliance with the municipality, a new dental service box was opened last year. The box includes a fully equipped fixed chair, acquired by the neighbors, in addition to the modernization of the physical space carried out by Colbún, which included lighting and electricity, as well as the drinking water and air networks.

Others

Supporting the Fire Department (several plants)

Aware of the vital work carried out by Fire Departments across Chile, Colbún has been supporting various Fire Units in the areas where it operates, especially those located in the districts of Yerbas Buenas (Colbún Complex), Los Andes and San Esteban (Aconcagua Complex) Quilleco (Rucúe-Quilleco Plants), Coronel (Santa María Complex) and Quilaco and Santa Bárbara (Angostura Plant).

Community infrastructure investment in Chile

203-1

With respect to community infrastructure in Chile, the largest investment projects were the improvement in El Médano thermal baths, El Médano community center implementation, the rural health post in San Esteban, the Tricentennial Park in Quillota, the LED street lighting in Quilleco, the multi-purpose courts at Coronel and the Historic and Cultural Center in Santa Bárbara. In 2017, the infrastructure amount invested reached US\$664 thousand.

Value of political contributions

415-1

No political contributions were made by Colbún S.A. in 2017.

7.5

Environmental performance appendix

Use of the water resource

103-2, 103-3

Water-related risks

Chile:

Colbún owns the Nehuenco Thermolectric Complex located in a water-stressed area ($<1700 \text{ m}^3/(\text{person} \cdot \text{year})$). The Nehuenco Complex is located in the district of Quillota, Valparaíso, at the end of the third section of the Aconcagua River and is composed of two combined cycle power plants: (Nehuenco I and Nehuenco II) and an open cycle plant (Nehuenco III), which can be operated with natural gas or diesel oil.

The Nehuenco Complex requires water to operate the cooling system, whose demand in 2017 amounted to 4.93 Hm^3 . Although sufficient water levels were observed in the set of 18 wells supplying the Complex in 2017, Colbún has taken short and long-term measures to ensure adequate supply of the resource.

As a long-term solution, the construction of a water purification tower was completed in 2017, which will allow recovering 90% of the processed well water and saving 50% of the whole water used under distress situations. The above is aimed at promoting an adequate use of the underground water to ensure the preservation and the protection of the aquifer.

Peru:

Although the Peruvian regulation on water resources does not establish a formal definition of water-stressed zones, several government entities manage water-stress indicators and foster initiatives for the efficient use of water. (e.g. Blue Certificate of A.N.A).

Fenix Thermolectric power plant is located at the district of Las Salinas in Chilca, Lima, approximately 300 meters from the sea. The plant is composed of a steam turbine and two gas turbines that can also be operated with diesel. The waters used by the power plant for its processes are taken directly from the sea, avoiding all consumption of underground and continental water.

The demand for sea water to operate the cooling system (being sea water its main source) amounted to 291 Hm^3 in 2016. A portion of the sea water collected passes through a desalination and purification process, which can generate approximately $2,500 \text{ m}^3$ of drinking water daily for consumption at the power plant and mostly to be delivered to the Municipality of Chilca that distributes it among the local population. Potable water started to be distributed among the population in 2016.

In 2017 Colbún continued to treat and recycle domestic waste water to irrigate the green areas and the hedgerows of the Fenix

station amounting to $40,000 \text{ m}^2$. The recycling of domestic waste water was adopted in response to observation No.51 of the Environmental Impact Study. The treatment plant features a capacity of $10.4 \text{ m}^3/\text{day}$; hence, in $7.99 \text{ m}^3/\text{day}$ were treated in 2017.

Use of materials and efficiency

Domestic energy consumption

302-1

POWER CONSUMPTION AT POWER PLANTS AND CORPORATE OFFICES IN CHILE (302-1)

| Tipos de Fuentes | Unidad de Medida | 2014 | 2015 | 2016 | 2017 |
|------------------|------------------|------|------|------|------|
| Electricity | Tera Joules | 85 | 82 | 47 | 72 |

Note: 1 Tera Joule (TJ) = 277.78 MWh.

Power consumption at the power plants and corporate offices.

Energy used by power generation plants in Chile (302-1)

| Source Type | Metering Unit | 2014 | 2015 | 2016 | 2017 |
|-------------|---------------|--------|--------|--------|--------|
| Diesel | Tera Joules | 4,477 | 1,913 | 2,460 | 2,109 |
| Gas Natural | Tera Joules | 23,632 | 23,043 | 24,434 | 25,190 |
| Coal | Tera Joules | 20,127 | 20,929 | 22,205 | 24,416 |
| Total | Tera Joules | 48,236 | 45,885 | 49,099 | 51,715 |

Note: 1 Tera Joule (TJ) = 277.78 MWh.

The slight increase in this indicator against 2016 is due mainly to the 3% increase in natural gas consumption, which in turn is due to higher consumption at the Nehuenco Complex. Likewise, coal consumption at Santa María I power plant went up by 10%, while diesel consumption went down by 14%, considering all thermoelectric power plants (except for Fénix).

Electric power consumption at power plants and corporate offices in Peru (302-1)

| Tipos de Fuentes | Unidad de Medida | 2016 | 2017 |
|------------------|------------------|------|------|
| Electricity | Tera Joules | 4,0 | 3,4 |

Note: 1 Tera Joule (TJ) = 277.8 MWh.

Energy used by Fenix power generation plant in Peru (302-1)

| Source Type | Metering Unit | 2016 | 2017 |
|-------------|---------------|--------|--------|
| Diesel | Tera Joules | 55 | - |
| Natural Gas | Tera Joules | 22,290 | 25,557 |
| Coal | Tera Joules | - | - |
| Total | Tera Joules | 22,345 | 25,557 |

Note: 1 Tera Joule (TJ) = 277.78 MWh.

Atmospheric emissions

Emission of ozone-depleting substances (305-6)

Gas SF₆ is used as insulator in transformer, power breakers and other electric equipment. Although the eventual leaks of this gas are isolated events, they could be brought about as a result of failure in joints, seals or gaskets of the equipment mentioned above.

It is worth mentioning that no SF₆ gas leaks occurred in 2017 at any of our power facilities.

However, it should be noted that every time a leak occurs a report is generated in the Incident Reporting System (SRI), which is classified as an environmental incident. This situation gives rise to a preliminary incident report, which prompts an investigation to find out the root cause of the leak. Finally, a document or report is generated of lessons learnt on the fact investigated, and if necessary, an action plan is put in place to help prevent recurrence of the incident.

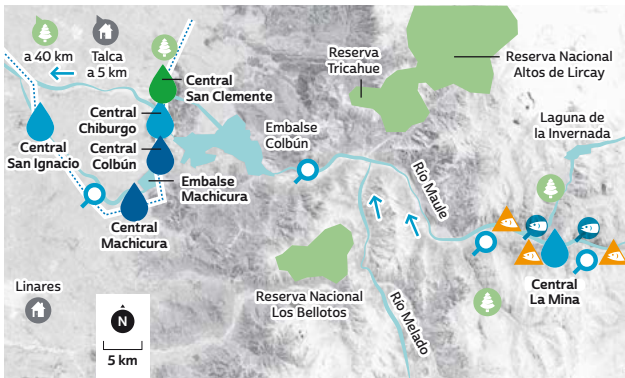
SF₆ GAS EMISSIONS (305-6)

| | Metering Unit | 2014 | 2015 | 2016 | 2017 |
|------------------------|-------------------------|------------|------------|------------|----------|
| SF ₆ | Kg | 17 | 9 | 36 | 0 |
| % of coverage | % | 100,0% | 100,0% | 100,0% | 100% |
| Total Emissions | TCO₂e | 400 | 209 | 837 | 0 |

Biodiversity

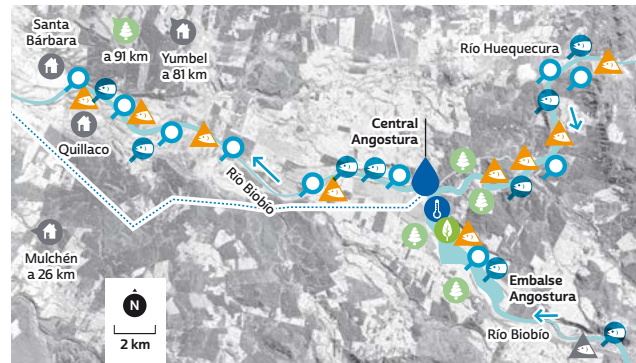
304-1; 304-2; 304-3, 304-4

Colbún's biodiversity management maps are presented below:



COMPLEJO COLBÚN

- Central de pasada que genera bonos de carbono
- Área protegida
- Monitoreo calidad del agua
- Central hidroeléctrica de embalse
- Reforestación y/o revegetación
- Muestreo de peces
- Central de pasada
- Ciudad cercana
- Dirección del caudal del río
- Líneas de transmisión
- Zona de fauna íctica en estado de conservación



CENTRAL ANGOSTURA

- Central hidroeléctrica de embalse
- Zona de fauna íctica en estado de conservación
- Monitoreo calidad del agua
- Monitoreo de temperatura del agua
- Reforestación y/o revegetación
- Muestreo de peces
- Monitoreo de Clorofila
- Ciudad cercana
- Dirección del caudal del río
- Líneas de transmisión



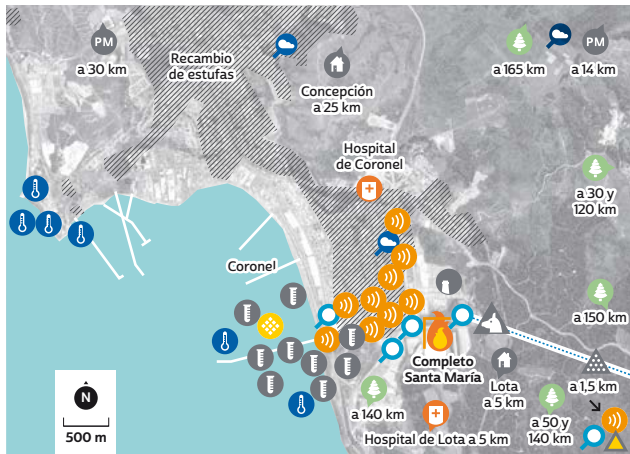
COMPLEJO NEHUENCO

- Central térmica ciclo abierto
- Ciudad cercana
- Monitoreo calidad del agua
- Central térmica de ciclo combinado
- Reforestación y/o revegetación
- Medición de calidad de aire
- Pozos de agua
- Medición de emisiones atmosféricas en chimenea CEMS
- Medición de ruido
- Líneas de transmisión
- Cortina vegetal



CENTRAL RUCÚE Y QUILLECO

- Central de pasada que genera bonos de carbono
- Zona de fauna íctica en estado de conservación
- Monitoreo calidad del agua
- Central de pasada
- Reforestación y/o revegetación
- Muestreo de peces
- Líneas de transmisión
- Ciudad cercana
- Dirección del caudal del río



CENTRAL SANTA MARÍA

- Central termoelectrónica a carbon
- Reforestación y/o revegetación
- Medición de calidad de aire
- Medición de ruido
- Ciudad cercana
- Plan de vigilancia ambiental
- Filtros malla, captación de agua de mar
- Compra de derechos de emisión
- Líneas de transmisión
- Medición de emisiones atmosféricas en chimenea CEMS
- Monitoreo de temperatura del agua
- Reemplazo de calderas hospitalares Coronel y Lota
- Centro de acopio de cenizas
- Análisis de peligrosidad de las cenizas
- Cortina vegetal
- Plan rescate y relocalización de especies
- Monitoreo calidad del agua

We don't have information of impacts regarding the reduction in the number of species or the disturbance thereof. The projects with an Environmental Impact Assessment on ichthyic fauna (Angostura, Rucúe-Quilleco, La Mina, Hornitos, and Santa María) have follow-up plans that have not shown project-related impacts or effects. Specifically in the case of Canutillar, we have studies proving there are no significant effects.

FACILITIES LOCATED ON OR CLOSE TO PROTECTED AREAS OR BIODIVERSITY RICH AREAS (304-1) (304-3)

| Property Name | Colbún's Operation Center | Geographic Location | Area and/or Surface in Km ² | Type of Operation (Facility, office, etc.) | Area Description (protected/not protected) |
|---------------------------------------|---|---------------------|--|--|--|
| Alerce Andino National Park | Canutillar power plant civil works | Los Lagos Region | 39 (close to the area) | Canutillar power plant civil Works | Protected (state) |
| Río Blanco Forest Reserve | Los Maquis - Hornitos High Voltage Line | Valparaíso Region | 5 (inside the area) | Los Maquis - Hornitos transmission line | Protected (state) |
| Quebrada de la Plata Nature Sanctuary | Carena - Lo Prado High Voltage Line | Metropolitan Region | <1 (inside the area) | Carena - Lo Prado transmission line | Protected (private) |
| Los Nogales Farm Sanctuary | Polpaico - Maitenes High Voltage Line | | 110 (inside the area) | Polpaico - Maitenes transmission line | Protected (private) |

Protected or restored habitats (304-3)

| Habitat Name | Geographic Location | Area or Surface | Protected/ Restored/ Reforested |
|--------------------------|---|-----------------|--|
| Fdo. Villa Rivas | Contulmo district, Arauco province | 0.25 ha | Enrichment with the addition of 4 species in conservation status |
| Fdo. Cabaña Eugenia | Angostura station, Sta. Bárbara district, Biobío Province | 36 ha | Enrichment of degraded forest |
| Angostura Reservoir Bank | Angostura station, Sta. Bárbara district, Biobío Province | 7.5 ha | Reforestation of reservoir banks for fauna sheltering |

Protected species within colbún's areas of influence (304-4)

| Species | Geographic Location | Conservation Status |
|------------------------------------|---|---------------------|
| <i>Aegla abtao</i> | Chamiza River (Canutillar) | Least concern |
| <i>Samastacus spinifrons</i> | Chamiza River (Canutillar), Maule River | Least concern |
| <i>Galaxias maculatus</i> | Chamiza River and Chapo Lake (Canutillar), Huequecura and Biobío River (Angostura) | Least concern |
| <i>Geotria australis</i> | Chamiza River (Canutillar) | Vulnerable |
| <i>Trichomycterus areolatus</i> | Río Chamiza y Lago Chapo (Canutillar), Río Rucúe y Laja, Río Huequecura y Biobío (Angostura), Río Maule | Vulnerable |
| <i>Percichthys trucha</i> | Chapo Lake (Canutillar), Rucúe and Laja River, Huequecura and Biobío River (Angostura) | Least concern |
| <i>Basilichthys australis</i> | Rucúe and Laja River, Maule River and Colbún Reservoir | Near threatened |
| <i>Percilia gillissi</i> | Maule River | Endangered |
| <i>Diplomystes nahuelbutaensis</i> | Rucúe and Laja River (Quilleco), Huequecura and Biobío River (Angostura), Maule River | Endangered |
| <i>Percilia irwini</i> | Rucúe and Laja River (Quilleco), Huequecura and Biobío River (Angostura) | Endangered |
| <i>Cheirodon galusdae</i> | Rucúe and Laja River, Maule River and Colbún Reservoir | Vulnerable |
| <i>Bullockia maldonadoi</i> | Huequecura and Biobío River (Angostura) | Endangered |
| <i>Nematogenys inermis</i> | Huequecura and Biobío River (Angostura) | Endangered |
| <i>Aegla pewencha</i> | Maule River | Least concern |
| <i>Aegla araucaniensis</i> | Maule River | Least concern |

Our facilities and operations do not affect any of the above-mentioned protected species, in Chile or in Peru.

Biodiversity of water masses and related habitats

306-5

Chile:

No receiving water body or habitat has been “significantly affected” by our discharges. This is shown by the monitoring of quality variables conducted in the receiving water body and by our compliance with the corresponding emission standard (DS 90), in agreement with the monitoring programs defined for each facility by the competent authority.

The Company has self-control certificates that prove compliance with the emission standards for 2017 for each of the 4 thermoelectric power plants where liquid industrial waste waters (RILES) are generated and with the results of the water quality monitoring at the Coronel bay (per RCA 176_CTSM), the Aconcagua river (Voluntario_Nehuenco) and the Overflow Channel (RCA 120_ Los Pinos). It is worth mentioning the temperature monitoring conducted at the Coronel bay, where Santa María I power plant discharges its water, a voluntary follow-up conducted by the Company since 2010 based on a thermistor network at the water column. This monitoring has shown no direct relationship between the power plant operation and the water temperature of the bay.

It is worth mentioning that hydroelectric power plants do not modify the water quality, hence, they may not “significantly affect” downstream water masses and habitats.

Peru:

The receiving water body has not been “significantly affected” by our discharge. This is proven by the sea water quality monitoring results (temperature, residual chlorine, dissolved oxygen, turbidity, pH, SST, DBO5, oils, greases and total hydrocarbons) conducted therein (5 monitoring stations exist) in agreement with the program contained in the EIA.

Waste generated and discharged

306-2

As a result of the industrial processes involved in power generation solid waste is generated, which is separated in categories at the power plants and managed independently, according to its hazardousness and its selling possibilities.

Hazardous waste resulting from the operation of our facilities is principally fabric contaminated with fuels, used industrial oils, fluorescent tubes, paint containers, solvent containers and batteries. Non-hazardous waste corresponds to residential waste and includes organic waste, plastic bags, plastic containers and others.

With respect to “Non-Hazardous Waste”, there is a slight increase which is due mainly to Nehuenco waste removal from the change of transformer made in 2017.

The generation of “hazardous waste” recorded a significant reduction as compared to 2016, as a greater amount of hazardous waste was generated that year resulting from Nehuenco Transformer failure which was removed that same year.

Total weight of waste generated in tons (306-2)

| | | Chile | | | Peru* |
|----------------------------------|---|--------------|--------------|-----------------|------------|
| | | 2015 | 2016 | 2017 | 2017 |
| Residential/Non Hazardous (Tons) | Thermoelectric power plants (including Fenix) | 341 | 327 | 911 | 335 |
| | Hydroelectric power plants | 68 | 71 | 67 | - |
| | Santiago offices | 42 | 42 | Sin Información | - |
| Hazardous (Tons) | Thermoelectric power plants (including Fenix) | 523 | 900 | 673 | 27 |
| | Hydroelectric power plants | 53 | 41 | 22 | - |
| Total | | 1,028 | 1,381 | 1,673 | 362 |

*Data not verified by the external auditor

Total weight and final disposal of santa maria complex's ashes (306-2)

| | 2015 | | 2016 | | 2017 | |
|--------------------------------|-----------------|-------------|---------------|-------------|---------------|-------------|
| | Ton | % | Ton | % | Ton | % |
| Ash Accumulation | 30,347.7 | 31% | 33,969 | 38% | 28,813 | 29% |
| Reutilization by Cement Plants | 66,985.8 | 69% | 55,211 | 62% | 68,894 | 71% |
| Total | 97,333.4 | 100% | 89,180 | 100% | 97,707 | 100% |

Revenues from the sale of ashes (us\$)

| 2015 | 2016 | 2017 |
|---------|---------|---------|
| 345,985 | 257,601 | 371,174 |

Waste water discharge

The power plants discharge waste waters in a planned manner as set forth in the environmental permits (RCAs) and the self-control resolutions, which are monitored and certified by the SMA and the Superintendence of Sanitary Services (SISS) and are specific for each power plant. Also, the facilities that do not have the possibility of getting hooked to the sewage network have waste water treatment plants, under permanent review and monitoring.

Waters are used differently by the power plants, so their amount (flows), physical-chemical characterization and

treatment before disposal are specific and tailored to each facility. Similarly, waste water standards or limits also depend on the receiving water body, namely surface water flows, mains off the coast or infiltration in the subsoil.

Total waste poured and final waste disposal in Chile (306-1)

| Waste poured | Metering Unit | 2015 | 2016 | 2017 | Disposal | Planned/unplanned | Treatment methods | Reutilized by other organization (Y/N) | Water quality |
|---------------------|----------------|--------------------|--------------------|--------------------|--------------|----------------------------|---|--|---------------|
| Candelaria station | m ³ | 22,196 | 34,844 | 31,288 | Surface flow | Planned (normal operation) | pH stabilization, activated slurry (PTAS), Neutralization/ Disinfection | No | D.S. N°90/00 |
| Los Pinos station | m ³ | 95,555 | 59,751 | 48,052 | | | | | |
| Nehuenco Complex | m ³ | 1,349,900 | 1,690,291 | 1,897,700 | | | | | |
| Antilhue station | m ³ | 24,474 | 22,347 | 98,292 | Ground water | Planned (normal operation) | No treatment | No | NCh 1333 |
| Santa María Complex | m ³ | 313,124,801 | 316,705,253 | 336,714,557 | Sea | Planned (normal operation) | No treatment | No | D.S. N°90/00 |
| TOTAL | m ³ | 314,616,926 | 318,512,486 | 336,892,189 | | | | | |

Total waste discharged and final waste disposal in Peru (306-1)

| Waste poured | Metering Unit | 2016 | 2017 | Destino | Disposal | Planned/unplanned | Treatment methods |
|--------------|----------------|-------------|-------------|---------|----------------------------|---------------------------|-------------------|
| Fenix | m ³ | 255.840.933 | 290.786.513 | Sea | Planned (normal operation) | Residual chlorine control | No |

Total number and volume of the most significant accidental spills in Chile and Peru (306-3)

| Spill (description) | Location | Spill volume (metering unit) | Material spilled (type: chemical substances, fuel, etc.) | Classification of the material | * Body disturbed by the spill (water, soil) | Environmental consequences of the significant spills | Social consequences of the significant spills | Measures adopted by Colbún |
|---|-----------------|------------------------------|--|--------------------------------|---|--|---|--|
| Infiltration of sprayed oil through manual insulation valve of the accumulation tank in the turbine regulator | Angostura Plant | 1000 L | Sprayed Oil | Flammable chemical substance | Soil | No environmental consequence | None | <ul style="list-style-type: none"> - The Environmental Authority and the SSO went to the field to evaluate the incident. - Review of the oil content in the line. - Absorbent material is placed in the floor to prevent spills to neighboring zones of the turbine floor and lower storey. |
| Oil filtration that remained inside the generator | Fénix Plant | 1.300 L | Oil | Flammable chemical substance | Soil | No environmental consequence | None | The oil was recovered, preventing the leak of H2 |

Note: None of these incidents had social consequences.



A large, white, stylized number '8' is centered on a background of vibrant green leaves. The leaves are in sharp focus in the foreground and become blurred in the background, creating a sense of depth. The overall color palette is dominated by various shades of green, from bright lime to deep forest green.

8

Estados
Financieros



Informe de los Auditores Independientes

Señores Accionistas y Directores de
Colbún S.A.:

Hemos efectuado una auditoría a los estados financieros consolidados adjuntos de Colbún S.A. y Subsidiarias que comprenden el estado de situación financiera consolidado al 31 de diciembre de 2017 y los correspondientes estados consolidados de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha y las correspondientes notas a los estados financieros consolidados.

Responsabilidad de la Administración por los estados financieros consolidados

La Administración es responsable por la preparación y presentación razonable de estos estados financieros consolidados de acuerdo con Normas Internacionales de Información Financiera. Esta responsabilidad incluye el diseño, implementación y mantención de un control interno pertinente para la preparación y presentación razonable de estados financieros consolidados que estén exentos de representaciones incorrectas significativas, ya sea debido a fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad consiste en expresar una opinión sobre estos estados financieros consolidados a base de nuestra auditoría. Efectuamos nuestra auditoría de acuerdo con Normas de Auditoría Generalmente Aceptadas en Chile. Tales normas requieren que planifiquemos y realicemos nuestro trabajo con el objeto de lograr un razonable grado de seguridad que los estados financieros consolidados están exentos de representaciones incorrectas significativas.

Una auditoría comprende efectuar procedimientos para obtener evidencia de auditoría sobre los montos y revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del auditor, incluyendo la evaluación de los riesgos de representaciones incorrectas significativas de los estados financieros consolidados, ya sea debido a fraude o error. Al efectuar estas evaluaciones de los riesgos, el auditor considera el control interno pertinente para la preparación y presentación razonable de los estados financieros consolidados de la entidad con el objeto de diseñar procedimientos de auditoría que sean apropiados en las circunstancias, pero sin el propósito de expresar una opinión sobre la efectividad del control interno de la entidad. En consecuencia, no expresamos tal tipo de opinión. Una auditoría incluye, también, evaluar lo apropiadas que son las políticas de contabilidad utilizadas y la razonabilidad de las estimaciones contables significativas efectuadas por la Administración, así como una evaluación de la presentación general de los estados financieros consolidados.

Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y apropiada para proporcionarnos una base para nuestra opinión de auditoría.




Opinión

En nuestra opinión, los mencionados estados financieros consolidados presentan razonablemente, en todos sus aspectos significativos, la situación financiera de Colbún S.A. y Subsidiarias al 31 de diciembre de 2017 y los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha de acuerdo con Normas Internacionales de Información Financiera.

Otros asuntos

Los estados financieros consolidados de Colbún S.A. y Subsidiarias al y por el año terminado al 31 de diciembre de 2016 fueron auditados por otros auditores, quienes emitieron una opinión sin modificaciones sobre los mismos en su informe de fecha 31 de enero de 2017.


 Patricio Guevara R.
 Santiago, 1 de febrero de 2018

KPMG Ltda.

Informe de los Inspectores de Cuenta

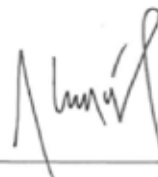
A los señores Accionistas:

Conforme al mandato que nos otorgó la Junta de Accionistas, celebrada el 27 de abril de 2017, hemos examinado el balance General de Colbún S.A. al 31 de diciembre de 2017 y los correspondientes Estados de Resultados por el ejercicio de 12 meses a esa fecha.

Nuestra labor como Inspectores de Cuenta se centró en la comprobación de la coincidencia, sobre una base efectiva, de los saldos de cuentas que reflejan los registros contables de la sociedad con las cifras de dicho Balance General y Estado de resultados, verificación que no mereció observación alguna.



Leonardo Venegas



Gastón Cruzat

Estados Financieros Consolidados

Correspondiente a los años terminados al 31 de
diciembre de 2017 y 2016

COLBÚN S.A. Y SUBSIDIARIAS

Miles de Dólares

El presente documento consta de:

- Informe de los auditores independientes
- Estados Financieros Consolidados
- Notas explicativas a los Estados Financieros Consolidados

Colbún S.A. y Subsidiarias
Estados de Situación Financiera Consolidados, Clasificados
al 31 de diciembre de 2017 y 2016
(En miles de dólares)

| ACTIVOS | Nota N° | 31 de Diciembre, 2017 MUS\$ | 31 de Diciembre, 2016 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 8 | 269.196 | 593.720 |
| Otros activos financieros, corrientes | 9 | 541.969 | 74.285 |
| Otros activos no financieros, corrientes | 20 | 29.392 | 27.190 |
| Cuentas comerciales por cobrar y otras cuentas por cobrar | 10 | 225.064 | 199.244 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 12.b | 240 | 2.792 |
| Inventarios | 13 | 62.911 | 45.114 |
| Activos por impuestos corrientes | 19.a | 18.390 | 5.279 |
| Activos corrientes totales | | 1.147.162 | 947.624 |
| Activos no corrientes | | | |
| Otros activos financieros, no corrientes | 9 | 21.167 | 5.377 |
| Otros activos no financieros, no corrientes | 20 | 29.009 | 29.871 |
| Cuentas por cobrar a entidades relacionadas, no corrientes | 12.b | - | 263 |
| Inversiones contabilizadas utilizando el método de la participación | 16 | 38.298 | 38.576 |
| Activos intangibles distintos de la plusvalía | 17 | 132.067 | 138.129 |
| Plusvalía | - | - | 4.000 |
| Propiedades, planta y equipos | 18 | 5.516.478 | 5.651.754 |
| Activos por impuestos diferidos | 21.b | 38.361 | 7.004 |
| Activos no corrientes totales | | 5.775.380 | 5.874.974 |
| ACTIVOS | | 6.922.542 | 6.822.598 |

Colbún S.A. y Subsidiarias
Estados de Situación Financiera Consolidados, Clasificados (continuación)
al 31 de diciembre de 2017 y 2016
(En miles de dólares)

| PATRIMONIO Y PASIVOS | Nota N° | 31 de Diciembre, 2017 MUS\$ | 31 de Diciembre, 2016 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Pasivos corrientes | | | |
| Otros pasivos financieros, corrientes | 22.a | 57.416 | 53.044 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 23 | 194.632 | 207.945 |
| Cuentas por pagar a entidades relacionadas, corrientes | 12.b | 13.559 | 32.339 |
| Otras provisiones | 24.a | 29.748 | 7.393 |
| Pasivos por impuestos corrientes | 19.b | 19.785 | 32.605 |
| Provisiones corrientes por beneficios a los empleados | 24.a | 17.325 | 14.996 |
| Otros pasivos no financieros, corrientes | 25 | 22.336 | 11.733 |
| Pasivos corrientes totales | | 354.801 | 360.055 |
| Pasivos no corrientes | | | |
| Otros pasivos financieros, no corrientes | 22.a | 1.602.036 | 1.656.988 |
| Cuentas comerciales por pagar y otras cuentas por pagar, no corrientes | 23 | 12.924 | 18.960 |
| Otras provisiones no corrientes | 24.a | 33.389 | - |
| Pasivo por impuestos diferidos | 21.b | 918.046 | 957.848 |
| Provisiones por beneficios a los empleados, no corrientes | 24.a | 38.429 | 27.508 |
| Otros pasivos no financieros, no corrientes | 25 | 12.210 | 11.407 |
| Pasivos no corrientes totales | | 2.617.034 | 2.672.711 |
| Pasivos totales | | 2.971.835 | 3.032.766 |
| Patrimonio | | | |
| Capital emitido | 26.a | 1.282.793 | 1.282.793 |
| Ganancias (pérdidas) acumuladas | 26.f | 1.601.772 | 1.424.924 |
| Prima de emisión | 26.c | 52.595 | 52.595 |
| Otras reservas | 26.e | 787.372 | 816.073 |
| Patrimonio atribuible a los propietarios de la controladora | | 3.724.532 | 3.576.385 |
| Participaciones no controladoras | - | 226.175 | 213.447 |
| Patrimonio Total | | 3.950.707 | 3.789.832 |
| PATRIMONIO Y PASIVOS | | 6.922.542 | 6.822.598 |

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Colbún S.A. y Subsidiarias
Estados de Resultados Integrales Consolidados, por Naturaleza
por los ejercicios terminados al 31 de diciembre de 2017 y 2016
(En miles de dólares)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|----------------|
| | | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 7 y 27 | 1.548.412 | 1.436.240 |
| Materias primas y consumibles utilizados | 28 | (755.680) | (724.587) |
| Gastos por beneficio a los empleados | 29 | (76.785) | (67.813) |
| Gastos por depreciación y amortización | 30 | (223.488) | (227.918) |
| Otros gastos, por naturaleza | - | (23.817) | (42.090) |
| Otras ganancias (pérdidas) | 34 | (84.805) | (17.577) |
| Ganancia por actividades de operación | - | 383.837 | 356.255 |
| Ingresos financieros | 31 | 12.726 | 10.054 |
| Costos financieros | 31 | (84.954) | (103.440) |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación | 16 y 33 | 2.904 | 5.414 |
| Diferencias de cambio | 32 | 8.169 | 3.426 |
| Resultados por unidades de reajuste | 32 | - | (55) |
| Ganancia antes de impuesto | | 322.682 | 271.654 |
| Gasto por impuesto a las ganancias | 21.a | (34.080) | (66.914) |
| Ganancia procedente de operaciones continuadas | | 288.602 | 204.740 |
| GANANCIA | | 288.602 | 204.740 |
| Ganancia atribuible a | | | |
| Ganancia atribuible a los propietarios de la controladora | 26.h | 270.985 | 201.429 |
| Ganancia atribuible a participaciones no controladoras | - | 17.617 | 3.311 |
| GANANCIA | | 288.602 | 204.740 |
| Ganancias por acción | | | |
| Ganancias por acción básica en operaciones continuadas US\$/acción | 26.h | 0,01545 | 0,01149 |
| Ganancias por acción básica | | 0,01545 | 0,01149 |
| Ganancias diluida por acción procedente de operaciones continuadas US\$/ acción | 26.h | 0,01545 | 0,01149 |
| Ganancias por acción diluida | | 0,01545 | 0,01149 |

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Colbún S.A. y Subsidiarias
Estados de Otros Resultados Integrales Consolidados
por los ejercicios terminados al 31 de diciembre de 2017 y 2016
(En miles de dólares)

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Nota | Enero - Diciembre | |
|--|------|-------------------|---------|
| | | 2017 | 2016 |
| | N° | MUS\$ | MUS\$ |
| Ganancia | | 288.602 | 204.740 |

Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, antes de impuestos

| | | | |
|---|---|----------------|----------------|
| Ganancias (pérdidas) por nuevas mediciones de planes de beneficios definidos | - | (2.551) | (2.699) |
| Total Otro resultado integral que no se reclasificará al resultado del periodo, antes de impuestos | - | (2.551) | (2.699) |

Componentes de otro resultado integral que se reclasificarán al resultado del periodo, antes de impuestos

| | | | |
|--|------|----------------|---------------|
| Ganancias (pérdidas) por diferencias de cambio de conversión | 16.a | 1.911 | 1.386 |
| Ganancias (pérdidas) por coberturas de flujos de efectivo | - | (4.675) | 19.782 |
| Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación | - | 120 | 1.230 |
| Total Otro resultado integral que se reclasificará al resultado del periodo, antes de impuestos | | (2.644) | 22.398 |
| Otros componentes de otro resultado integral, antes de impuestos | | (5.195) | 19.699 |

Impuestos a las ganancias relativos a componentes de otro resultado integral que no se reclasificará al resultado del periodo

| | | | |
|--|------|-----|-----|
| Impuesto a las ganancias relacionado con nuevas mediciones de planes de beneficios definidos | 21.c | 689 | 729 |
|--|------|-----|-----|

Impuestos a las ganancias relativos a componentes de otro resultado integral que se reclasificará al resultado del periodo

| | | | |
|---|------|----------------|----------------|
| Impuesto a las ganancias relacionado con Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación | 21.c | (31) | (332) |
| Impuesto a las ganancias relacionado con coberturas de flujo de efectivo | 21.c | 1.393 | (5.201) |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | | 2.051 | (4.804) |
| Otro resultado integral total | | (3.144) | 14.895 |
| Resultado integral total | | 285.458 | 219.635 |
| Resultado integral atribuible a | | | |
| Resultado integral atribuible a los propietarios de la controladora | | 269.621 | 214.545 |
| Resultado integral atribuible a participaciones no controladoras | | 15.837 | 5.090 |
| RESULTADO INTEGRAL TOTAL | | 285.458 | 219.635 |

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Colbún S.A. y Subsidiarias

Estados de Flujos de Efectivo Consolidados – Método Directo por los ejercicios terminados al 31 de diciembre de 2017 y 2016 (En miles de dólares)

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre, 2017 MUS\$ | 31 de Diciembre, 2016 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | | |
| Clases de cobros por actividades de la operación | | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | - | 1.815.398 | 1.631.555 |
| Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas | - | 3.316 | 447 |
| Otros cobros por actividades de la operación | - | 19.579 | 3.915 |
| Clases de pago | | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (944.013) | (905.043) |
| Pagos a y por cuenta de los empleados | - | (69.790) | (61.978) |
| Pagos por primas y prestaciones, anualidades y otras obligaciones derivadas de pólizas suscritas | - | (18.265) | (15.970) |
| Otros pagos por actividades de operación | - | (123.548) | (88.790) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | - | 682.677 | 564.136 |
| Dividendos recibidos | - | 10.551 | 8.682 |
| Intereses recibidos | - | 12.145 | 9.662 |
| Impuestos a las ganancias reembolsados (pagados) | - | (97.169) | (52.722) |
| Otras entradas (salidas) de efectivo | - | (7.265) | (11.908) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | | 600.939 | 517.850 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | | |
| Otros pagos para adquirir participaciones en negocios conjuntos | - | (2.926) | (3.324) |
| Para obtener el control de subsidiarias u otros negocios | - | - | (5.428) |
| Compras de propiedades, plantas y equipos | - | (122.205) | (152.145) |
| Compras de activos intangibles, clasificados como actividades de inversión | - | - | (35.529) |
| Otras entradas (salidas) de efectivo | - | (471.686) | 110.368 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | | (596.817) | (86.058) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | | |
| Importes procedentes de préstamos | - | 840.000 | 365.700 |
| Importes procedentes de préstamos de largo plazo | - | 840.000 | 365.700 |
| Pagos de préstamos | - | (872.139) | (894.007) |
| Dividendos pagados | - | (161.005) | (98.923) |
| Intereses pagados | - | (88.735) | (92.404) |
| Otras entradas (salidas) de efectivo | - | (56.529) | (21.381) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | | (338.408) | (741.015) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | | (334.286) | (309.223) |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | | 9.762 | 7.436 |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | | (324.524) | (301.787) |
| Efectivo y equivalentes al efectivo al principio del ejercicio | | 593.720 | 895.507 |
| Efectivo y equivalentes al efectivo al final del ejercicio | 8 | 269.196 | 593.720 |

Las notas adjuntas forman parte integrante de estos estados financieros consolidados

Colbún S.A. y Subsidiarias
Estados de Cambios en el Patrimonio
por los ejercicios terminados al 31 de diciembre de 2017 y 2016
(En miles de dólares)

| Estados de Cambios en el Patrimonio | Nota | Patrimonio Atribuible a los Propietarios de la Controladora | | | | | | | | | | Participaciones no controladoras | Patrimonio |
|--|-----------|---|-------------------|--|--|---|-----------------------|----------------|------------------|---------------------------------|---|----------------------------------|------------|
| | | Capital emitido | Primas de emisión | Cambios en otras reservas | | | | | | Ganancias (pérdidas) acumuladas | Patrimonio atribuible a los propietarios de la controladora | | |
| | | | | Reserva de diferencias de cambio en conversiones | Reserva de coberturas de flujo de efectivo | Reserva de ganancias o pérdidas actuariales en planes de beneficios definidos | Otras reservas varias | Otras reservas | | | | | |
| MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | | |
| Saldo inicial al 01.01.2017 | | 1.282.793 | 52.595 | (265.406) | 6.846 | - | 1.074.633 | 816.073 | 1.424.924 | 3.576.385 | 213.447 | 3.789.832 | |
| Cambios en Patrimonio | | | | | | | | | | | | | |
| Resultado integral | | | | | | | | | | | | | |
| Ganancia (pérdida) | | | | | | | | | 270.985 | 270.985 | 17.617 | 288.602 | |
| Otro resultado integral | | | | 1.911 | (1.415) | (1.860) | - | (1.364) | - | (1.364) | (1.780) | (3.144) | |
| Dividendos | | | | | | | | | (121.473) | (121.473) | (3.110) | (124.583) | |
| Incremento (disminución) por otros cambios | | - | - | - | - | 1.860 | (29.197) | (27.337) | 27.336 | (1) | 1 | - | |
| Total de cambios en patrimonio | | - | - | 1.911 | (1.415) | - | (29.197) | (28.701) | 176.848 | 148.147 | 12.728 | 160.875 | |
| Saldo final al 31.12.2017 | 26 | 1.282.793 | 52.595 | (263.495) | 5.431 | - | 1.045.436 | 787.372 | 1.601.772 | 3.724.532 | 226.175 | 3.950.707 | |

| Estado de Cambios en el Patrimonio | Nota | Patrimonio Atribuible a los Propietarios de la Controladora | | | | | | | | | | Participaciones no controladoras | Patrimonio |
|--|-----------|---|-------------------|--|--|---|-----------------------|----------------|------------------|---------------------------------|---|----------------------------------|------------|
| | | Capital emitido | Primas de emisión | Cambios en otras reservas | | | | | | Ganancias (pérdidas) acumuladas | Patrimonio atribuible a los propietarios de la controladora | | |
| | | | | Reserva de diferencias de cambio en conversiones | Reserva de coberturas de flujo de efectivo | Reserva de ganancias o pérdidas actuariales en planes de beneficios definidos | Otras reservas varias | Otras reservas | | | | | |
| MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | |
| Saldo inicial al 01.01.2016 | | 1.282.793 | 52.595 | (266.792) | (6.854) | - | 989.234 | 715.588 | 1.411.684 | 3.462.660 | 202.758 | 3.665.418 | |
| Cambios en Patrimonio | | | | | | | | | | | | | |
| Resultado integral | | | | | | | | | | | | | |
| Ganancia (pérdida) | | | | | | | | | 201.429 | 201.429 | 3.311 | 204.740 | |
| Otro resultado integral | | | | 1.386 | 13.700 | (1.970) | - | 13.116 | | 13.116 | 1.779 | 14.895 | |
| Dividendos | | | | | | | | | (100.898) | (100.898) | | (100.898) | |
| Incremento (disminución) por otros cambios | | - | - | - | - | 1.970 | 85.399 | 87.369 | (87.291) | 78 | 5.599 | 5.677 | |
| Total de cambios en patrimonio | | - | - | 1.386 | 13.700 | - | 85.399 | 100.485 | 13.240 | 113.725 | 10.689 | 124.414 | |
| Saldo final al 31.12.2016 | 26 | 1.282.793 | 52.595 | (265.406) | 6.846 | - | 1.074.633 | 816.073 | 1.424.924 | 3.576.385 | 213.447 | 3.789.832 | |

Las notas adjuntas forman parte integrante de estos estados financieros consolidados

COLBÚN S.A. Y SUBSIDIARIAS
NOTAS A LOS ESTADOS FINANCIEROS CONSOLIDADOS

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COLBÚN S.A. Y SUBSIDIARIAS
NOTAS A LOS ESTADOS FINANCIEROS CONSOLIDADOS
 (En miles de dólares)

1. Información general

Colbún S.A. fue constituida por escritura pública de fecha 30 de abril de 1986, ante el Notario Público de Santiago Señor Mario Baros G., e inscrita en el Registro de Comercio del Conservador de Bienes Raíces de Talca, a fojas 86, el 30 de mayo de 1986. El Rol Único Tributario de la Sociedad es el N°96.505.760-9.

La Compañía se encuentra inscrita como Sociedad Anónima Abierta en el Registro de Valores con el número 0295, desde el 1° de septiembre de 1986, y por ello está sujeta a la fiscalización de la Comisión para el Mercado Financiero (Ex - Superintendencia de Valores y Seguros). Las acciones de Colbún S.A. se transan en la Bolsa de Comercio de Santiago, en la Bolsa Electrónica de Chile y en la Bolsa de Valores de Valparaíso.

Colbún es una Compañía generadora de energía eléctrica, que al 31 de diciembre de 2017 es matriz del grupo (en adelante, la Compañía, la Sociedad o Colbún), formado por trece sociedades: Colbún S.A. y doce Subsidiarias.

El domicilio comercial de Colbún se encuentra en Avenida Apoquindo 4775 piso 11, comuna de Las Condes, Santiago.

El objeto social de Colbún consiste en la generación, transporte y distribución de energía eléctrica, según se explica con mayor detalle en Nota 2.

La Compañía es controlada por el Grupo Matte que tiene inversiones en el sector eléctrico, financiero, forestal, inmobiliario, de telecomunicaciones y portuario, cuyo control es ejercido, indirectamente, por las personas, en la forma y proporciones, que se señalan a continuación, todas integrantes de las familias Larraín Matte, Matte Capdevila y Matte Izquierdo:

- Patricia Matte Larraín, RUT 4.333.299-6 (6,49%) y sus hijos María Patricia Larraín Matte, RUT 9.000.338-0 (2,56%); María Magdalena Larraín Matte, RUT 6.376.977-0 (2,56%); Jorge Bernardo Larraín Matte, RUT 7.025.583-9 (2,56%), y Jorge Gabriel Larraín Matte, RUT 10.031.620-K (2,56%).
- Eliodoro Matte Larraín, RUT 4.336.502-2 (7,21%) y sus hijos Eliodoro Matte Capdevila, RUT 13.921.597-4 (3,27%); Jorge Matte Capdevila, RUT 14.169.037-K (3,27%), y María del Pilar Matte Capdevila, RUT 15.959.356-8 (3,27%).
- Bernardo Matte Larraín, RUT 6.598.728-7 (7,79%) y sus hijos Bernardo Matte Izquierdo, RUT 15.637.711-2 (3,44%); Sofía Matte Izquierdo, RUT 16.095.796-4 (3,44%), y Francisco Matte Izquierdo, RUT 16.612.252-K (3,44%).

Los accionistas identificados precedentemente pertenecen por parentesco a un mismo grupo empresarial y tienen un acuerdo de actuación conjunta formalizado, por el grupo de personas jurídicas que se indican a continuación, los cuales son propietarios del 49,96% del capital social de la Compañía:

| Grupo Controlador | Nº Acciones | Participación % |
|---|----------------------|-----------------|
| Minera Valparaíso S.A. | 6.166.879.733 | 35,17 |
| Forestal Cominco S.A. | 2.454.688.263 | 14,00 |
| Forestal Constructora y Comercial del Pacífico Sur S.A. | 34.126.083 | 0,19 |
| Forestal y Minera Canadilla S.A. | 31.232.961 | 0,18 |
| Forestal Cañada S.A. | 22.308.320 | 0,13 |
| Forestal Bureo S.A. | 17.846.000 | 0,10 |
| Inversiones Orinoco S.A. | 17.846.000 | 0,10 |
| Inversiones Coillanca Ltda. | 16.473.762 | 0,09 |
| Inmobiliaria Bureo S.A. | 38.224 | 0,00 |
| Total Participación | 8.761.439.346 | 49,96 |

2. Descripción del negocio

Objeto de la Compañía

El objeto social de la Compañía es producir, transportar, distribuir y suministrar energía y potencia eléctrica, pudiendo para tales efectos adquirir y explotar concesiones y servirse de las mercedes o derechos que obtenga. Asimismo, está facultada para transportar, distribuir, suministrar y comercializar gas natural para su venta a procesos industriales o de generación. Adicionalmente, puede prestar asesorías en el campo de la ingeniería, tanto en el país como en el extranjero.

Descripción del Negocio en Chile

Principales activos

El parque de generación está formado por centrales hidráulicas (de embalse y de pasada) y por centrales térmicas a carbón, diésel y gas (ciclos combinados y convencionales), que en suma aportan una capacidad instalada de 3.282 MW al Sistema Eléctrico Nacional (SEN).

Las centrales hidroeléctricas suman una capacidad de 1.597 MW y se distribuyen en 16 plantas: Colbún, Machicura, San Ignacio, Chiburgo y San Clemente, ubicadas en la Región del Maule; Rucúe, Quilleco y Angostura, en la Región del Biobío; Carena, en la Región Metropolitana; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito y Hornitos, en la Región de Valparaíso; y Canutillar, en la Región de Los Lagos. Las centrales Colbún, Machicura, Canutillar y Angostura cuentan con sus respectivos embalses, mientras que las instalaciones hidráulicas restantes corresponden a centrales de pasada.

Las centrales térmicas suman una capacidad de 1.685 MW y se distribuyen en el complejo Nehuenco, ubicado en la Región de Valparaíso; la central Candelaria, en la Región de O'Higgins; la central Antihue, en la Región de los Ríos; y la central Los Pinos y central Santa María, ubicadas en la Región del Biobío.

Política comercial

La política comercial de la Compañía es lograr un adecuado equilibrio entre el nivel de compromisos de venta de electricidad y la capacidad propia en medios de generación eficientes, con el objetivo de obtener un aumento y estabilización de los márgenes de operación, con un nivel aceptable de riesgos ante sequías. Para ello se requiere también mantener un adecuado mix de generación térmica e hidráulica.

Como consecuencia de esta política, la Compañía procura que las ventas o compras en el mercado spot no alcancen volúmenes demasiado relevantes, debido a que los precios en este mercado experimentan importantes variaciones, siendo la variable de mayor incidencia la condición hidrológica.

Principales clientes

La cartera de clientes está compuesta por clientes regulados y libres:

Los clientes regulados con contratos a Precio de Nudo de Largo Plazo Licitados son: Enel Distribución Chile S.A., CGE Distribución S.A.; Saesa S.A., Frontel S.A., Compañía Eléctrica de Osorno S.A., Cooperativa Eléctrica de Curicó Ltda., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa de Consumo de Energía Eléctrica Chillán Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa Regional Eléctrica Llanquihue Ltda., Cooperativa Eléctrica Paillaco Ltda., Cooperativa Eléctrica Charrúa Ltda., Compañía Nacional de Fuerza Eléctrica S.A., Empresa Eléctrica de Puente Alto Ltda., Cooperativa Rural Eléctrica Río Bueno Ltda., Chilquinta Energía S.A., Energía de Casablanca S.A., Luz Linares S.A., Compañía Eléctrica del Litoral S.A., Empresa Eléctrica de Antofagasta S.A. y Empresa Eléctrica Atacama S.A..

Los clientes libres, entre otros son: Anglo American Sur S.A. para sus faenas de Los Bronces/Las Tórtolas, Sociedad contractual Minera Franke, Essbio S.A., Nuevosur S.A., Aguas del Valle S.A., Crossville Fabric Chile S.A., Agrocomercial Quillota S.A., Laminadora Los Ángeles S.A., Talbot Hotels S.A., CIC Muebles y Componentes

S.A., Compañías CIC S.A., Cooperativa Agrícola y Pisquera Elqui Limitada, Viña Francisco de Aguirre S.A., Empack Flexible S.A., Invertec Foods S.A., Invertec Natural Juice S.A., Lanera Chilena S.A., Materiales de Embalaje S.A., Molino La Estampa S.A., Precisa Frozen Storage & Services Limitada, Soluciones de Etiquetado Innoprint S.A., Universidad Técnica Federico Santa María y Codelco para sus divisiones Salvador, Andina, Ventanas y El Teniente.

Adicionalmente, a partir del 1° de septiembre de 2011 y como consecuencia de la situación de insolvencia financiera de la empresa Campanario Generación S.A., la Superintendencia de Electricidad y Combustibles (SEC) emitió la Resolución Exenta N° 2.288 de fecha 26 de agosto de 2011, modificada por la Resolución Exenta N° 239 de fecha 09 de febrero de 2012, instruyendo a todas las empresas generadoras del Sistema Interconectado Central (SIC) abastecer los consumos de los clientes regulados cuyos suministros fueron adjudicados a Campanario Generación S.A., en los precios y condiciones obtenidas en las licitaciones respectivas.

El mercado eléctrico

El sector eléctrico chileno tiene un marco regulatorio de casi 3 décadas de funcionamiento. Éste ha permitido desarrollar una industria muy dinámica con alta participación de capital privado. El sector ha sido capaz de satisfacer la creciente demanda de energía, la cual ha crecido en promedio en los últimos 10 años a una tasa promedio anual aproximada de un 3,0% levemente menor al crecimiento del PIB durante el mismo período.

Chile cuenta con 3 sistemas interconectados y Colbún opera en el de mayor tamaño, el Sistema Eléctrico Nacional (SEN), que se extiende desde Arica por el norte hasta la Isla Grande de Chiloé por el sur. El consumo de esta zona representa el 99% de la demanda eléctrica de Chile. Colbún es el segundo generador eléctrico en base de la potencia instalada del SEN con una participación de mercado del orden del 14%.

El sistema de tarificación distingue distintos mecanismos para el corto y largo plazo. Para efectos de la tarificación de corto plazo, el sector se basa en un esquema de costo marginal, que incluye a su vez los criterios de seguridad y eficiencia en la asignación de los recursos. Los costos marginales de la energía resultan de la operación real del sistema eléctrico de acuerdo a la programación por mérito económico que efectúa el CEN (Coordinador Eléctrico Nacional) y que corresponde al costo variable de producción de la unidad más cara que se encuentra operando en cada instante. La remuneración de la potencia se calcula sobre la base de la potencia de suficiencia de las centrales, es decir, el nivel de potencia confiable que la central puede aportar al sistema para abastecer la demanda de punta, considerando la incertidumbre asociada a la disponibilidad de sus insumos, la indisponibilidad forzada y programada de sus unidades, y la indisponibilidad de las instalaciones que conectan la unidad al Sistema de Transmisión o Distribución. El precio de la potencia se determina como una señal económica, representativa de la inversión en aquellas unidades más eficientes para absorber la demanda de potencia, en las horas de mayor exigencia de suministro del sistema.

Para efectos de tarificación de largo plazo, los generadores pueden tener dos tipos de clientes: regulados y libres.

Con la entrada en vigencia de la Ley N° 20.018 (Ley Corta II), desde el 1° de enero de 2010, en el mercado de clientes regulados, constituido por empresas distribuidoras, los generadores venden energía a un precio resultante de licitaciones públicas y competitivas.

Los clientes libres son aquellos que tienen una potencia conectada superior a 5.000 KW, y negocian libremente sus precios con sus proveedores.

Cabe destacar que la regulación permite que los usuarios con una potencia conectada entre 500 KW y 5.000 KW, puedan optar por un régimen de precios libres o regulados, con un período de permanencia mínimo de cuatro años en cada régimen.

El mercado spot es aquel donde los generadores transan entre ellos a costo marginal los excedentes o déficit de energía (a un nivel horario) y potencia que resulten de su posición comercial, neta de su capacidad de producción, dado que las órdenes de despacho son por mérito económico y exógeno a cada generador.

Para inyectar su electricidad al sistema y suministrar energía y potencia eléctrica a sus clientes, Colbún utiliza instalaciones de transmisión de su propiedad y de terceros, conforme a los derechos que le otorga la legislación eléctrica.

En este contexto, cabe mencionar que con fecha 20 de julio de 2016, se publicó en el Diario Oficial la Nueva Ley que establece un nuevo Sistema de Transmisión Eléctrica y crea un organismo Coordinador Independiente del Sistema Eléctrico Nacional. Los cambios principales incluidos en esta Ley es que la remuneración de la transmisión será de cargo íntegro a la Demanda Eléctrica. Asimismo, se establece un nuevo Coordinador con personalidad jurídica propia para operar el Sistema Eléctrico Nacional, que comenzó a ejercer sus funciones a partir del 1 de enero de 2017.

Descripción del Negocio en Perú

Principales activos

Central termoeléctrica de ciclo combinado a gas natural de 565 MW ubicada en Las Salinas, distrito de Chilca, 64 kilómetros al sur de Lima, propiedad de la filial Fenix Power Perú. Su ubicación es estratégica, ya que se encuentra cerca del gaseoducto de Camisea y la subestación eléctrica Chilca, lo que permite la generación de energía a costos eficientes.

Esta central entró en operación comercial en diciembre de 2014, y está compuesta de dos turbinas duales (gas o diésel) General Electric que generan el 60% de la potencia de la planta, y una turbina a vapor General Electric que genera el restante 40%. Dadas sus características, esta central es un activo estratégico del mercado eléctrico peruano, ya que dentro de las centrales térmicas en el país es la más eficiente y la tercera de mayor tamaño.

Principales clientes

Clientes regulados con contratos a Largo Plazo: Grupo Distriluz, conformado por Electro Norte S.A., Electro Noreste S.A. y Electrocentro S.A. e Hidrandina, COELVISAC, Enel Distribución S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. y Luz del Sur S.A.A.

Clientes con contratos de Corto Plazo: Celepsa S.A., Grupo Distriluz y GCZ Energía y Enel Distribución S.A.A.

Clientes Libres: Pamolsa e Inversiones Centenario.

El mercado eléctrico

Perú reestructuró el mercado energético el año 1992 (Ley de Electricidad 25.844: Ley de Concesiones Eléctricas) y en los últimos 4 años se han realizado importantes reformas al marco regulatorio del sector.

El mercado eléctrico peruano tiene a nivel nacional a diciembre de 2017, una capacidad instalada de aproximadamente 14,6 GW, de los cuales 12,5 GW corresponden a la capacidad instalada del Sistema Eléctrico Interconectado Nacional (SEIN), de esta última cifra cerca del 58% es capacidad térmica, 39% hidráulica y el restante 3% en base a energías renovables. Por lo anterior, el gas natural juega un rol fundamental en la generación térmica del país dadas las importantes reservas y pozos de exploración con que cuenta, siendo Camisea el principal yacimiento con aproximadamente 15,6 trillones de pies cúbicos.

El sistema de tarificación distingue dos categorías de clientes: usuarios regulados que consumen menos de 200 kW y clientes no regulados (grandes usuarios privados con consumos superiores a 2.500 kW). Los clientes con demanda entre 200 kW y 2.500 kW tienen la opción de ser clientes regulados o no regulados.

El Sistema Eléctrico Interconectado Nacional (SEIN) está administrado por un Comité de Operación Económica del Sistema (COES), este está constituido como una entidad privada sin fines de lucro y con personería de Derecho Público. El COES está conformado por todos los agentes del SEIN (Generadores, Transmisores, Distribuidores y Usuarios Libres) y sus decisiones son de cumplimiento obligatorio para todos los agentes. Su finalidad es coordinar la operación de corto, mediano y largo plazo del SEIN, preservando la seguridad del sistema, el mejor

aprovechamiento de los recursos energéticos, así como planificar el desarrollo de la transmisión del SEIN y administrar el Mercado de Corto Plazo, éste último basado en costos marginales.

En términos de consumo, la demanda anual de energía para el año 2017 se sitúa en torno a los 49,0 TWh siendo el sector minero y residencial quienes concentran dicha demanda. En el año 2016 la demanda del sistema fue 49,8 TWh.

3. Resumen principales políticas contables

3.1 Principios contables

Los presentes estados financieros consolidados de Colbún S.A. y subsidiarias al 31 de diciembre de 2017 han sido preparados de acuerdo con Normas Internacionales de Información Financiera (“NIIF” o “IFRS”, por sus siglas en inglés), emitidas por el International Accounting Standards Board (IASB).

Los presentes estados financieros consolidados han sido preparados siguiendo el principio de empresa en marcha y han sido aprobados por su Directorio en sesión celebrada con fecha 1 de febrero de 2018.

A continuación, se describen las principales políticas contables adoptadas en la preparación de estos estados financieros consolidados.

a. Bases de preparación y período - Los presentes estados financieros consolidados de Colbún S.A. y subsidiarias comprenden:

- Estados de Situación Financiera al 31 de diciembre de 2017 y 2016.
- Estados de Resultados Integrales por los ejercicios terminados al 31 de diciembre de 2017 y 2016.
- Estados de Cambios en el Patrimonio por los ejercicios terminados al 31 de diciembre 2017 y 2016.
- Estados de Flujos de Efectivo por los ejercicios terminados al 31 de diciembre de 2017 y 2016.
- Notas explicativas.

La información contenida en los presentes estados financieros consolidados es responsabilidad de la Compañía.

Los estados financieros consolidados han sido preparados bajo el criterio del costo histórico, con excepción, de aquellos activos y pasivos que se registran a valor razonable (nota 3 h. y 3 i).

a.1 Moneda funcional - La moneda funcional de la Sociedad es el dólar estadounidense, por ser esta la moneda que influye principalmente en los precios de venta de bienes y servicios en los mercados en los que opera la Compañía. Toda la información en los presentes estados financieros consolidados ha sido redondeada en miles de dólares (MUS\$) a la unidad más cercana, excepto cuando se indica de otra manera.

b. Bases de consolidación - Los estados financieros consolidados incorporan los estados financieros de la Sociedad Matriz y las sociedades controladas por la Compañía.

Se establece el control como la base para determinar qué entidades se consolidan en los estados financieros consolidados.

Las sociedades subsidiarias son aquellas en las que Colbún S.A. está expuesto, o tiene derechos, a rendimientos variables procedentes de su participación en estas sociedades y tiene la capacidad de influir en sus rendimientos a través de su poder sobre éstas. En el caso de la Compañía, en general, el poder sobre sus subsidiarias se deriva de la posesión de la mayoría de los derechos de voto otorgados por instrumentos de capital de las subsidiarias.

El detalle de las subsidiarias se describe en el siguiente cuadro:

| Sociedad consolidada | País | Moneda funcional | RUT | Porcentaje de participación al | | | |
|---|-------|------------------|--------------|--------------------------------|-----------|---------|------------|
| | | | | 31.12.2017 | | | 31.12.2016 |
| | | | | Directo | Indirecto | Total | Total |
| Empresa Eléctrica Industrial S.A. | Chile | Dólar | 96.854.000-9 | 99,9999 | - | 99,9999 | 99,9999 |
| Sociedad Hidroeléctrica Melocotón Ltda. | Chile | Dólar | 86.856.100-9 | 99,9000 | 0,1000 | 100 | 100 |
| Río Tranquilo S.A. | Chile | Dólar | 76.293.900-2 | 99,9999 | 0,0001 | 100 | 100 |
| Termoeléctrica Nehuenco S.A. | Chile | Dólar | 76.528.870-3 | 99,9999 | 0,0001 | 100 | 100 |
| Termoeléctrica Antihue S.A. | Chile | Dólar | 76.009.904-K | 99,9998 | - | 99,9998 | 99,9998 |
| Colbún Transmisión S.A. | Chile | Dólar | 76.218.856-2 | 99,9999 | 0,0001 | 100 | 100 |
| Colbún Desarrollo SpA | Chile | Dólar | 76.442.095-0 | 100 | - | 100 | 100 |
| Inversiones SUD SpA | Chile | Dólar | 76.455.649-6 | 100 | - | 100 | 100 |
| Inversiones Andinas SpA | Chile | Dólar | 76.455.646-1 | 100 | - | 100 | 100 |
| Colbún Perú S.A. | Perú | Dólar | 0-E | 99,9996 | 0,0004 | 100 | 100 |
| Inversiones de Las Canteras S.A. | Perú | Dólar | 0-E | - | 51 | 51 | 51 |
| Fenix Power Perú S.A. | Perú | Dólar | 0-E | - | 51 | 51 | 51 |

Variaciones en el perímetro de consolidación

Durante el período 2017 no se han producido variaciones en el perímetro de consolidación.

Todas las transacciones y los saldos significativos intercompañías han sido eliminados al consolidar, como también se ha dado reconocimiento a la participación no controladora que corresponde al porcentaje de participación de terceros en las subsidiarias, el cual está incorporado en forma separada en el patrimonio de Colbún consolidado.

b.1 Combinaciones de negocios y Plusvalía – Las combinaciones de negocios se registran aplicando el método de adquisición. El costo de adquisición es la suma de la contraprestación transferida, valorada a valor razonable en la fecha de adquisición, y el importe de las participaciones no controladoras de la adquirida, si hubiera. Para cada combinación de negocios, la Compañía determina si valora la participación no controladora de la adquirida al valor razonable o por la parte proporcional de los activos netos identificables de la adquirida. Los costos de adquisición relacionados se contabilizan cuando se incurren, en otros gastos por naturaleza.

Cuando la Compañía adquiere un negocio, evalúa los activos financieros y los pasivos financieros asumidos para su adecuada clasificación en base a los acuerdos contractuales, condiciones económicas y otras condiciones pertinentes que existan en la fecha de adquisición. Esto incluye la separación de los derivados implícitos de los contratos principales de la adquirida.

Si la combinación de negocios se realiza por etapas, en la fecha de adquisición se valoran al valor razonable las participaciones previamente mantenidas en el patrimonio de la adquirida y se reconocen las ganancias o pérdidas resultantes en el estado de resultados.

Cualquier contraprestación contingente que deba ser transferida por el adquirente se reconoce por su valor razonable en la fecha de adquisición. Las contraprestaciones contingentes que se clasifican como activos o pasivos financieros de acuerdo con NIC 39 Instrumentos Financieros: Reconocimiento y Valoración se valoran a valor razonable, registrando los cambios en el valor razonable como ganancia o pérdida o como cambio en otro resultado integral. En los casos, en que las contraprestaciones contingentes no se encuentren dentro del alcance de NIC 39, se valoran de acuerdo con la NIIF correspondiente. Si la contraprestación contingente clasifica como patrimonio no se revaloriza y cualquier liquidación posterior se registra dentro del patrimonio neto.

La plusvalía es el exceso de la suma de la contraprestación transferida registrada sobre el valor neto de los activos adquiridos y los pasivos asumidos. Si el valor razonable de los activos netos adquiridos excede al valor de la contraprestación transferida, la Compañía realiza una nueva evaluación para asegurarse de que se han identificado correctamente todos los activos adquiridos y todas las obligaciones asumidas y revisa los procedimientos aplicados para realizar la valoración de los importes reconocidos en la fecha de adquisición. Si esta nueva evaluación resulta en un exceso del valor razonable de los activos netos adquiridos sobre el importe agregado de la consideración transferida, la diferencia se reconoce como ganancia en el estado de resultados.

Después del reconocimiento inicial, la plusvalía se registra al costo menos cualquier pérdida por deterioro acumulada. A efectos de la prueba de deterioro, la plusvalía adquirida en una combinación de negocios es asignada, desde la fecha de adquisición, a cada unidad generadora de efectivo de la Compañía que se espera que se beneficie de la combinación, independientemente de si existen otros activos o pasivos de la adquirida asignados a esas unidades. Una vez que la combinación de negocios se complete (finaliza el proceso de medición) la plusvalía no se amortiza y la Compañía debe revisar periódicamente su valor en libros para registrar cualquier pérdida por deterioro.

Cuando la plusvalía forma parte de una unidad generadora de efectivo y una parte de las operaciones de dicha unidad se dan de baja, la plusvalía asociada a dichas operaciones enajenadas se incluye en el valor en libros de la operación al determinar la ganancia o pérdida obtenida en la enajenación de la operación. La plusvalía dada de baja en estas circunstancias se valora sobre la base de los valores relativos de la operación enajenada y la parte de la unidad generadora de efectivo que se retiene.

b.2 Participaciones no controladoras - El valor de la participación de los accionistas no controladores en el patrimonio y en los resultados integrales de las sociedades subsidiarias se presenta, respectivamente en los rubros “Patrimonio Total: Participaciones no controladoras” del estado de situación financiera consolidado y “Ganancia atribuible a participaciones no controladoras” y “Resultado integral atribuible a participaciones no controladoras” en el estado de resultados integrales.

b.3 Participaciones en entidades estructuradas no consolidadas - Con fecha 17 de mayo de 2010, según consta en el D.E. N° 3.024, el Ministerio de Justicia concede personalidad jurídica y aprueba los estatutos de la Fundación Colbún (en adelante “Fundación”). Dentro de los objetivos centrales de la Fundación están:

La promoción, fomento y apoyo de todas las clases de obras y actividades que tiendan al perfeccionamiento y mejoramiento de las condiciones de vida de los sectores de mayor necesidad de la población.

La investigación, el desarrollo y la difusión de la cultura y el arte. La Fundación podrá participar en la formación, organización, administración y soporte de todas aquellas entidades, instituciones, asociaciones, agrupaciones y organizaciones, sean públicas o privadas que tengan los mismos fines.

La Fundación apoyará a todas las entidades que tengan como objeto la difusión, investigación, el fomento y el desarrollo de la cultura y las artes.

La Fundación podrá financiar la adquisición de inmuebles, equipos, mobiliarios, laboratorios, salas de clases, museos y bibliotecas, financiar la readecuación de infraestructuras para apoyar el perfeccionamiento académico.

Además, podrá financiar el desarrollo de investigaciones, desarrollar e implementar programas de instrucción, impartir capacitación o adiestramiento para el desarrollo y financiar la edición y distribución de libros, folletos y cualquier tipo de publicaciones.

Esta persona jurídica no es considerada en el proceso de consolidación, dado que, por su naturaleza, sin fines de lucro, la Compañía no obtiene ni espera obtener beneficios económicos de la misma.

c. Inversiones contabilizadas por el método de participación - Corresponden a las participaciones en sociedades sobre las que Colbún posee control conjunto con otra sociedad o en las que ejerce una influencia significativa.

El método de participación consiste en registrar inicialmente al costo la participación y posteriormente se ajusta por los cambios de los activos netos de la participada.

Si el importe resultante fuera negativo se deja la participación en cero a no ser que exista el compromiso por parte de la Compañía de reponer la situación patrimonial de la sociedad, en cuyo caso se registra la correspondiente provisión para riesgos y gastos.

Los dividendos percibidos de estas sociedades se registran reduciendo el valor de la participación, y los resultados obtenidos por estas sociedades que corresponden a Colbún conforme a su participación se incorporan, netos de

su efecto tributario, a la cuenta de resultados "Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación".

El detalle de las sociedades contabilizadas por el método de participación se describe en el siguiente cuadro:

| Tipo de relación | Sociedad | País | Moneda funcional | RUT | Porcentaje de participación al | |
|------------------|---|-------|------------------|--------------|--------------------------------|------------|
| | | | | | 31.12.2017 | 31.12.2016 |
| | | | | | Directo | Directo |
| Asociada | Electrogas S.A. | Chile | Dólar | 96.806.130-5 | 42,5 | 42,5 |
| Negocio conjunto | Centrales Hidroeléctricas de Aysén S.A. | Chile | Pesos | 76.652.400-1 | 49,0 | 49,0 |
| Negocio conjunto | Transmisora Eléctrica de Quillota Ltda. | Chile | Pesos | 77.017.930-0 | 50,0 | 50,0 |

c.1 Inversiones en entidades asociadas - Las entidades asociadas son aquellas entidades en donde la Compañía tiene influencia significativa, pero no control, sobre las políticas financieras y operacionales. En general, se asume que existe una influencia significativa cuando la Compañía posee entre el 20% y el 50% del derecho a voto de otra entidad.

c.2 Inversiones en control conjunto - Son aquellas entidades en que la Compañía posee control conjunto sobre sus actividades, establecido por acuerdos contractuales y que requiere el consentimiento unánime para tomar decisiones relevantes por las partes que comparten el control.

d. Efectos de las variaciones en las tasas de cambio de la moneda extranjera - Las transacciones en moneda local y extranjera, distintos de la moneda funcional, se convierten a la moneda funcional utilizando los tipos de cambio vigentes en las fechas de las transacciones.

Las pérdidas y ganancias en moneda extranjera que resultan de la liquidación de estas transacciones y de la conversión a los tipos de cambio de cierre de los activos y pasivos monetarios denominados en monedas distintas a la moneda funcional, se reconocen en el Estado de Resultados, excepto si se reconocen en otros resultados acumulados como las coberturas de flujos de efectivo y las coberturas de inversiones netas. Asimismo, la conversión de los saldos a cobrar o a pagar al cierre de cada ejercicio en moneda distinta de la moneda funcional en la que están denominados los estados financieros de las compañías que forman parte del perímetro de consolidación, se realiza al tipo de cambio de cierre. Las diferencias de valoración producidas se registran como resultados financieros en la cuenta diferencias de cambio.

e. Bases de conversión - Los activos y pasivos en pesos chilenos, euros, soles peruanos y unidades de fomento han sido traducidos a dólares a los tipos de cambio vigentes a la fecha de cierre de los estados financieros, de acuerdo al siguiente detalle:

| Paridad por un dólar | 31.12.2017 | 31.12.2016 |
|----------------------|------------|------------|
| Pesos | 614,75 | 669,47 |
| Euros | 0,8317 | 0,9488 |
| Soles | 3,2450 | 3,3600 |
| Unidades de fomento | 0,0229 | 0,0254 |

f. Propiedades, planta y equipos - Las propiedades, planta y equipos mantenidos para el uso en la generación de los servicios de electricidad o para propósitos administrativos, son presentados a su valor de costo menos la subsecuente depreciación y pérdidas por deterioro en caso que corresponda. Este valor de costo incluye – aparte del precio de compra de los activos - los siguientes conceptos, según lo permiten las NIIF:

- El costo financiero de los créditos destinados a financiar obras en ejecución, se capitaliza durante el período de su construcción.
- Los gastos de personal relacionados directamente con las obras en curso.

- Los costos de ampliación, modernización o mejora que representan un aumento de la productividad, capacidad o eficiencia o un aumento de la vida útil de los bienes se capitalizan como mayor costo de los correspondientes bienes.
- Las sustituciones o renovaciones de elementos completos que aumentan la vida útil del bien, o su capacidad económica, se registran como mayor valor de los componentes de propiedades, plantas y equipos, con el consiguiente retiro contable de los elementos sustituidos o renovados.
- Los costos de desmantelamiento, retiro o rehabilitación de Propiedades, plantas y equipos se reconocen en función de la obligación legal de cada proyecto (nota 3.n.2).

Las obras en curso se traspasan al activo en explotación una vez finalizado el período de prueba, a partir de cuyo momento comienza su depreciación.

Los gastos periódicos de mantenimiento, conservación y reparación, se imputan a resultados, como costos del ejercicio en que se incurren.

Las propiedades, planta y equipos, neto del valor residual de los mismos, se deprecian distribuyendo linealmente el costo de los diferentes elementos que componen dichos activos entre los años de sus vidas útiles técnicas estimadas (nota 5 a. (i)).

El valor residual y la vida útil de los activos se revisan a lo menos al final de cada ejercicio, y se ajustan si es necesario.

g. Intangibles distintos de la plusvalía – Los activos intangibles adquiridos individualmente se valoran inicialmente al costo. En el caso de los activos intangibles adquiridos en una combinación de negocios es el valor razonable de la fecha de adquisición. Después del reconocimiento inicial, se registran al costo menos su amortización acumulada y las pérdidas por deterioro acumuladas.

La Compañía evalúa en el reconocimiento inicial si la vida útil de los activos intangibles es definida o indefinida.

Los activos con vida útil definida se amortizan a lo largo de su vida útil económica y se evalúa su deterioro cuando haya indicios de que puedan estar deteriorados. El período de amortización y el método de amortización para los activos intangibles con vida útil definida se revisan por lo menos al final de cada período. Los criterios para el reconocimiento de las pérdidas por deterioro de estos activos y en su caso, de las recuperaciones de las pérdidas por deterioro registradas se explican en nota 5 b.

Los cambios en la vida útil esperada o el patrón esperado de consumo de los beneficios económicos futuros materializados en el activo se toman en consideración a objeto de cambiar el período o método de amortización, si corresponde, y se tratan como un cambio de estimación contable. El gasto por amortización de los activos intangibles con vida útil definida se reconoce en el estado de resultados integrales.

h. Instrumentos financieros

h.1. Activos financieros - Los activos financieros se clasifican en las siguientes categorías:

- a) Préstamos y cuentas a cobrar
- b) Mantenedos hasta su vencimiento
- c) Activos financieros a valor razonable con cambios en resultados
- d) Activos financieros disponibles para la venta

La clasificación depende de la naturaleza y el propósito de los activos financieros y se determina en el momento de reconocimiento inicial.

h.1.1 Préstamos y cuentas a cobrar - Son activos financieros no derivados con pagos fijos o determinables, que no cotizan en un mercado activo. Estos activos se miden inicialmente al valor razonable más cualquier costo de transacción directamente atribuible. Después de su reconocimiento inicial se valorizan a su costo amortizado,

correspondiendo éste al valor de la contraprestación recibida menos la amortización acumulada (calculada con el método de la tasa de interés efectiva). Se incluyen en activos corrientes, excepto para vencimientos superiores a 12 meses desde la fecha del Estado de Situación Financiera que se clasifican como activos no corrientes. Las cuentas por cobrar se incluyen en deudores comerciales y otras cuentas por cobrar en el Estado de Situación Financiera.

El método de tasa de interés efectiva corresponde al método de cálculo del costo amortizado de un activo financiero y de la asignación de los ingresos por intereses durante todo el período correspondiente. La tasa de interés efectiva corresponde a la tasa que descuenta exactamente los flujos futuros de efectivo estimados por cobrar (incluyendo todos los cargos sobre puntos pagados o recibidos que forman parte integral de la tasa de interés efectiva, los costos de transacción y otros premios o descuentos) durante la vida esperada del activo financiero.

h.1.2 Inversiones mantenidas hasta el vencimiento - Son aquellas inversiones en las que la Compañía tiene intención y capacidad de conservar hasta su vencimiento, y que también se miden inicialmente al valor razonable y posteriormente se miden al costo amortizado. En general las inversiones en instrumentos de corto plazo como Depósitos a Plazo Fijo se reconocen en esta categoría.

h.1.3 Activos financieros registrados a valor razonable con cambios en resultados - Incluye la cartera de negociación y aquellos activos financieros que se gestionan y evalúan según el criterio de valor razonable. Las variaciones en su valor se registran directamente en el Estado de Resultados en el momento que ocurren. Las inversiones en Fondos Mutuos de corto plazo se reconocen en esta categoría.

h.1.4 Inversiones disponibles para la venta - Corresponden al resto de inversiones que se asignan específicamente como disponibles para la venta o aquellas que no califican a ninguna de las tres categorías anteriores. Estas inversiones se registran a su valor razonable cuando es posible determinarlo en forma fiable. Cambios en valor razonable se registran en otras reservas a través del Estado de Otros Resultados Integrales.

h.1.5 Baja de activos financieros - La Compañía da de baja los activos financieros únicamente cuando los derechos a recibir flujos de efectivo han sido cancelados, anulados, expiran o han sido transferidos.

h.1.6 Deterioro de activos financieros no derivados - Los activos financieros clasificados como préstamos y cuentas por cobrar y mantenidos hasta el vencimiento, son evaluados a la fecha de cierre de cada ejercicio para establecer la presencia de indicadores de deterioro. Los activos financieros se encuentran deteriorados cuando existe evidencia objetiva de que, como resultado de uno o más eventos ocurridos después del reconocimiento inicial, los flujos futuros de caja estimados de la inversión han sido impactados.

La existencia de dificultades financieras significativas por parte del deudor, la probabilidad de que el deudor entre en quiebra o reorganización financiera y la falta o mora en los pagos se consideran, entre otros, indicadores de que la cuenta por cobrar se ha deteriorado. El deterioro es la diferencia entre el valor en libros del activo y el valor actual de los flujos futuros de efectivo estimados, descontados a la tasa de interés efectiva. La pérdida se reconoce en el estado de resultados integrales y se refleja en una cuenta de estimación.

Cuando una cuenta a cobrar se transforma en incobrable definitivamente, esto es que se hayan agotado todas las instancias razonables de cobro pre-judicial y judicial, según informe legal respectivo; y corresponda su castigo financiero, se regulariza contra la cuenta de estimación constituida para las cuentas a cobrar deterioradas.

Cuando el valor razonable de un activo sea inferior al costo de adquisición, si existe evidencia objetiva de que el activo ha sufrido un deterioro que no pueda considerarse temporal, la diferencia se registra directamente en pérdidas del ejercicio.

En el caso de instrumentos clasificados como disponibles para la venta, para determinar si los títulos han sufrido pérdidas por deterioro se considerará si ha tenido lugar un descenso significativo y prolongado en el valor razonable de los instrumentos por debajo de su costo. Si existe cualquier evidencia de este tipo para los activos financieros disponibles para la venta, la pérdida acumulada determinada como la diferencia entre el costo de adquisición y el valor razonable actual, menos cualquier pérdida por deterioro del valor en ese activo financiero previamente reconocida en las pérdidas o ganancias se elimina de Otras reservas y se reconoce en el estado de

resultados. Las pérdidas por deterioro del valor reconocidas en el estado de resultados por instrumentos de patrimonio no se revierten a través del estado de resultados.

Los activos financieros a valor razonable con cambios en resultados no requieren de pruebas de deterioro.

Considerando que al 31 de diciembre de 2017 la totalidad de las inversiones financieras de la Compañía han sido realizadas en instituciones de la más alta calidad crediticia y que tienen un vencimiento promedio en el corto plazo (menor a 90 días), las pruebas de deterioro realizadas indican que no existe deterioro observable.

h.2. Pasivos financieros

h.2.1 Clasificación como deuda o patrimonio - Los instrumentos de deuda y patrimonio se clasifican ya sea como pasivos financieros o como patrimonio, de acuerdo con la sustancia del acuerdo contractual.

h.2.2 Instrumentos de patrimonio - Un instrumento de patrimonio es cualquier contrato que ponga de manifiesto una participación residual en los activos de una entidad una vez deducidos todos sus pasivos. Los instrumentos de patrimonio emitidos por Colbún S.A. se registran al monto de la contraprestación recibida, netos de los costos directos de la emisión. La Compañía actualmente solo tiene emitidas acciones de serie única.

h.2.3 Pasivos financieros - Los pasivos financieros se clasifican ya sea como pasivo financiero a “valor razonable con cambios en resultados” o como “otros pasivos financieros”.

h.2.4 Pasivos financieros a valor razonable con cambios en resultados - Los pasivos financieros son clasificados a valor razonable a través de resultados cuando estos, sean mantenidos para negociación o cuando sean designados como tal en el reconocimiento inicial. Estos se miden al valor razonable y los cambios en el valor razonable incluido cualquier gasto por intereses, se reconocen en resultados.

h.2.5 Otros pasivos financieros - Otros pasivos financieros, entre los que se incluyen las obligaciones con instituciones financieras y las obligaciones con el público, se miden inicialmente por el monto de efectivo recibido, neto de los costos de transacción. Los otros pasivos financieros son posteriormente medidos al costo amortizado utilizando el método de tasa de interés efectiva.

El método de la tasa de interés efectiva corresponde al método de cálculo del costo amortizado de un pasivo financiero y de la asignación de los gastos por intereses durante todo el período correspondiente. La tasa de interés efectiva corresponde a la tasa que descuenta exactamente los flujos futuros de efectivo estimados por pagar durante la vida esperada del pasivo financiero o, cuando sea apropiado, un período menor cuando el pasivo asociado tenga una opción de prepago que se estime será ejercida.

h.2.6 Baja de Pasivos financieros - La Compañía da de baja los pasivos financieros únicamente cuando las obligaciones son canceladas, anuladas o expiran.

i. Derivados - La Compañía tiene firmados contratos de derivados a efectos de mitigar su exposición a la variación en las tasas de interés, en los tipos de cambio y en los precios de los combustibles.

Los cambios en el valor justo de estos instrumentos a la fecha de los estados financieros consolidados se registran en el estado de resultados integral, excepto que los mismos hayan sido designados como un instrumento de cobertura contable y se cumplan las condiciones establecidas en las NIIF para aplicar dicho criterio.

Las coberturas se clasifican en las siguientes categorías:

- **Coberturas al valor razonable:** es una cobertura de la exposición a los cambios en el valor razonable de activos o pasivos reconocidos o de compromisos en firme no reconocidos, que puede atribuirse a un riesgo en particular. Para esta clase de coberturas, tanto el valor del instrumento de cobertura como del elemento cubierto, se registran en el estado de resultados integrales neteando ambos efectos en el mismo rubro.
- **Coberturas de flujo de efectivo:** es una cobertura de la exposición a la variación de los flujos de efectivo que se atribuye a un riesgo particular asociado a un activo o pasivo reconocido, o a una transacción prevista

altamente probable. Los cambios en el valor razonable de los derivados se registran, en la parte en que dichas coberturas son efectivas, en una reserva del Patrimonio denominada “Coberturas de flujo de efectivo”. La pérdida o ganancia acumulada en dicho rubro se traspa al Estado de Resultados Integrales en la medida que el subyacente tiene impacto en el Estado de Resultados Integrales por el riesgo cubierto, neteando dicho efecto en el mismo rubro del Estado de Resultados Integrales. Los resultados correspondientes a la parte ineficaz de las coberturas se registran directamente en el estado de resultado integral.

Una cobertura se considera altamente efectiva cuando los cambios en el valor razonable o en los flujos de caja del subyacente atribuibles al riesgo cubierto, se compensan con los cambios en el valor razonable o en los flujos de efectivo del instrumento de cobertura, con una efectividad que se encuentre en el rango de 80% - 125%. En los períodos cubiertos por los presentes estados financieros consolidados la Compañía designó ciertos derivados como instrumentos de cobertura de transacciones previstas altamente probables o instrumentos de cobertura de riesgo de tipo de cambio de compromisos firmes (instrumentos de cobertura de flujos de caja).

La Compañía ha designado todos sus instrumentos derivados como instrumentos de cobertura contable.

j. Inventarios - En este rubro se registra el stock de gas, petróleo y carbón; y las existencias de almacén (repuestos y materiales), los que se registran valorizados a su costo, neto de posibles obsolescencias determinadas en cada período. El costo se determina utilizando el método del precio medio ponderado.

j.1 Criterio de deterioro de los repuestos (obsolescencia) - La estimación de deterioro de repuestos (obsolescencia), se define de acuerdo a un análisis individual y general, realizado por los especialistas de la Compañía, quienes evalúan criterios de rotación y obsolescencia tecnológica sobre el stock en almacenes de cada Central.

k. Estado de flujos de efectivo - Para efectos de la preparación del Estado de Flujos de Efectivo, la Compañía ha definido las siguientes consideraciones:

El efectivo y equivalentes al efectivo incluyen el efectivo en caja, los depósitos a plazo en entidades de crédito y otras inversiones a corto plazo de gran liquidez con un vencimiento original inferior de tres meses y que están sujetos a un riesgo poco significativo de cambios en su valor. En el estado de situación financiera, los sobregiros bancarios se clasifican como pasivo corriente.

Actividades de operación: son las actividades que constituyen la principal fuente de ingresos ordinarios de la Compañía, así como otras actividades que no puedan ser calificadas como de inversión o financiación.

Actividades de inversión: Corresponden a actividades de adquisición, enajenación o disposición por otros medios de activos a largo plazo y otras inversiones no incluidas en el efectivo y sus equivalentes.

Actividades de financiación: Corresponden a actividades que producen cambios en el tamaño y composición del patrimonio neto y de los pasivos de carácter financiero.

l. Impuesto a las ganancias - La Sociedad y sus subsidiarias determinan la base imponible y calculan su impuesto a la renta de acuerdo con las disposiciones legales vigentes en cada período.

Los impuestos diferidos originados por diferencias temporarias y otros eventos que crean diferencias entre la base contable y tributaria de activos y pasivos se registran de acuerdo con las normas establecidas en la NIC 12 “Impuesto a las ganancias”.

El impuesto corriente sobre las ganancias se registra en el estado de resultado o en el estado de otros resultados integrales en función de donde se hayan registrado las ganancias o pérdidas que lo hayan originado. Las diferencias entre, el valor contable de los activos y pasivos, y su base fiscal, respectivamente generan la base sobre la cual se calcula el impuesto diferido, utilizando las tasas fiscales que, se espera, estén en vigor cuando los activos se realicen y pasivos se cancelen.

Las variaciones producidas en el período en los impuestos diferidos de activo o pasivo se registran en la cuenta de resultado del estado de resultados integrales consolidados o en rubros de patrimonio total en el estado de situación financiera, en función de donde se hayan registrado las ganancias o pérdidas que lo hayan generado.

Los activos por impuestos diferidos se reconocen únicamente cuando se espera disponer de utilidades tributarias futuras suficientes para recuperar las deducciones por diferencias temporarias y utilizar las pérdidas tributarias.

En cada cierre contable se revisan los impuestos diferidos registrados, tanto activos como pasivos, con objeto de comprobar que se mantienen vigentes, efectuándose las oportunas correcciones a los mismos de acuerdo con el resultado del citado análisis.

A nivel de saldos en el estado de situación financiera consolidado, se ha realizado la compensación de los activos y pasivos por impuestos diferidos de Colbún y las subsidiarias si, y solo si, se relacionan con el impuesto a la renta correspondiente a la misma administración tributaria, siempre y cuando la entidad tenga el derecho legalmente aplicable de compensar los importes reconocidos en estas partidas.

m. Indemnización por años de servicio (IAS) - Las obligaciones reconocidas por concepto de indemnizaciones por años de servicios ante todo evento surgen como consecuencia de acuerdos de carácter colectivo suscritos con los trabajadores de la Compañía en los que se establece el compromiso por parte de la Compañía y que califican como "beneficios definidos de post-empleo". La Compañía reconoce el costo de beneficios del personal de acuerdo a un cálculo actuarial, según lo requiere NIC 19 "Beneficios del personal" el que incluye variables como la expectativa de vida, incremento de salarios, entre otros.

El importe de los pasivos actuariales netos devengados al cierre del período se presenta en el ítem Provisiones por beneficios a los empleados no corrientes del estado de situación financiera consolidado.

La Compañía reconoce todas las ganancias y pérdidas actuariales surgidas en la valoración de los planes de beneficios definidos en otros resultados integrales. En tanto, todos los costos relacionados con los planes de beneficios se registran en los gastos de personal en el estado de resultado integral.

n. Provisiones - Las obligaciones existentes a la fecha del estado de situación financiera, surgidas como consecuencia de sucesos pasados de los que pueden derivarse perjuicios patrimoniales de probable materialización para la Compañía cuyo importe y momento de cancelación pueden ser estimados de forma fiable, se registran como provisiones por el valor actual del importe más probable que, se estima, la Compañía tendrá que desembolsar para cancelar la obligación.

Las provisiones son revisadas periódicamente y se cuantifican teniendo en consideración la mejor información disponible a la fecha de cierre de los estados financieros consolidados.

n.1 Reestructuración - Una provisión por reestructuración es reconocida cuando la Compañía ha aprobado un plan de reestructuración detallado y formal, y la reestructuración en sí ya ha comenzado o ha sido públicamente anunciada. Los costos de operación futuros no son provisionados.

n.2 Desmantelamiento - Los desembolsos futuros a los que la Sociedad deberá hacer frente en relación con el cierre de sus instalaciones, se incorporan al valor del activo por el valor razonable, reconociendo contablemente la correspondiente provisión por desmantelamiento o restauración al momento de la puesta en funcionamiento de la planta. La Sociedad revisa anualmente su estimación sobre los mencionados desembolsos futuros, aumentando o disminuyendo el valor del activo en función de los resultados de dicha estimación (ver Nota 24 c). La Sociedad ha determinado durante el ejercicio 2017 su mejor estimación respecto a los compromisos por desmantelamiento, contabilizando esta provisión en los presentes estados financieros consolidados.

o. Vacaciones al personal - El gasto de vacaciones se registra en el ejercicio en que se devenga el derecho, de acuerdo a lo establecido en la NIC N°19.

p. Reconocimiento de ingresos - Los ingresos provenientes de la venta de energía eléctrica, tanto en Chile como en Perú, se valorizan a su valor justo del monto recibido o por recibir y representan los montos de los servicios prestados durante las actividades comerciales normales, reducido por cualquier descuento o impuesto relacionado.

La siguiente es una descripción de las principales políticas de reconocimiento de ingresos de la Compañía, para cada tipo de cliente:

- Clientes regulados - compañías de distribución: Los ingresos por la venta de energía eléctrica se registran sobre la base de la entrega física de la energía y potencia, en conformidad con contratos a largo plazo a un precio licitado.
- Clientes no regulados - capacidad de conexión mayor a 5.000 KW en Chile y para Perú entre 200 KW y 2.500 KW: Los ingresos de las ventas de energía eléctrica para estos clientes se registran sobre la base de entrega física de energía y potencia, a las tarifas especificadas en los contratos respectivos.
- Clientes mercado spot: Los ingresos de las ventas de energía eléctrica y potencia se registran sobre la base de entrega física de energía y potencia, a otras compañías generadoras, al costo marginal de la energía y potencia. El mercado spot por ley está organizado a través de Centros de Despacho (CEN en Chile y COES en Perú) donde se comercializan los superávit y déficit de energía y potencia eléctrica. Los superávits de energía y potencia se registran como ingresos y los déficits se registran como costos dentro del estado de resultado integral consolidado.

Cuando se cambian o intercambian bienes o servicios por otros de naturaleza y valor similar, el intercambio no se considera como una transacción que genere ingresos.

Adicionalmente, cualquier impuesto recibido por cuenta de los clientes y remitidos a las autoridades gubernamentales (por ejemplo, IVA, impuestos por ventas o tributos, etc.) se registra sobre una base neta y por lo tanto se excluyen de los ingresos en el estado de resultados integral consolidado.

p.1 Ingresos financieros - Los ingresos financieros están compuestos por ingresos por intereses en fondos invertidos, ganancias por la venta de activos financieros disponibles para la venta, cambios en el valor razonable de los activos financieros al valor razonable con cambios en resultados y ganancias en instrumentos de cobertura que son reconocidos en resultados integrales. Los ingresos por intereses son reconocidos en resultados al costo amortizado, usando el método de interés efectivo.

q. Dividendos - El artículo N°79 de la Ley de Sociedades Anónimas establece que, salvo acuerdo diferente adoptado en la Junta Ordinaria de Accionistas, por la unanimidad de las acciones emitidas, las sociedades anónimas abiertas deberán distribuir anualmente como dividendo en dinero a sus accionistas a prorrata de sus acciones o en la proporción que establezcan los estatutos si hubiere acciones preferentes, a lo menos el 30% de las utilidades líquidas distribuibles del ejercicio, excepto cuando corresponda absorber pérdidas acumuladas provenientes de ejercicios anteriores.

Al cierre de cada año se determina el monto de la obligación con los accionistas, neta de los dividendos provisorios que se hayan aprobado en el curso del ejercicio, y se registra contablemente en el rubro "Cuentas por pagar comerciales y otras cuentas por pagar, corrientes" o en el rubro "Cuentas por pagar a entidades relacionadas", según corresponda, con cargo al Patrimonio.

Los dividendos provisorios y definitivos, se registran como disminución del patrimonio en el momento de su aprobación por el órgano competente que, en el primer caso, generalmente es el Directorio de la Compañía, mientras que en el segundo caso la responsabilidad es de la Junta Ordinaria de Accionistas.

r. Medio ambiente - En el caso de existir pasivos ambientales se registran sobre la base de la interpretación actual de leyes y reglamentos ambientales, cuando sea probable que una obligación actual se produzca y el importe de dicha responsabilidad se pueda calcular de forma fiable.

Las inversiones en obras de infraestructura destinadas a cumplir requerimientos medioambientales son activadas siguiendo los criterios contables generales para Propiedades, planta y equipos.

s. Clasificación de saldos en corrientes y no corrientes - En el estado de situación financiera consolidado adjunto, los saldos se clasifican en función de sus vencimientos, es decir, como Corrientes aquellos con vencimiento igual o inferior a doce meses y como No corrientes los de vencimiento superior a dicho período.

t. Arrendamientos - La Compañía aplica CINIIF 4 para evaluar si un acuerdo es, o contiene, un arrendamiento. Los arrendamientos en los que se transfieren sustancialmente todos los riesgos y beneficios inherentes a la propiedad se clasifican como financieros. El resto de arrendamientos se clasifican como operativos.

Los arrendamientos financieros en los que Colbún y subsidiarias actúa como arrendatario se reconocen al comienzo del contrato, registrando un activo según su naturaleza y un pasivo por el mismo monto e igual al valor razonable del bien arrendado, o bien al valor presente de los pagos mínimos por el arrendamiento, si éste fuera menor. Posteriormente, los pagos mínimos por arrendamiento se dividen entre gasto financiero y reducción de la deuda. La carga financiera se reconoce como gasto y se distribuye entre los ejercicios que constituyen el período de arrendamiento, de forma que se obtiene una tasa de interés constante en cada ejercicio sobre el saldo de la deuda pendiente de amortizar. El activo se deprecia en los mismos términos que el resto de activos depreciables similares, si existe certeza razonable de que el arrendatario adquirirá la propiedad del activo al finalizar el arrendamiento. Si no existe dicha certeza, el activo se deprecia en el plazo menor entre la vida útil del activo o el plazo del arrendamiento.

Las cuotas de arrendamiento operativo se reconocen como gasto de forma lineal durante el plazo del mismo, salvo que resulte más representativa otra base sistemática de reparto.

u. Operaciones con partes relacionadas - Las operaciones entre la Compañía y sus subsidiarias dependientes, que son partes relacionadas, forman parte de las transacciones habituales de la Sociedad en cuanto a su objeto y condiciones, y son eliminadas en el proceso de consolidación. La identificación de vínculo entre la Controladora, Subsidiarias, Negocios Conjuntos y Asociadas se encuentra detallada en la nota 3.1 letra b y c.

Todas las transacciones con partes relacionadas son realizadas en términos y condiciones de mercado.

v. Subvenciones del gobierno - Las subvenciones del gobierno se miden al valor razonable del activo recibido o por recibir. Una subvención sin condiciones de rendimiento futuras específicas se reconoce en ingreso cuando se reciban los importes obtenidos por la subvención. Una subvención que impone condiciones de rendimiento futuras específicas se reconoce en ingresos cuando se cumplen tales condiciones.

Las subvenciones del gobierno se presentan por separado de los activos con los que se relacionan. Las subvenciones del gobierno reconocidas en ingresos se presentan por separado en las notas. Las subvenciones del gobierno recibidas antes de que se cumplan los criterios de reconocimiento de ingresos se presentan como un pasivo separado en el estado de situación financiera.

No se reconoce importe alguno para aquellas formas de ayudas gubernamentales a las que no se les puede asignar valor razonable. Sin embargo, en la eventualidad de existir, la entidad revela información acerca de dicha ayuda.

w. Costos por intereses - Los costos por intereses que sean directamente atribuibles a la adquisición, construcción o producción de un activo cuya puesta en marcha o venta requiere necesariamente un período prolongado de tiempo son capitalizados como parte del costo del activo. La Compañía ha establecido como política capitalizar los intereses en base a la fase de construcción. El resto de los costos por intereses se reconocen como gastos en el período en el que se incurren. Los gastos financieros incluyen los intereses y otros costos en los que incurre la Compañía en relación con el financiamiento obtenido.

x. Pasivos y activos contingentes - Un pasivo contingente es una obligación posible, surgida a raíz de hechos pasados, cuya existencia ha de ser confirmada sólo por la ocurrencia, o en su caso por la no ocurrencia, de uno o más eventos inciertos en el futuro, que no están enteramente bajo el control de la entidad, o bien una obligación presente, surgida a raíz de hechos pasados, que no se ha reconocido contablemente porque:

- No es probable que la entidad tenga que satisfacerla, desprendiéndose de recursos que impliquen beneficios económicos, o bien
- El monto de la obligación no puede ser medido con la suficiente fiabilidad.

Un activo contingente es un activo de naturaleza posible, surgido a raíz de hechos pasados, cuya existencia ha de ser confirmada sólo por la ocurrencia, o por la no ocurrencia, de uno o más eventos inciertos en el futuro, que no están enteramente bajo el control de la Compañía. No se reconocerán en los estados financieros, pero sí deberán ser expuestos en notas a dichos estados.

y. Reclasificaciones – Para efectos comparativos se realizó la siguiente reclasificación al 31 de diciembre de 2016: Desde activos no corrientes rubro “Otros activos no financieros no corrientes” al rubro “Propiedades, Plantas y Equipos” por concepto de existencias de mantenimiento por contrato por MMUSD 15,9. Dentro del patrimonio desde el rubro “Ganancias Acumuladas” al rubro “Otras Reservas” se realizaron contablemente una parte de las reservas asociadas al proceso de revaluación de activos por MMUS\$ 86 (MMUS\$ 56 para el año 2017).

z. Correcciones inmateriales - Con fecha 18 de diciembre de 2015, Colbún S.A. (a través de Inversiones de Las Canteras) adquirió la sociedad Fenix Power en MMUS\$ 796. Previamente, con fecha 17 de diciembre de 2015, la anterior administración de Fenix Power registró un deterioro de Propiedades Planta y Equipos por MMUS\$ 97, reflejando el valor justo o de mercado (fair value) de la Compañía de acuerdo con NIC36. El impuesto diferido asociado a este deterioro no fue registrado a esa fecha, lo cual se determinó como una corrección inmaterial en la preparación de los estados financieros consolidados intermedios al 30 de junio de 2017.

En Colbún S.A., y después de la correspondiente evaluación de la administración, este monto no fue considerado material respecto de los estados financieros consolidados, por lo que no es necesario realizar una reemisión de los estados financieros de años anteriores.

De este modo, en Colbún S.A., este efecto fue registrado prospectivamente en junio de 2017, en las siguientes partidas contables: Incremento Activo por Impuesto Diferido de MMUS\$27; Disminución de Plusvalía (Goodwill) por MMUS\$ 4,0; Incremento en Otros ingresos por MMUS\$ 23 (Ver Nota 21 y 34).

3.2 Nuevos pronunciamientos contables

Las siguientes nuevas Normas e Interpretaciones han sido emitidas pero su fecha de aplicación aún no está vigente:

Nuevas Normas

| Nuevas NIIF | | Fecha de aplicación obligatoria |
|-------------|--|---------------------------------|
| NIIF 9 | Instrumentos Financieros | 1 de Enero de 2018 |
| NIIF 15 | Ingresos de Actividades Ordinarias Procedentes de Contratos con Clientes | 1 de Enero de 2018 |
| NIIF 16 | Arrendamientos | 1 de Enero de 2019 |
| NIIF 17 | Contratos de Seguro | 1 de Enero de 2021 |

NIIF 9 “Instrumentos Financieros”

La NIIF 9 (2009) introduce nuevos requerimientos para la clasificación y medición de los activos financieros. Bajo la NIIF 9 (2009), los activos financieros son clasificados y medidos con base en el modelo de negocios en el que se mantienen y las características de sus flujos de efectivo contractuales. La NIIF 9 (2010) introduce adiciones en relación con los pasivos financieros.

El 19 de noviembre de 2013, IASB emitió un nuevo documento que amplía y modifica esta Norma y otras relacionadas, Contabilidad de Cobertura y modificaciones a NIIF 9, NIIF 7 y NIC 39. Este documento incluye el nuevo modelo de contabilidad general de cobertura, permite la adopción temprana del requerimiento de presentar cambios de valor por riesgo de crédito propio en pasivos designados a valor razonable con efecto en resultados, los que se presentan en Otros Resultados Integrales.

El 24 de julio de 2014, el IASB emite la cuarta y última versión de su nueva norma sobre instrumentos financieros, NIIF 9 Instrumentos Financieros. La nueva norma proporciona una guía sobre clasificación y medición de activos financieros, incluyendo deterioro de valor y suplementa los nuevos principios de contabilidad de cobertura publicados en 2013.

La fecha de aplicación corresponde a los estados financieros emitidos para períodos que comienzan el 01 de enero de 2018 o después. Se permite adopción anticipada.

NIIF 15 “Ingresos de Actividades Ordinarias Procedentes de Contratos con Clientes”

Emitida el 28 de mayo de 2014, esta Norma reemplaza la NIC 11 Contratos de Construcción, la NIC 18 Ingresos Ordinarios, la CINIIF 13 Programas de Fidelización de Clientes, CINIIF 15 Acuerdos para la Construcción de Bienes Raíces, CINIIF 18 Transferencia de Activos desde Clientes y SIC 31 Ingresos – Transacciones de permuta que involucran servicios de publicidad.

Esta nueva Norma aplica a los contratos con clientes, pero no aplica a contratos de seguro, instrumentos financieros o contratos de arrendamiento, que están en el alcance de otras NIIF.

Introduce un único modelo de reconocimiento de ingresos ordinarios que aplica a los contratos con clientes y dos enfoques para el reconocimiento de ingresos: en un momento del tiempo o a lo largo de un período. El modelo considera un análisis de transacciones en base a cinco pasos para determinar si se reconoce un ingreso, cuándo se reconoce y qué monto:

- Identificar el contrato con el cliente.
- Identificar las obligaciones de desempeño del contrato.
- Determinar el precio de la transacción.
- Distribuir el precio de la transacción en las obligaciones de desempeño.

- Reconocer el ingreso cuando (o en la medida en que) la entidad satisface la obligación desempeño.

La Norma es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2018, permitiéndose la adopción anticipada.

NIIF 16 “Arrendamientos”

Emitida el 13 de enero de 2016, esta Norma requiere que las empresas contabilicen todos los arrendamientos en sus estados financieros a contar del 01 de enero de 2019. Las empresas con arrendamientos operativos tendrán más activos, pero también una deuda mayor. Mientras mayor es el portfolio de arrendamientos de la empresa, mayor será el impacto en las métricas de reporte.

La Norma es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2019, permitiéndose la adopción anticipada.

NIIF 17 “Contratos de Seguro”

Emitida el 18 de mayo de 2017, esta Norma requiere que los pasivos de seguro sean medidos a un valor de cumplimiento corriente y otorga un enfoque más uniforme de presentación y medición para todos los contratos de seguro. Estos requerimientos son diseñados para generar una contabilización consistente y basada en principios.

La Norma es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2021, permitiéndose la adopción anticipada si se ha adoptado las normas NIIF 9 y NIIF 15.

Nuevas interpretaciones

| Nuevas Interpretaciones | | Fecha de aplicación obligatoria |
|-------------------------|---|---------------------------------|
| CINIIF 22 | Transacciones en Moneda Extranjera y Contraprestaciones Anticipadas | 1 de Enero de 2018 |
| CINIIF 23 | Incertidumbre sobre Tratamientos Tributarios | 1 de Enero de 2019 |

CINIIF 22 Interpretación “Transacciones en Moneda Extranjera y Contraprestaciones Anticipadas”

Esta interpretación clarifica la contabilización de transacciones que incluyen el recibo o pago de una contraprestación anticipada en una moneda extranjera.

Cubre las transacciones en moneda extranjera cuando una entidad reconoce un activo no monetario o un pasivo no monetario por el pago o recepción de una contraprestación anticipada antes de que la entidad reconozca el activo relacionado, el gasto o el ingreso. No aplica cuando una entidad mide el activo relacionado, el gasto o el ingreso al valor razonable de la consideración recibida o pagada en una fecha distinta de la fecha de reconocimiento inicial del activo no monetario o del pasivo no monetario. Asimismo, la interpretación no necesita ser aplicada al impuesto a la renta, los contratos de seguro o los contratos de reaseguro.

La fecha de la transacción, para propósitos de determinar el tipo de cambio, es la fecha de reconocimiento inicial del activo no monetario por pago anticipado o del pasivo por ingreso diferido. Si hay múltiples pagos o recibos anticipados, se establece una fecha de transacción para cada pago o recibo.

En otras palabras, al existir un tipo de cambio distinto entre la fecha en que se efectúa o se recibe un anticipo y la fecha en que se realiza el reconocimiento del activo, gasto o ingreso relacionado, debe respetarse el tipo de cambio de la fecha en que se efectúa o recibe el anticipo, o los anticipos, si fueran más de uno.

La interpretación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2018, permitiéndose la adopción anticipada.

CINIIF 23: “Incertidumbre sobre tratamientos tributarios”

Esta interpretación, emitida el 7 de junio de 2017, orienta la determinación de utilidades (pérdidas) tributarias, bases tributarias, pérdidas tributarias no utilizadas, créditos tributarios no utilizados y tasas de impuestos cuando hay incertidumbre respecto de los tratamientos de impuesto a las ganancias bajo NIC 12.

Específicamente considera:

- Si los tratamientos tributarios debieran considerarse en forma colectiva.
- Los supuestos relativos a la fiscalización de la autoridad tributaria.
- La determinación de la ganancia (pérdida) tributaria, las bases imponibles, las pérdidas tributarias no utilizadas, los créditos tributarios no utilizados y las tasas de impuestos.
- El efecto de los cambios en los hechos y circunstancias.

La interpretación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2019, permitiéndose la adopción anticipada.

Enmiendas y/o modificaciones

| Enmiendas a NIIF | | Fecha de aplicación obligatoria |
|------------------|--|---|
| NIC 40 | Transferencias de Propiedades de Inversión (Modificaciones a NIC 40, Propiedades de Inversión). | 1 de Enero de 2018 |
| NIIF 2 | Pagos Basados en Acciones: Aclaración de contabilización de ciertos tipos de transacciones de pagos basados en acciones | 1 de Enero de 2018 |
| NIIF 15 | Ingresos de Actividades Ordinarias Procedentes de Contratos con Clientes: Modificación clarificando requerimientos y otorgando liberación adicional de transición para empresas que implementan la nueva norma | 1 de Enero de 2018 |
| | Ciclo de mejoras anuales a las Normas NIIF 2014-2016. Modificaciones a NIIF 1 y NIC 28 | 1 de Enero de 2018 |
| NIIF 9 | Instrumentos Financieros, y NIIF 4, Contratos de Seguro: Aplicación de NIIF 9 con NIIF 4 (Modificación a NIIF 4) | 1 de Enero de 2018 |
| NIC 28 | Participaciones de Largo Plazo en Asociadas y Negocios Conjuntos | 1 de Enero de 2019 |
| NIIF 9 | Cláusulas de prepago con compensación negativa | 1 de Enero de 2019 |
| NIIF 10 | Estados Financieros Consolidados, y NIC 28, Inversiones en Asociadas y Negocios Conjuntos: Transferencia o contribución de activos entre un inversionista y su asociada o negocio conjunto | Fecha efectiva diferida indefinidamente |

NIC 40: “Transferencias de Propiedades de Inversión”

Esta interpretación, emitida el 8 de diciembre de 2016, modifica el párrafo 57 para establecer que una entidad transferirá una propiedad hacia o desde Propiedades de Inversión sólo cuando hay evidencia de un cambio en el uso.

Un cambio en el uso ocurre solo si la propiedad reúne, o termina de reunir, la definición de propiedad de inversión.

Un cambio en las intenciones de la administración para el uso de una propiedad por sí mismo no constituye evidencia de un cambio en el uso.

La lista de ejemplos del párrafo 57(a) al 57(d) es ahora presentada como una lista no exhaustiva de ejemplos, en lugar de la lista exhaustiva anterior.

La modificación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2018, permitiéndose la adopción anticipada.

Modificación a NIIF 2 “Pagos Basados en Acciones: Aclaración de cómo contabilizar ciertos tipos de transacciones de pagos basados en acciones”

Las modificaciones que fueron desarrolladas a través del Comité de Interpretaciones de IFRS entregan requerimientos sobre la contabilización para:

- Los efectos de las condiciones de irrevocabilidad y de no irrevocabilidad sobre la medición de los pagos basados en acciones liquidados en efectivo;
- Las transacciones con pagos basados en acciones con una cláusula de liquidación neta para obligaciones de retención de impuestos;
- Una modificación en los términos y condiciones de un pago basado en acciones que cambia la clasificación de la transacción desde liquidada en efectivo hacia liquidada con instrumentos de patrimonio.

El 20 de junio de 2016, se emitió esta modificación que requiere aplicación para los períodos anuales que comienzan en o después del 01 de enero de 2018. Se permite la adopción anticipada.

Modificación a NIIF 15 “Ingresos de Actividades Ordinarias Procedentes de Contratos con Clientes: Clarificación de requerimientos y disposiciones para facilitar la transición”

Modificación clarificando requerimientos y otorgando liberación adicional de transición para empresas que implementan la nueva norma.

La Modificación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2018, permitiéndose la adopción anticipada, y forma parte integrante de la norma NIIF 15.

Ciclo de Mejoras Anuales 2014-2016: NIIF 1 y NIC 28

NIIF 1: Elimina las exenciones de corto plazo en los párrafos E3 a E7 de NIIF 1, porque ya han cumplido su propósito.

NIC 28: Inversiones en Asociadas: Una Organización de capital de riesgo u otra entidad calificada puede elegir medir sus inversiones en una asociada o negocio conjunto a valor razonable con cambios en resultados. Esta elección puede hacerse sobre una base de inversión por inversión. Un inversor que no es una entidad de inversión puede elegir retener la contabilización a valor razonable aplicada por una entidad de inversión que es asociada o negocio conjunto a sus subsidiarias. Esta elección puede hacerse en forma separada para cada entidad de inversión asociada o negocio conjunto.

Las modificaciones son efectivas a partir de los períodos anuales que comienzan el, o después del, 01 de enero de 2018. La modificación de NIC 28 se aplica retrospectivamente. Se permite la aplicación anticipada de la modificación de NIC 28.

Modificación a NIIF 9, Instrumentos Financieros, y NIIF 4, Contratos de Seguro: Aplicación de NIIF 9 con NIIF 4 (Modificación a NIIF 4)

El 12 de septiembre de 2016, se emitió esta modificación que Modifica la NIIF 4 entregando dos opciones para las entidades que emiten contratos de seguro en el alcance de NIIF 4:

- Una opción que permite a las entidades reclasificar desde resultados del ejercicio a Otros Resultados Integrales algunos ingresos y gastos que surgen de activos financieros designados;
- Una exención temporaria opcional de aplicar NIIF 9 para entidades cuya actividad predominante es la emisión de contratos en el alcance de NIIF 4.

La aplicación de los dos enfoques es opcional y se permite que una entidad detenga la aplicación de ellos antes de la aplicación de la nueva norma de seguros.

Esta modificación requiere aplicación para los períodos anuales que comienzan en o después del 01 de enero de 2018 y estará solo disponible para tres años a partir de esa fecha. Se permite la adopción anticipada.

NIC 28: “Participaciones de Largo Plazo en Asociadas y Negocios Conjuntos”

Esta modificación contempla:

- La incorporación del párrafo 14A que clarifica que una entidad aplica la NIIF 9, incluyendo los requerimientos de deterioro, a las participaciones de largo plazo en una asociada o negocio conjunto que forma parte de la inversión neta en la asociada o negocio conjunto, pero a la que no se aplica el método de la participación.
- La eliminación del párrafo 41 pues el Consejo consideró que reiteraba requerimientos de NIIF 9 creando confusión acerca de la contabilización para las participaciones de largo plazo.

La interpretación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2019, permitiéndose la adopción anticipada.

Modificación a NIIF 9 “Instrumentos Financieros: Cláusulas de prepago con compensación negativa”

El 12 de octubre de 2017, se emitió esta modificación que cambia los requerimientos existentes en NIIF 9 relacionados con los derechos de término para permitir la medición a costo amortizado (o, dependiendo del modelo de negocios, a valor razonable con cambios en Otros Resultados Integrales) incluso en el caso de pagos negativos de compensación.

La modificación es efectiva para los períodos anuales que comienzan el, o después del, 01 de enero de 2019, permitiéndose la adopción anticipada.

Modificación a NIIF 10 “Estados Financieros Consolidados, y NIC 28, Inversiones en Asociadas y Negocios Conjuntos: Venta o contribución de activos entre un inversionista y su asociada o negocio conjunto”

El 11 de septiembre de 2014, se emitió esta modificación que requiere que, al efectuarse transferencias de subsidiarias hacia una asociada o negocio conjunto, la totalidad de la ganancia se reconozca cuando los activos transferidos reúnan la definición de “negocio” bajo NIIF 3, Combinaciones de Negocios. La modificación establece una fuerte presión en la definición de “negocio” para el reconocimiento en resultados. La modificación también introduce nuevas e inesperadas contabilizaciones para transacciones que consideran la mantención parcial en activos que no son negocios.

Se ha postergado de manera indefinida la fecha efectiva de aplicación de esta modificación.

Transición a las Nuevas NIIF

NIIF 9 “Instrumentos Financieros”

En julio de 2014 fue emitida la versión final de la NIIF 9 Instrumentos Financieros, reuniendo todas las fases del proyecto del IASB para reemplazar la NIC 39 Instrumentos Financieros: Reconocimiento y Medición. Esta norma incluye nuevos requerimientos basados en principios para la clasificación y medición, introduce un modelo “más prospectivo” de pérdidas crediticias esperadas para la contabilidad del deterioro y un enfoque sustancialmente reformado para la contabilidad de coberturas. Las entidades también tendrán la opción de aplicar en forma anticipada la contabilidad de ganancias y pérdidas por cambios de valor justo relacionados con el “riesgo crediticio propio” para los pasivos financieros designados al valor razonable con cambios en resultados, sin aplicar los otros requerimientos de NIIF 9. Excepto por la contabilidad de coberturas, se requiere una aplicación retrospectiva, pero la información comparativa no es obligatoria. Para la contabilidad de cobertura, los requisitos generalmente se aplican prospectivamente, con algunas excepciones limitadas. La norma será de aplicación obligatoria para los periodos anuales que comiencen a partir del 1 de enero de 2018. Se permite su aplicación anticipada.

La Compañía planea adoptar la nueva norma en la fecha de vigencia requerida y no reformulará la información comparativa. Durante el 2017, la Compañía realizó una evaluación de impacto detallada de los tres aspectos de la NIIF 9. Como resultado de este estudio, la Compañía ha determinado que la NIIF 9 no tiene impactos significativos a sus estados financieros.

Esta evaluación se basa en la información actualmente disponible y puede estar sujeta a cambios derivados de información razonable y soportable que se pondrá a disposición de la Compañía en 2018 cuando adopte NIIF 9.

La Compañía espera un aumento no significativo de la estimación de incobrabilidad por pérdidas esperadas. Además, producto de la evaluación la Compañía no implementará cambios en la clasificación de sus instrumentos financieros.

(a) Clasificación y medición

La Compañía no espera un impacto significativo en su balance o patrimonio en la aplicación de la clasificación y requisitos de medición de la NIIF 9. Espera continuar midiendo a valor razonable todos los activos financieros actualmente mantenidos a valor razonable.

Los préstamos y las cuentas por cobrar comerciales se mantienen para cobrar los flujos de efectivo contractuales y se espera que generen flujos de efectivo que representan únicamente pagos de capital e intereses. La Compañía analizó sus flujos de efectivo contractuales, las características de esos instrumentos y su modelo de negocio y concluyeron que cumplen los criterios para la medición del costo amortizado bajo la NIIF 9.

Por lo tanto, no se requiere reclasificación para estos instrumentos.

(b) Deterioro

La NIIF 9 requiere que la Compañía registre las pérdidas crediticias esperadas en todos sus títulos de deuda, préstamos y cuentas por cobrar comerciales, ya sea por 12 meses o de por vida. La Compañía aplicará el enfoque simplificado y registrará las pérdidas esperadas de por vida en todas las cuentas por cobrar comerciales. La Compañía ha determinado que, utilizando el enfoque de FWL (“Forward looking”), o mirada hacia el futuro, debido a la naturaleza de sus préstamos y cuentas por cobrar, la asignación de la pérdida tendrá un aumento no significativo en el estado financiero consolidado.

(c) Contabilidad de cobertura

La Compañía determinó que todas las relaciones de cobertura existentes actualmente designadas en relaciones de cobertura efectivas continuarán calificando para la contabilidad de coberturas bajo la NIIF 9. Como la NIIF 9 no cambia los principios generales de cómo una entidad contabiliza las coberturas efectivas, la aplicación de los requisitos de cobertura de la NIIF 9 no tendrá un impacto significativo en los estados financieros de la Compañía.

NIIF 15 “Ingresos procedentes de Contratos con Clientes”

La NIIF 15 se emitió en mayo de 2014 y se modificó en abril de 2016, con fecha de aplicación obligatoria el 1 de enero de 2018, establece un modelo de cinco pasos para contabilizar los ingresos derivados de contratos con clientes. Según la NIIF 15, los ingresos se reconocen en una cantidad que refleja la contraprestación a la que una entidad espera tener derecho a cambio de la transferencia de bienes o servicios a un cliente.

El nuevo estándar de ingresos reemplazará todos los requisitos actuales de reconocimiento de ingresos según las NIIF.

Se requiere una aplicación retrospectiva completa o una aplicación retrospectiva modificada para los períodos anuales que comienzan en o después del 1 de enero de 2018. Se permite su adopción anticipada. La Compañía planea adoptar el nuevo estándar en la fecha de vigencia requerida utilizando el método retrospectivo modificado.

Durante el 2017, la Compañía realizó un estudio y análisis detallado de la NIIF 15. La Compañía ha determinado basado en este estudio que no existen efectos materiales por la adopción de la NIIF 15.

El negocio principal de la Compañía es proporcionar energía eléctrica y potencia a clientes libres y regulados tanto en Chile como en Perú. El equipamiento y los servicios se venden juntos como un paquete de bienes y/o servicios.

(a) Venta de bienes

Para contratos con clientes en los que generalmente se espera que la venta de equipos sea la única obligación, no se espera que la adopción de la NIIF 15 tenga ningún impacto en los ingresos y pérdidas o ganancias de la Compañía, dado que se espera que el reconocimiento de ingresos ocurra en un punto en el tiempo cuando el control del activo se transfiere al cliente, generalmente con la entrega de los bienes. Adicionalmente a lo mencionado, la Compañía no espera ningún tipo de impacto asociado a la venta de bienes de forma individual, ya que actualmente no se dedica a vender bienes como un contrato único de venta de bienes.

(b) Prestación de servicios

La Compañía presta el servicio de suministro de energía y potencia a clientes libres y regulados. Estos servicios se venden en conjunto con la venta de equipos (tal es el caso de los medidores) a los clientes libres. Actualmente, la Compañía contabiliza el equipo y el servicio como productos por separado de las ventas agrupadas y asigna contraprestación entre estos entregables utilizando el enfoque de valor razonable relativo. La Compañía reconoce los ingresos por servicio sobre la base de la entrega física de la energía y potencia. Según la NIIF 15, la asignación se realizará en función de precios de venta independientes. Por lo tanto, la asignación de la contraprestación y, en consecuencia, el calendario del importe de los ingresos reconocidos en relación con estas ventas se vería afectado.

La Compañía concluyó que los servicios se satisfacen a lo largo del tiempo dado que el cliente recibe simultáneamente y consume los beneficios provistos por la Compañía. En consecuencia, según la NIIF 15, la Compañía continuaría reconociendo los ingresos por estos contratos de servicio/componentes de servicio de los contratos agrupados a lo largo del tiempo en lugar de en un punto del tiempo.

A continuación, se describen las principales políticas de reconocimiento de ingresos de la Compañía para cada tipo de cliente:

- Clientes regulados - compañías de distribución: Los ingresos por la venta de energía eléctrica se registran sobre la base de la entrega física de la energía y potencia, en conformidad con contratos a largo plazo a un precio licitado.
- Clientes no regulados - capacidad de conexión mayor a 5.000 KW en Chile y para Perú entre 200 KW y 2.500 KW: Los ingresos de las ventas de energía eléctrica para estos clientes se registran sobre la base de entrega física de energía y potencia, a las tarifas especificadas en los contratos respectivos.
- Clientes mercado spot: Los ingresos de las ventas de energía eléctrica y potencia se registran sobre la base de entrega física de energía y potencia, a otras compañías generadoras, al costo marginal de la

energía y potencia. El mercado spot por ley está organizado a través de Centros de Despacho (CEN en Chile y COES en Perú) donde se comercializan los superávits y déficit de energía y potencia eléctrica. Los superávits de energía y potencia se registran como ingresos y los déficits se registran como gastos dentro del estado de resultado integral consolidado.

(c) Anticipos recibidos de los clientes

En general, la Compañía recibe solo anticipos a corto plazo de sus clientes relacionados con las operaciones y servicios de mantención. Se presentan como parte de los otros pasivos financieros. Sin embargo, de vez en cuando, la Compañía puede recibir anticipos a largo plazo de los clientes. Conforme a la política contable vigente, la Compañía presenta tales anticipos como ingresos diferidos en virtud de los pasivos no corrientes clasificados en el estado de situación financiera. No se acumularon intereses sobre los anticipos a largo plazo recibidos en virtud de la política contable vigente

Según la NIIF 15, la Compañía debe determinar si existe un componente de financiamiento significativo en sus contratos. Sin embargo, la Compañía decidió utilizar el expediente práctico provisto en la NIIF 15, y no ajustará el importe comprometido de la contraprestación por los efectos de un componente de financiación significativo en los contratos, cuando la Compañía espera, al comienzo del contrato, que el periodo entre el momento en que la entidad transfiere un bien o servicio comprometido con el cliente y el momento en que el cliente paga por ese bien o servicio sea de un año o menos. Por lo tanto, a corto plazo la Compañía no contabilizará un componente de financiación, incluso si es significativo.

Con base en la naturaleza de los bienes y servicios ofrecidos y el propósito de los términos de pago, la Compañía concluyó que no existe un componente de financiamiento significativo en estos contratos.

(d) Consideraciones de principal versus agente

La NIIF 15 requiere la evaluación de si el Grupo controla un bien o servicio específico antes de que se transfiera al cliente.

En los contratos de la Compañía se considera que es el principal responsable de cumplir la promesa de proporcionar la entrega de los bienes o servicios especificados, principalmente porque la Compañía asume el riesgo de crédito en estas transacciones. Conforme a la política contable actual, en función de la existencia de riesgo de crédito y la naturaleza de la contraprestación en el contrato, la Compañía concluyó que tiene una exposición a los riesgos y beneficios significativos asociados y contabiliza por ende los contratos como un principal.

(e) Importes recaudados en nombre de terceros

Cualquier impuesto recibido por cuenta de los clientes y remitidos a las autoridades gubernamentales (por ejemplo, IVA, impuestos por ventas o tributos, etc.) se registra sobre una base neta y por lo tanto se excluyen de los ingresos en el estado de resultados integral consolidado.

(f) Requisitos de presentación y revelación

Los requisitos de presentación y revelación en la NIIF 15 son más detallados que en las NIIF actuales. Los requisitos de presentación representan un cambio significativo con respecto a la práctica actual y aumentan significativamente el volumen de revelaciones requeridas en los estados financieros de una entidad.

Muchos de los requisitos de revelación en la NIIF 15 son nuevos, sin embargo, la Compañía ha evaluado que el impacto no sería significativo. En particular, la Compañía espera que las notas a los estados financieros se amplíen debido a la revelación de juicios realizados: cómo se ha asignado el precio de la transacción a las obligaciones de desempeño, y las suposiciones hechas para estimar los precios de venta independientes de cada obligación de desempeño. Además, como lo exige la NIIF 15, la Compañía desagregará los ingresos reconocidos desde contratos con clientes en categorías que muestran cómo la naturaleza, cantidad, tiempo e incertidumbre de los ingresos y los flujos de efectivo se ven afectados por factores económicos. También revelará información sobre la relación entre la revelación de ingresos desglosados y la información de ingresos revelada para cada segmento reportable.

Durante el 2017, la Compañía continuó probando sistemas apropiados, controles internos, políticas y procedimientos necesarios para recopilar y revelar la información requerida.

3.3 Responsabilidad de la información y estimaciones realizadas

La información contenida en los presentes estados financieros consolidados es responsabilidad del Directorio de la Compañía, que manifiesta expresamente que se han aplicado en su totalidad las NIIF, emitidas por el "IASB".

En la preparación de los estados financieros consolidados se requiere el uso de juicios, estimaciones y supuestos que afectan los montos de activos y pasivos a la fecha de los estados financieros consolidados y los montos de ingresos y gastos durante el período reportado. Estas estimaciones y supuestos están basadas en el mejor saber de la administración sobre los montos reportados, eventos o acciones.

En la preparación de los estados financieros consolidados se han utilizado estimaciones tales como:

- Vidas útiles y valores residuales de propiedades, plantas y equipos e intangibles (ver notas 3.1.f y 5.a)
- La valoración de activos para determinar la existencia de pérdidas por deterioro (ver nota 5.b)
- Hipótesis empleadas para el cálculo del valor razonable de los instrumentos financieros (ver nota 3.1.h)
- Hipótesis utilizadas en el cálculo actuarial de los pasivos y obligaciones con empleados (ver nota 3.1.m)
- Probabilidad de ocurrencia y el monto de los pasivos de monto incierto o contingentes (ver nota 3.1.n)
- Los resultados fiscales de la Compañía y sus subsidiarias, que se declararán ante las respectivas autoridades tributarias en el futuro, que han sido de base para el registro de los distintos saldos relacionados con los impuestos sobre las ganancias en los presentes estados financieros consolidados (ver nota 3.1.l).
- Hipótesis financieras y vida económica estimada para el cálculo de la provisión de desmantelamiento (ver nota 3.n.2)

A pesar de que estas estimaciones se han realizado en función de la mejor información disponible en la fecha de emisión de los presentes estados financieros consolidados, es posible que acontecimientos que puedan tener lugar en el futuro obliguen a modificarlas (al alza o a la baja) en próximos ejercicios, lo que se aplicaría de forma prospectiva en el momento de conocida la variación, reconociendo los efectos del cambio de estimación en los correspondientes estados financieros consolidados futuros, de acuerdo a NIC 8.

4. Gestión de Riesgo

4.1 Política de Gestión de Riesgos

La estrategia de Gestión de Riesgo está orientada a resguardar los principios de estabilidad y sustentabilidad de la Compañía, identificando y gestionando las fuentes de incertidumbre que la afectan o puedan afectar.

Gestionar integralmente los riesgos supone identificar, medir, analizar, mitigar y controlar los distintos riesgos incurridos por las distintas gerencias de la Compañía, así como estimar el impacto en la posición consolidada de la misma, su seguimiento y control en el tiempo. En este proceso intervienen tanto la alta dirección de Colbún como las áreas tomadoras de riesgo.

Los límites de riesgo tolerables, las métricas para la medición del riesgo y la periodicidad de los análisis de riesgo son políticas normadas por el Directorio de la Compañía.

La función de gestión de riesgo es responsabilidad de la Gerencia General así como de cada división y gerencia de la Compañía, y cuenta con el apoyo de la Gerencia de Control de Gestión y Riesgos y la supervisión, seguimiento y coordinación del Comité de Riesgos y Sostenibilidad.

4.2 Factores de Riesgo

Las actividades de la Compañía están expuestas a diversos riesgos que se han clasificado en riesgos del negocio eléctrico y riesgos financieros.

4.2.1 Riesgos del Negocio Eléctrico

a. Riesgo Hidrológico

En Chile, el 48% de la capacidad instalada de Colbún es hidráulica, por lo que la Compañía está expuesta a las variables hidrológicas.

En condiciones hidrológicas secas, Colbún debe operar sus plantas térmicas de ciclo combinado con compras de gas natural o con diésel, o por defecto operar sus plantas térmicas de respaldo o bien recurrir al mercado spot. Esta situación podría encarecer los costos de Colbún, aumentando la variabilidad de sus resultados en función de las condiciones hidrológicas.

La exposición de la Compañía al riesgo hidrológico se encuentra razonablemente mitigada mediante una política comercial que tiene por objetivo mantener un equilibrio entre la generación competitiva (hidráulica en un año medio a seco, y generación térmica a carbón y a gas natural costo eficiente, otras energías renovables costo eficientes y debidamente complementadas por otras fuentes de generación dada su intermitencia y volatilidad) y los compromisos comerciales. En condiciones de extremas y repetidas sequías, una eventual falta de agua para refrigeración afectaría la capacidad generadora de los ciclos combinados. Con el objetivo de minimizar el uso del agua y asegurar la disponibilidad operacional durante periodos de escasez hídrica, Colbún ha construido una Planta de Osmosis Inversa que permite reducir hasta en un 50% el agua utilizada en el proceso de enfriamiento de los ciclos combinados del Complejo Nehuenco. La planta terminó su construcción en mayo de 2017 y entró en operación durante el tercer trimestre del 2017.

En Perú, Colbún cuenta con una central de ciclo combinado y una política comercial orientada a comprometer a través de contratos de mediano y largo plazo, dicha energía de base. La exposición a hidrologías secas es acotada ya que sólo impactaría en caso de eventuales fallas operacionales que obliguen a recurrir al mercado spot. Adicionalmente el mercado eléctrico peruano presenta una oferta térmica eficiente y disponibilidad de gas natural local suficiente para respaldarla.

b. Riesgo de precios de los combustibles

En Chile, en situaciones de bajos afluentes a las plantas hidráulicas, Colbún debe hacer uso principalmente de sus plantas térmicas o efectuar compras de energía en el mercado spot a costo marginal. Lo anterior genera un riesgo por las variaciones que puedan presentar los precios internacionales de los combustibles. Parte de este riesgo se mitiga con contratos cuyos precios de venta también se indexan con las variaciones de los precios de los combustibles. Adicionalmente, se llevan adelante programas de cobertura con diversos instrumentos derivados, tales como opciones call y opciones put, entre otras, para cubrir la porción remanente de esta exposición en caso de existir. En caso contrario, ante una hidrología abundante, la Compañía podría encontrarse en una posición excedentaria en el mercado spot cuyo precio estaría en parte determinado por el precio de los combustibles.

En Perú, el costo del gas natural tiene una menor dependencia de los precios internacionales, dada una importante oferta doméstica de este hidrocarburo, lo que permite acotar la exposición a este riesgo.

Al igual que en Chile, la proporción que queda expuesta a variaciones de precios internacionales es mitigada mediante fórmulas de indexación en contratos de venta de energía.

Por lo anteriormente expuesto, la exposición al riesgo de variaciones de precios de los combustibles se encuentra en parte mitigado.

c. Riesgo de suministro de combustibles

Respecto del suministro de combustibles líquidos, en Chile la Compañía mantiene acuerdos con proveedores y capacidad de almacenamiento propio que le permiten contar con una adecuada confiabilidad en la disponibilidad de este tipo de combustible.

Respecto al suministro de gas natural en Chile, Colbún mantiene contratos de mediano plazo con ERSA y Metrogas y para el largo plazo destaca el nuevo contrato con ERSA por opciones de suministro de gas natural licuado y capacidad reservada de regasificación -de fecha 24 de mayo y complementado el 26 de julio-, vigente desde el año 2018 al 2030 que permitirá a Colbún disponer de gas natural para el Complejo Nehuenco. Por su parte, en Perú, Fenix cuenta con contratos de largo plazo con el consorcio ECL88 (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol y Repsol) y acuerdos de transporte de gas con TGP.

En cuanto a las compras de carbón para la central térmica Santa María Unidad I, se realizan licitaciones (la última en agosto de 2017), invitando a importantes suministradores internacionales, adjudicando el suministro a empresas competitivas y con respaldo. Lo anterior siguiendo una política de compra temprana y una política de gestión de inventario de modo de mitigar sustancialmente el riesgo de no contar con este combustible.

d. Riesgos de fallas en equipos y mantención

La disponibilidad y confiabilidad de las unidades de generación y de las instalaciones de transmisión de Colbún son fundamentales para el negocio. Es por esto que Colbún tiene como política realizar mantenimientos programados, preventivos y predictivos a sus equipos, acorde a las recomendaciones de sus proveedores, y mantiene una política de cobertura de este tipo de riesgos a través de seguros para sus bienes físicos, incluyendo cobertura por daño físico y perjuicio por paralización.

e. Riesgos de construcción de proyectos

El desarrollo de nuevos proyectos puede verse afectado por factores tales como: retrasos en la obtención de permisos, modificaciones al marco regulatorio, judicialización, aumento en el precio de los equipos o de la mano de obra, oposición de grupos de interés locales e internacionales, condiciones geográficas imprevistas, desastres naturales, accidentes u otros imprevistos.

La exposición de la Compañía a este tipo de riesgos se gestiona a través de una política comercial que considera los efectos de los eventuales atrasos de los proyectos. Además, se incorporan niveles de holgura en las estimaciones de plazo y costo de construcción. Adicionalmente, la exposición de la Compañía a este riesgo se encuentra parcialmente cubierta con la contratación de pólizas del tipo "Todo Riesgo de Construcción" que cubren

tanto daño físico como pérdida de beneficio por efecto de atraso en la puesta en servicio producto de un siniestro, ambos con deducibles estándares para este tipo de seguros.

Las compañías del sector enfrentan un mercado eléctrico muy desafiante, con mucha activación de parte de diversos grupos de interés, principalmente de comunidades vecinas y ONGs, las cuales legítimamente están demandando más participación y protagonismo. Como parte de esta complejidad, los plazos de tramitación ambiental se han hecho más inciertos, los que en ocasiones son además seguidos por extensos procesos de judicialización. Lo anterior ha resultado en una menor construcción de proyectos de tamaños relevantes.

Colbún tiene como política integrar con excelencia las dimensiones sociales y ambientales al desarrollo de sus proyectos. Por su parte, la Compañía ha desarrollado un modelo de vinculación social que le permita trabajar junto a las comunidades vecinas y la sociedad en general, iniciando un proceso transparente de participación ciudadana y de generación de confianza en las etapas tempranas de los proyectos y durante todo el ciclo de vida de los mismos.

f. Riesgos regulatorios

La estabilidad regulatoria es fundamental para el sector de generación, donde los proyectos de inversión tienen largos plazos de desarrollo, ejecución y retorno de la inversión. Colbún estima que los cambios regulatorios deben hacerse considerando las complejidades del sistema eléctrico y manteniendo los incentivos adecuados para la inversión. Es importante disponer de una regulación que entregue reglas claras y transparentes que consoliden la confianza de los agentes del sector.

En Chile, la agenda energética impulsada por el gobierno contempla diversos cambios regulatorios, los que dependiendo de la forma en que se implementen podrían representar una oportunidad o riesgo para la Compañía. Son de especial relevancia los cambios que actualmente se están discutiendo en el Congreso acerca de (i) la reforma al Código de Aguas, (ii) la ley relativa al fortalecimiento de la regionalización del país, (iii) el proyecto de ley que crea el Ministerio de Pueblos Indígenas, (iv) el proyecto de ley que crea el Consejo Nacional y los Consejos de Pueblos Indígenas y (v) la Ley de Biodiversidad y Áreas Protegidas. Así también son importantes las iniciativas en el sector como (i) definición de los reglamentos necesarios para la correcta aplicación de la nueva Ley de Transmisión Eléctrica ya promulgada, (ii) la definición de la Política Energética a largo plazo para el país (2050) que ya se encuentra en su etapa de difusión, (iii) y el primer Plan de expansión anual de transmisión para el año 2017, entre otras.

En Perú, en el mes de diciembre de 2017, el Ministerio de Energías y Minas aprobó nuevas disposiciones normativas para la declaración del precio del gas (se declarará el precio del gas una vez al año y tiene ahora un precio mínimo de declaración) y solicitó reportar inflexibilidades operativas de las unidades generadoras.

De la calidad de estas nuevas regulaciones y de las señales que por ello entregue la autoridad, dependerá –en buena medida– el necesario y equilibrado desarrollo del mercado eléctrico en los próximos años, tanto en Chile como en Perú.

g. Riesgo de variación de demanda/oferta y de precio de venta de la energía eléctrica

La proyección de demanda de consumo eléctrico futuro es una información muy relevante para la determinación del precio de mercado.

En Chile, un bajo crecimiento de la demanda, una baja en el precio de los combustibles y un aumento en el ingreso de proyectos de energías renovables variables solar y eólica determinaron durante los últimos años una baja en el precio de corto plazo de la energía (costo marginal).

Respecto de los valores de largo plazo, las licitaciones de suministro de clientes regulados concluidas en agosto de 2016 y octubre de 2017 se tradujeron en una baja importante en los precios presentados y adjudicados, reflejando la mayor dinámica competitiva que existe en este mercado y el impacto que está teniendo la irrupción de nuevas tecnologías -solar y eólica fundamentalmente- con una significativa reducción de costos producto de su masificación. Aunque se puede esperar que los factores que gatillan esta dinámica competitiva y tendencia en los precios se mantengan a futuro, es difícil determinar su alcance preciso en los valores de largo plazo de la energía.

Adicionalmente, y dada la diferencia de precios de la energía entre clientes libres y regulados, pudiese ocurrir que ciertos clientes regulados podrían acogerse a régimen de cliente libre. Lo anterior se puede producir dada la opción, contenida en la legislación eléctrica que permite que los clientes con potencia conectada entre 500 kW y 5.000 kW pueden ser categorizados como clientes regulados o libres. Colbún tiene uno de los parques de generación más eficientes del sistema chileno, por lo que tiene la capacidad de ofrecer condiciones competitivas.

En Perú, también se presenta un escenario de desbalance temporal entre oferta y demanda, generado principalmente por el aumento de oferta eficiente (centrales hidroeléctricas y a gas natural).

El crecimiento que se ha observado en el mercado chileno (y potencialmente en el peruano) de fuentes de generación renovables no convencionales como la generación solar y eólica, puede generar costos de integración y por lo tanto afectar las condiciones de operación del resto del sistema eléctrico, sobre todo en ausencia de un mercado de servicios complementarios que remunere adecuadamente los servicios necesarios para gestionar la variabilidad de las fuentes de generación indicadas.

4.2.2 Riesgos Financieros

Son aquellos riesgos ligados a la imposibilidad de realizar transacciones o al incumplimiento de obligaciones procedentes de las actividades por falta de fondos, como también a las variaciones de tasas de interés, tipos de cambios, quiebra de contrapartes u otras variables financieras de mercado que puedan afectar patrimonialmente a Colbún.

a. Riesgo de tipo de cambio

El riesgo de tipo de cambio viene dado principalmente por fluctuaciones de monedas que provienen de dos fuentes. La primera fuente de exposición proviene de flujos correspondientes a ingresos, costos y desembolsos de inversión que están denominados en monedas distintas a la moneda funcional (dólar de los Estados Unidos).

La segunda fuente de riesgo corresponde al descalce contable que existe entre los activos y pasivos del Estado de Situación Financiera denominados en monedas distintas a la moneda funcional.

La exposición a flujos en monedas distintas al dólar se encuentra acotada por tener prácticamente la totalidad de las ventas de la Compañía denominada directamente o con indexación al dólar. Del mismo modo, los principales costos corresponden a compras de petróleo diésel, gas natural y carbón, los que incorporan fórmulas de fijación de precios basados en precios internacionales denominados en dólares. Respecto de los desembolsos en proyectos de inversión, la Compañía incorpora indexadores en sus contratos con proveedores y en ocasiones recurre al uso de derivados para fijar los egresos en monedas distintas al dólar.

La exposición al descalce de cuentas de Balance se encuentra mitigada mediante la aplicación de una Política de descalce máximo entre activos y pasivos para aquellas partidas estructurales denominadas en monedas distintas al dólar. Para efectos de lo anterior, Colbún mantiene una proporción relevante de sus excedentes de caja en dólares y adicionalmente recurre al uso de derivados, siendo los más utilizados swaps de moneda y forwards.

b. Riesgo de tasa de interés

Se refiere a las variaciones de las tasas de interés que afectan el valor de los flujos futuros referenciados a tasa de interés variable, y a las variaciones en el valor razonable de los activos y pasivos referenciados a tasa de interés fija que son contabilizados a valor razonable. Para mitigar este riesgo se utilizan swaps de tasa de interés fija.

La deuda financiera de la Compañía, incorporando el efecto de los derivados de tasa de interés contratados, presenta el siguiente perfil:

| Tasa de interés | 31.12.2017 | 31.12.2016 |
|-----------------|-------------|-------------|
| Fija | 100% | 97% |
| Variable | 0% | 3% |
| Total | 100% | 100% |

Al 31 de diciembre de 2017, la deuda financiera de la Compañía se encuentra denominada en un 100% a tasa fija.

c. Riesgo de crédito

La Compañía se ve expuesta a este riesgo derivado de la posibilidad de que una contraparte falle en el cumplimiento de sus obligaciones contractuales y produzca una pérdida económica o financiera. Históricamente todas las contrapartes con las que Colbún ha mantenido compromisos de entrega de energía han hecho frente a los pagos correspondientes de manera correcta.

Con respecto a las colocaciones en Tesorería y derivados que se realizan, Colbún efectúa las transacciones con entidades de elevados ratings crediticios. Adicionalmente, la Compañía ha establecido límites de participación por contraparte, los que son aprobados por el Directorio y revisados periódicamente.

Al 31 de diciembre de 2017, las inversiones de excedentes de caja se encuentran invertidas en fondos mutuos (de filiales bancarias) y en depósitos a plazo en bancos locales e internacionales.

Los primeros corresponden a fondos mutuos de corto plazo, con duración menor a 90 días, conocidos como "money market".

La información sobre rating crediticio de los clientes se encuentra revelada en la nota 11.b de los Estados Financieros.

d. Riesgo de liquidez

Este riesgo viene dado por las distintas necesidades de fondos para hacer frente a los compromisos de inversiones y gastos del negocio, vencimientos de deuda, entre otros. Los fondos necesarios para hacer frente a estas salidas de flujo de efectivo se obtienen de los propios recursos generados por la actividad ordinaria de Colbún y por la contratación de líneas de crédito que aseguren fondos suficientes para soportar las necesidades previstas por un período.

Al 31 de diciembre de 2017, Colbún cuenta con excedentes de caja por aproximadamente US\$810 millones, invertidos en Depósitos a Plazo con duración promedio de 97 días (se incluyen depósitos con duración superior a 90 días, estos últimos son registrados como "Otros Activos Financieros Corrientes" en los Estados Financieros Consolidados) y en fondos mutuos de corto plazo con duración menor a 90 días. Asimismo, la Compañía tiene disponibles como fuentes de liquidez adicional al día de hoy: (i) dos líneas de bonos inscritas en el mercado local por un monto conjunto de UF 7 millones, (ii) una línea de efectos de comercio inscrita en el mercado local por UF 2,5 millones y (iii) líneas bancarias no comprometidas por aproximadamente US\$150 millones.

En los próximos doce meses, la Compañía deberá desembolsar aproximadamente US\$139 millones por concepto de intereses y amortizaciones de deuda financiera. Éste remanente de intereses y amortizaciones menores se espera cubrir con la generación propia de flujos de caja.

Al 31 de diciembre de 2017, Colbún cuenta con clasificaciones de riesgo nacional AA- por Fitch Ratings y AA- por Standard & Poor's (S&P), ambas con perspectivas estables. A nivel internacional la clasificación de la Compañía es BBB por Fitch Ratings y BBB por S&P, ambas con perspectivas estables.

Por su parte, Fenix cuenta con clasificaciones de riesgo internacional Baa3 por Moody's, BBB- por Standard & Poor's (S&P) y BBB- por Fitch Ratings, todas con perspectivas estables.

Por lo anteriormente expuesto, se considera que el riesgo de liquidez de la Compañía actualmente es acotado.

Información sobre vencimientos contractuales de los principales pasivos financieros se encuentra revelada en la nota 22.c.1 de los Estados Financieros.

4.3 Medición del riesgo

La Compañía realiza periódicamente análisis y mediciones de su exposición a las distintas variables de riesgo, de acuerdo a lo presentado en párrafos anteriores. La gestión de riesgo es realizada por un Comité de Riesgos con el apoyo de la Gerencia de Riesgo Corporativo y en coordinación con las demás divisiones de la Compañía.

Con respecto a los riesgos del negocio, específicamente con aquellos relacionados a las variaciones en los precios de los commodities, Colbún ha implementado medidas mitigatorias consistentes en indexadores en contratos de venta de energía y coberturas con instrumentos derivados para cubrir una posible exposición remanente. Es por esta razón que no se presentan análisis de sensibilidad.

Para la mitigación de los riesgos de fallas en equipos o en la construcción de proyectos, la Compañía cuenta con seguros con cobertura para daño de sus bienes físicos, perjuicios por paralización y pérdida de beneficio por atraso en la puesta en servicio de un proyecto. Se considera que este riesgo está razonablemente acotado.

Con respecto a los riesgos financieros, para efectos de medir su exposición, Colbún elabora análisis de sensibilidad y valor en riesgo con el objetivo de monitorear las posibles pérdidas asumidas por la Compañía en caso que la exposición exista.

El riesgo de tipo de cambio se considera acotado por cuanto los principales flujos de la Compañía (ingresos, costos y desembolsos de proyectos) se encuentran denominada directamente o con indexación al dólar.

La exposición al descalce de cuentas contables se encuentra mitigada mediante la aplicación de una política de descalce máximo entre activos y pasivos para aquellas partidas estructurales denominadas en monedas distintas al dólar. En base a lo anterior, al 31 de diciembre de 2017 la exposición de la Compañía frente a este riesgo se traduce en un potencial impacto de aproximadamente US\$1,8 millones por diferencia de tipo de cambio, en términos trimestrales, en base a un análisis de sensibilidad al 95% de confianza.

No existe riesgo de variación de tasas de interés, ya que el 100% de la deuda financiera se encuentra contratada a tasa fija.

El riesgo de crédito se encuentra acotado por cuanto Colbún opera únicamente con contrapartes bancarias locales e internacionales de alto nivel crediticio y ha establecido políticas de exposición máxima por contraparte que limitan la concentración específica con estas instituciones. En el caso de los bancos, las instituciones locales tienen clasificación de riesgo local igual o superior a BBB+ y las entidades extranjeras tienen clasificación de riesgo internacional grado de inversión. Al cierre del período, la institución financiera que concentra la mayor participación de excedentes de caja alcanza un 24%. Respecto de los derivados existentes, las contrapartes internacionales de la Compañía tienen riesgo equivalente a BBB+ o superior y las contrapartes nacionales tienen clasificación local BBB+ o superior. Cabe destacar que en derivados ninguna contraparte concentra más del 27% en términos de notional.

El riesgo de liquidez se considera bajo en virtud de la relevante posición de caja de la Compañía, la cuantía de obligaciones financieras en los próximos doce meses y el acceso a fuentes de financiamiento adicionales.

5. Criterios contables críticos

La administración necesariamente efectúa juicios y estimaciones que tienen un efecto significativo sobre las cifras presentadas en los estados financieros consolidados. Cambios en los supuestos y estimaciones podrían tener un impacto significativo en los estados financieros consolidados. A continuación, se detallan las estimaciones y juicios críticos usados por la administración en la preparación de los presentes estados financieros consolidados:

a. Cálculo de depreciación y amortización, y estimación de vidas útiles asociadas

Las propiedades, plantas y equipos y los activos intangibles distintos de la plusvalía con vida útil definida, son depreciados y amortizados respectivamente en forma lineal sobre sus vidas útiles estimadas. Las vidas útiles han sido estimadas y determinadas, considerando aspectos técnicos, naturaleza del bien, y estado de los mismos.

Las vidas útiles estimadas al 31 de diciembre de 2017 y 2016 son las siguientes:

(i) Vidas útiles Propiedades, planta y equipos:

El detalle de las vidas útiles de las principales Propiedades, planta y equipos se presenta a continuación:

| Clases de propiedades, planta y equipos | Intervalo de años de vida útil estimada | Vida útil remanente promedio años |
|---|---|-----------------------------------|
| Edificios | 10 - 100 | 66 |
| Maquinarias | 4 - 20 | 11 |
| Equipos de Transporte | 5 - 15 | 8 |
| Equipos de oficina | 5 - 30 | 27 |
| Equipos informáticos | 3 - 10 | 5 |
| Activos Generadores de Energía | 2 - 100 | 18 |
| Arrendamientos Financieros | 20 | 16 |
| Otras propiedades, planta y equipo | 10 - 50 | 29 |

Para mayor información, se presenta una apertura adicional por clases de planta:

| Clases de centrales | Intervalo de años de vida útil estimada | Vida útil remanente promedio años |
|------------------------------------|---|-----------------------------------|
| Instalaciones de generación | | |
| Centrales hidráulicas | | |
| Obra civil | 10 - 100 | 73 |
| Equipo electromecánico | 2 - 100 | 22 |
| Centrales térmicas | | |
| Obra civil | 10 - 60 | 24 |
| Equipo electromecánico | 2 - 60 | 16 |

Durante el ejercicio 2017 la Compañía hizo un estudio de las vidas útiles y valor residual, generando un cambio en la estimación con efectos prospectivos.

(ii) Vidas útiles activos intangibles distintos de la plusvalía (con vidas útiles definidas):

Los activos intangibles de relación contractual con clientes corresponden principalmente a contratos de suministro de energía eléctrica adquiridos.

Los otros activos intangibles materiales corresponden a software, derechos, concesiones y otras servidumbres con vidas útiles definidas. Estos activos se amortizan de acuerdo a sus vidas útiles esperadas.

| Activos intangibles | Intervalo de años de vida útil estimada |
|--------------------------------------|---|
| Relaciones Contractuales de Clientes | 2 - 15 |
| Software | 1 - 15 |
| Derechos y Concesiones | 1 - 10 |

A la fecha de cierre de cada período, se evalúa si existe algún indicio de que algún activo hubiera podido sufrir una pérdida por deterioro. En caso de existir, se realiza una estimación del monto recuperable de dicho activo para determinar, en su caso, el monto del deterioro.

(iii) Activos intangibles con vidas útiles indefinidas:

La Compañía efectuó un análisis de las vidas útiles de los activos intangibles, que tienen vidas útiles indefinidas (p. ej. ciertas servidumbres y derechos de aguas, entre otros), concluyendo que no existe un límite previsible de tiempo a lo largo del cual el activo genere entradas de flujos netos de efectivo. Para estos activos intangibles se determinó que sus vidas útiles tienen el carácter de indefinidas.

b. Deterioro de activos no financieros (tangibles e intangibles distintos de la plusvalía, excluyendo el menor valor)

A la fecha de cierre de cada año, o en aquella fecha en que se considere necesario, se analiza el valor de los activos para determinar si existe algún indicio de que dichos activos hubieran sufrido una pérdida por deterioro. En caso de que exista algún indicio se realiza una estimación del monto recuperable de dicho activo para determinar, en su caso, el importe del saneamiento necesario. Si se trata de activos identificables que no generan flujos de caja de forma independiente, se estima la recuperabilidad de la Unidad Generadora de Efectivo ("UGE") a la que el activo pertenece. A estos efectos se ha determinado que todos los activos localizados en Chile conforman una sola UGE, mientras que los activos localizados en Perú conforman otra UGE.

En el caso de las UGE a las que se han asignado activos intangibles con una vida útil indefinida, el análisis de su recuperabilidad se realiza de forma sistemática al cierre de cada ejercicio o bajo circunstancias consideradas necesarias para realizar tal análisis, excepto cuando se considera que los cálculos más recientes, efectuados en el período anterior, del importe recuperable de una UGE podrían ser utilizados para la comprobación del deterioro del valor de esa unidad en el período corriente, puesto que se cumplen los siguientes criterios:

- Los activos y pasivos que componen esa unidad no han cambiado significativamente desde el cálculo del importe recuperable más reciente.
- El cálculo del importe recuperable más reciente, dio lugar a una cantidad que excedía del importe en libros de la unidad por un margen significativo; y
- Basándose en un análisis de los hechos que han ocurrido y de las circunstancias que han cambiado desde que se efectuó el cálculo más reciente del importe recuperable, la probabilidad de que la determinación del importe recuperable corriente sea inferior al importe en libros corriente de la unidad, sea remota.

El monto recuperable es el mayor entre el valor justo menos los costos necesarios para la venta y el valor en uso, entendiendo por éste el valor actual de los flujos de caja futuros estimados generados por el activo o una UGE. Para el cálculo del valor recuperable del activo tangible e intangible, el valor en uso es el criterio utilizado por la Compañía.

Para estimar el valor de uso, la Compañía prepara las provisiones de flujos de caja futuros antes de impuestos a partir de los presupuestos más recientes aprobados por la Administración de la Compañía. Estos presupuestos incorporan las mejores estimaciones disponibles de ingresos y costos de las UGE utilizando la mejor información disponible a la fecha, la experiencia del pasado y las expectativas futuras.

Estos flujos se descuentan para calcular su valor actual a una tasa, antes de impuestos, que recoge el costo de capital del negocio en que se desarrolla. Para su cálculo se tiene en cuenta el costo actual del dinero y las primas de riesgo utilizadas de forma general para el negocio.

En el caso de que el importe recuperable sea inferior al valor neto en libros del activo, se registra la correspondiente provisión de pérdida por deterioro por la diferencia, con cargo al rubro "Otras Ganancias (pérdidas)" del Estado de Resultados Integrales.

Las pérdidas por deterioro reconocidas en un activo en ejercicios anteriores son revertidas cuando se produce un cambio en las estimaciones sobre su importe recuperable aumentando el valor del activo con abono a resultados con el límite del valor en libros que el activo hubiera tenido de no haberse realizado el saneamiento.

Al 31 de diciembre de 2017 la Compañía considera que no existen indicios significativos de deterioro del valor contable de aquellos activos tangibles e intangibles que pertenecen a las UGE definidas por la Compañía.

c. Valor justo de los derivados y otros instrumentos financieros

Tal como se describe en la nota 3.1, la Administración usa su criterio al seleccionar una técnica de valorización apropiada de los instrumentos financieros que no se cotizan en un mercado activo. Se aplican las técnicas de valorización usadas comúnmente por los profesionales del mercado. En el caso de los instrumentos financieros derivados, se forman las presunciones basadas en las tasas cotizadas en el mercado, ajustadas según las características específicas del instrumento. Otros instrumentos financieros se valorizan usando un análisis de la actualización de los flujos de efectivo basado en las presunciones soportadas, cuando sea posible, por los precios o tasas observables de mercado.

6. Combinaciones de negocios

Al 31 de diciembre de 2017 no se han producido nuevas combinaciones de negocios.

7. Operaciones por segmentos

El negocio básico de Colbún es la generación y venta de energía eléctrica. Para ello, la Compañía cuenta con activos que producen dicha energía, la que es vendida a diversos clientes con los cuales se mantienen contratos de suministros y a otros sin contrato de acuerdo a lo estipulado en las regulaciones vigentes.

El sistema de control de gestión de Colbún analiza el negocio desde una perspectiva de un mix de activos hidráulicos/térmicos que producen energía eléctrica para servir a una cartera de clientes. En consecuencia, la asignación de recursos y las medidas de desempeño se analizan en términos agregados.

Sin perjuicio de lo anterior, la gestión interna considera criterios de clasificación para los activos y para los clientes, para efectos meramente descriptivos, pero en ningún caso de segmentación de negocio de acuerdo a los criterios establecidos en NIIF 8.

Algunos de estos criterios de clasificación son, por ejemplo, la tecnología de producción: plantas hidroeléctricas (que a su vez pueden ser de pasada o de embalse) y plantas térmicas (que a su vez pueden ser a carbón, de ciclo combinado, de ciclo abierto, etc.). Los clientes, a su vez, se clasifican siguiendo conceptos contenidos en la regulación eléctrica chilena en clientes libres, clientes regulados y mercado spot, y en clientes regulados y clientes no regulados de acuerdo a la regulación eléctrica peruana (ver nota 2).

En general no existe una relación directa entre cada una de las plantas generadoras y los contratos de suministro, sino que estos se establecen de acuerdo a la capacidad total de Colbún, siendo abastecidos en cada momento con la generación más eficiente propia o de terceros comprando energía en el mercado spot a otras compañías generadoras. Una excepción a lo anterior es el caso de Codelco en Chile, que cuenta con dos contratos de suministro suscritos con la Compañía. Uno de estos contratos es cubierto con todo el parque generador y el otro tiene preferencialmente su suministro sobre la base de la producción de Santa María.

Colbún es parte del sistema de despacho del SEN en Chile y del sistema de despacho SEIN en Perú. La generación de cada una de las plantas en estos sistemas está definida por su orden de despacho, de acuerdo a la definición de óptimo económico en el caso de ambos sistemas.

La regulación eléctrica en los dos sistemas en que Colbún participa contempla una separación conceptual entre energía y potencia, pero no por tratarse de elementos físicos distintos, sino para efectos de tarificación económicamente eficiente. De ahí que se distinga entre energía que se tarifica en unidades monetarias por unidad de energía (KWh, MWh, etc.) y potencia que se tarifica en unidades monetarias por unidad de potencia – unidad de tiempo (KW-mes).

Dado que Colbún S.A. opera en dos sistemas eléctricos, en el Sistema Eléctrico Nacional en Chile, y en el Sistema Eléctrico Interconectado Nacional en el Perú, para efectos de la aplicación de la NIIF 8 la información por segmentos se ha estructurado siguiendo la distribución geográfica por país.

El cuadro siguiente presenta información por área geográfica:

| Información a revelar sobre segmentos de operación al 31.12.2017 | Chile | Perú | Segmentos de operación | Eliminación de importes intersegmentos | Total de la entidad por segmentos de operación |
|--|------------------|----------------|------------------------|--|--|
| Ingresos de actividades ordinarias | | | | | |
| Ingresos de actividades ordinarias | 1.355.575 | 192.837 | 1.548.412 | - | 1.548.412 |
| Total ingresos de actividades ordinarias procedentes de clientes externos y transacciones con otros segmentos de operación de la misma entidad | 1.355.575 | 192.837 | 1.548.412 | - | 1.548.412 |
| Materias primas y consumibles utilizados | (614.154) | (141.526) | (755.680) | - | (755.680) |
| Gastos por beneficios a los empleados | (70.937) | (5.848) | (76.785) | - | (76.785) |
| Gastos por intereses | (70.184) | (14.770) | (84.954) | - | (84.954) |
| Ingresos por intereses | 12.093 | 633 | 12.726 | - | 12.726 |
| Gasto por depreciación y amortización | (191.256) | (32.232) | (223.488) | - | (223.488) |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de la participación | 9.181 | - | 9.181 | (6.277) | 2.904 |
| Gasto por impuestos a las ganancias, operaciones continuadas | (37.913) | 3.833 | (34.080) | - | (34.080) |
| Ganancia (pérdida), antes de impuestos | 319.465 | 9.494 | 328.959 | (6.277) | 322.682 |
| Ganancia (pérdida) procedente de operaciones continuadas | 281.552 | 13.327 | 294.879 | (6.277) | 288.602 |
| Ganancia (pérdida) | 281.552 | 13.327 | 294.879 | (6.277) | 288.602 |
| Activos | 6.313.953 | 847.422 | 7.161.375 | (238.833) | 6.922.542 |
| Inversiones contabilizadas utilizando el método de la participación | 277.131 | - | 277.131 | (238.833) | 38.298 |
| Incorporaciones de activos no corrientes distintas de instrumentos financieros, activos por impuestos diferidos, activos de beneficios definidos netos, y derechos que surgen de contratos de seguro | 5.011.080 | 704.772 | 5.715.852 | - | 5.715.852 |
| Pasivos | 2.583.949 | 387.886 | 2.971.835 | - | 2.971.835 |
| <i>Patrimonio</i> | | | | | 3.950.707 |
| Patrimonio y pasivos | | | | | 6.922.542 |
| Pérdidas por deterioro de valor reconocidas en otro resultado integral | (76.128) | - | (76.128) | - | (76.128) |
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | 523.445 | 77.494 | 600.939 | - | 600.939 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | (587.076) | (9.741) | (596.817) | - | (596.817) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | (307.822) | (30.586) | (338.408) | - | (338.408) |

Continuación

| Información a revelar sobre segmentos de operación al 31.12.2016 | Chile | Perú | Segmentos de operación | Eliminación de importes intersegmentos | Total de la entidad por segmentos de operación |
|--|------------------|----------------|------------------------|--|--|
| Ingresos de actividades ordinarias | | | | | |
| Ingresos de actividades ordinarias | 1.219.514 | 216.726 | 1.436.240 | - | 1.436.240 |
| Total ingresos de actividades ordinarias procedentes de clientes externos y transacciones con otros segmentos de operación de la misma entidad | 1.219.514 | 216.726 | 1.436.240 | - | 1.436.240 |
| Materias primas y consumibles utilizados | (580.246) | (144.341) | (724.587) | - | (724.587) |
| Gastos por beneficios a los empleados | (61.919) | (5.894) | (67.813) | - | (67.813) |
| Gastos por intereses | (88.781) | (14.659) | (103.440) | - | (103.440) |
| Ingresos por intereses | 9.479 | 575 | 10.054 | - | 10.054 |
| Gasto por depreciación y amortización | (195.754) | (32.164) | (227.918) | - | (227.918) |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de la participación | 8.919 | - | 8.919 | (3.505) | 5.414 |
| Gasto por impuestos a las ganancias, operaciones continuadas | (66.729) | (185) | (66.914) | - | (66.914) |
| Ganancia (pérdida), antes de impuestos | 268.158 | 7.001 | 275.159 | (3.505) | 271.654 |
| Ganancia (pérdida) procedente de operaciones continuadas | 201.429 | 6.816 | 208.245 | (3.505) | 204.740 |
| Ganancia (pérdida) | 201.429 | 6.816 | 208.245 | (3.505) | 204.740 |
| Activos | 6.205.616 | 839.352 | 7.044.968 | (222.370) | 6.822.598 |
| Inversiones contabilizadas utilizando el método de la participación | 260.946 | - | 260.946 | (222.370) | 38.576 |
| Incorporaciones de activos no corrientes distintas de instrumentos financieros, activos por impuestos diferidos, activos de beneficios definidos netos, y derechos que surgen de contratos de seguro | 5.127.730 | 734.600 | 5.862.330 | - | 5.862.330 |
| Pasivos | 2.629.231 | 403.535 | 3.032.766 | - | 3.032.766 |
| <i>Patrimonio</i> | | | | | 3.789.832 |
| Reversión de pérdidas por deterioro de valor reconocidas en otro resultado integral | - | - | - | - | - |
| Pérdidas por deterioro de valor reconocidas en otro resultado integral | (8.442) | - | (8.442) | - | (8.442) |
| | | | | | |
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | 494.408 | 23.442 | 517.850 | - | 517.850 |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | (76.980) | (9.078) | (86.058) | - | (86.058) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | (705.868) | (35.147) | (741.015) | - | (741.015) |

Información sobre productos y servicios

| Segmentos de ventas | Enero - Diciembre | |
|---------------------|-------------------|------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ventas de energía | 1.142.351 | 1.058.575 |
| Ventas de potencia | 192.412 | 190.918 |
| Otros ingresos | 213.649 | 186.747 |
| Total ventas | 1.548.412 | 1.436.240 |

Información sobre ventas a clientes principales

| Clientes principales | Enero - Diciembre | | | |
|--|-------------------|-------------|------------------|-------------|
| | 2017 | | 2016 | |
| | MUS\$ | % | MUS\$ | % |
| Chile | | | | |
| CGE Distribución S.A. | 306.204 | 20% | 334.798 | 23% |
| Corporación Nacional del Cobre Chile | 378.856 | 24% | 336.014 | 23% |
| Enel Distribución Chile S.A. (ex Chilectra S.A.) | 204.567 | 13% | 209.945 | 15% |
| Anglo American S.A. | 90.871 | 6% | 84.046 | 6% |
| Sociedad Austral del Sur S.A. | 89.209 | 6% | 89.748 | 6% |
| Otros | 285.868 | 19% | 164.963 | 12% |
| Subtotal | 1.355.575 | 88% | 1.219.514 | 85% |
| Perú | | | | |
| Luz del Sur | 104.714 | 7% | 103.255 | 7% |
| Empresa de Distribución Eléctrica de Lima Norte S.A. | 34.266 | 2% | 21.974 | 2% |
| Compañía Eléctrica El Platanal S.A. | 13.351 | 1% | - | 0% |
| Electronoroeste S.A. | 7.676 | 0% | 7.326 | 1% |
| Hidrandina S.A. | 4.462 | 0% | 5.305 | 0% |
| Otros | 28.368 | 2% | 78.866 | 5% |
| Subtotal | 192.837 | 12% | 216.726 | 15% |
| Total ventas | 1.548.412 | 100% | 1.436.240 | 100% |

8. Clases de efectivo y equivalentes al efectivo

a. Composición del rubro

La composición del rubro al 31 de diciembre de 2017 y 2016, es la siguiente:

| Efectivo y equivalentes al efectivo | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|-------------------------------------|---------------------|---------------------|
| Efectivo en Caja | 76 | 53 |
| SalDOS Bancos | 20.354 | 21.706 |
| Depósitos a Plazo | 90.965 | 459.522 |
| Otros Instrumentos Líquidos | 157.801 | 112.439 |
| Total | 269.196 | 593.720 |

Los Depósitos a Plazo vencen en un plazo inferior a tres meses desde la fecha de adquisición y devengan el interés de mercado para este tipo de inversiones de corto plazo.

Los Otros Instrumentos Líquidos corresponden a fondos mutuos de renta fija en pesos, euros y dólares, de muy bajo riesgo, los cuales se encuentran registrados al valor de la cuota respectiva a la fecha de cierre de los presentes estados financieros consolidados.

Adicionalmente a estos instrumentos al 31 de diciembre de 2017 y 2016, la Compañía presenta otros Depósitos a Plazo que tenían vencimientos en un plazo superior a tres meses desde su adquisición, los cuales se presentan en la Nota 9.

b. Detalle por tipo de moneda

El detalle de efectivo y equivalentes al efectivo, por tipo de moneda, considerando el efecto de derivados, es el siguiente:

| Moneda | 31.12.2017 | | 31.12.2016 | |
|--------------|---------------------------------|---|---------------------------------|--|
| | Saldo moneda de origen MUS\$ | Saldo moneda con derivado ⁽¹⁾ MUS\$ | Saldo moneda de origen MUS\$ | Saldo moneda con derivado (1) MUS\$ |
| EUR | 1.121 | 1.121 | 516 | 516 |
| CLP | 169.132 | 149.068 | 435.370 | 135.370 |
| PEN | 13.9 | 13.957 | 17.359 | 17.359 |
| USD | 84.9 | 105.050 | 140.475 | 440.475 |
| Total | 269.196 | 269.196 | 593.720 | 593.720 |

⁽¹⁾ Considera el efecto de forward de tipo de cambio suscritos para redenominar a dólares ciertos Depósitos a Plazo en pesos.

9. Otros activos financieros

La composición del rubro al 31 de diciembre de 2017 y 2016, es la siguiente:

| | Corriente | | No corriente | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Depósitos a Plazo ⁽¹⁾ | 541.019 | 73.277 | - | - |
| Instrumentos Derivados cobertura ⁽²⁾ (ver nota 14.1) | 950 | 1.008 | 20.829 | 5.153 |
| Inversión por Acciones Rematadas | - | - | 93 | - |
| Inversión en el CEN | - | - | 245 | 224 |
| Total | 541.969 | 74.285 | 21.167 | 5.377 |

⁽¹⁾ Al 31 de diciembre de 2017 y 2016 las inversiones en depósitos a plazo que fueron clasificadas en este rubro, tienen un plazo promedio de inversión original menor a seis meses y el plazo remanente de vencimiento era de 90 días promedio. Los flujos de efectivo relacionados a estas inversiones se presentan en el Estado de Flujos de Efectivo como actividades de inversión en otras entradas (salidas) de efectivo.

⁽²⁾ Corresponde al mark-to-market positivo actual de los derivados de cobertura vigentes al cierre de cada ejercicio.

10. Cuentas comerciales por cobrar y otras cuentas por cobrar

La composición del rubro al 31 de diciembre de 2017 y 2016, es la siguiente:

| Rubro | Corriente | |
|-----------------------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Deudores comerciales con contrato | 200.257 | 161.672 |
| Deudores varios ⁽¹⁾ | 24.807 | 37.572 |
| Total | 225.064 | 199.244 |

⁽¹⁾ Al 31 de diciembre de 2017 el saldo corriente considera los impuestos por recuperar (Impuesto general a las ventas (IGV)) por MUS\$ 16.803, garantía por colateral JP Morgan por MUS\$ 4.160 y otros menores por MUS\$ 3.844. En tanto al 31 de diciembre de 2016 el saldo correspondiente a impuestos por recuperar (Impuesto general a las ventas (IGV) e impuesto específico) por MUS\$ 21.744, garantía por colateral JP Morgan por MUS\$ 4.161, y otros por MUS\$ 11.667. La Compañía estima que el período de recuperación de estos activos es de 12 meses.

El período medio de cobro a clientes es de 30 días.

Las contrapartes comerciales de Colbún corresponden a empresas de primer nivel en términos de calidad crediticia y empresas distribuidoras que por su regulación y/o comportamiento histórico no muestran signos de deterioro o atrasos importantes en los plazos de pago.

Considerando la solvencia de los deudores, la regulación vigente y en concordancia con la política de incobrables declarada en nuestras políticas contables (ver nota 3.1.h.1.6), la Compañía ha estimado que existe evidencia de deterioro en algunas cuentas por cobrar de la subsidiaria Fenix Power Perú S.A. por la cual ha constituido una provisión de incobrabilidad que en opinión de la Administración cubre adecuadamente el riesgo de pérdida de valor de estas cuentas por cobrar.

Los movimientos en la provisión de deterioro de cuentas comerciales, es la siguiente:

| Deterioro | Corriente | |
|-------------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Saldo inicial | 11.187 | 5.463 |
| Provisión por deterioro | - | 5.724 |
| Reverso deterioro | (10.910) | - |
| Saldo final | 277 | 11.187 |

Los valores razonables de deudores comerciales y otras cuentas por cobrar no difieren de su valor contable. Al 31 de diciembre de 2017 y 2016, el análisis de deudores comerciales, es el siguiente:

a) Estratificación de cartera de los deudores comerciales: por antigüedad.

| Facturado | Saldos al 31.12.2017 | | | | | |
|--------------------------------|----------------------|--------------------|----------------|----------------|-----------------|----------------|
| | Al Día MUS\$ | 1-30 días MUS\$ | 31-60 MUS\$ | 61-90 MUS\$ | 91-más MUS\$ | Total MUS\$ |
| Deudores comerciales Regulados | 5.804 | 5.114 | 4 | 1 | 141 | 11.064 |
| Deudores comerciales Libres | 5.247 | 19 | 16 | - | - | 5.282 |
| Otros deudores comerciales | 2.459 | 348 | 88 | 24 | 138 | 3.057 |
| Provisión de deterioro | - | (109) | (6) | - | (162) | (277) |
| Subtotal | 13.510 | 5.372 | 102 | 25 | 117 | 19.126 |

| Facturas por emitir | Saldos al 31.12.2017 | | | | | |
|-------------------------------------|----------------------|--------------------|----------------|----------------|-----------------|----------------|
| | Al Día MUS\$ | 1-30 días MUS\$ | 31-60 MUS\$ | 61-90 MUS\$ | 91-más MUS\$ | Total MUS\$ |
| Deudores comerciales Regulados | 50.539 | - | - | - | - | 50.539 |
| Deudores comerciales Libres | 39.725 | - | - | - | - | 39.725 |
| Otros deudores comerciales | 90.867 | - | - | - | - | 90.867 |
| Subtotal | 181.131 | - | - | - | - | 181.131 |
| Total Deudores Comerciales | 194.641 | 5.372 | 102 | 25 | 117 | 200.257 |
| N° de clientes (no auditado) | 286 | 198 | 85 | 85 | 219 | |

| Facturado | Saldos al 31.12.2016 | | | | | |
|--------------------------------|----------------------|--------------------|----------------|----------------|-----------------|----------------|
| | Al Día MUS\$ | 1-30 días MUS\$ | 31-60 MUS\$ | 61-90 MUS\$ | 91-más MUS\$ | Total MUS\$ |
| Deudores comerciales Regulados | 3.725 | 4.752 | 30 | 28 | 12.838 | 21.373 |
| Deudores comerciales Libres | 2.281 | 552 | - | - | - | 2.833 |
| Otros deudores comerciales | 1.881 | 674 | 463 | 29 | 121 | 3.168 |
| Provisión de deterioro | - | - | - | - | (11.187) | (11.187) |
| Subtotal | 7.887 | 5.978 | 493 | 57 | 1.772 | 16.187 |

| Facturas por emitir | Saldos al 31.12.2016 | | | | | |
|-------------------------------------|----------------------|--------------------|----------------|----------------|-----------------|----------------|
| | Al Día MUS\$ | 1-30 días MUS\$ | 31-60 MUS\$ | 61-90 MUS\$ | 91-más MUS\$ | Total MUS\$ |
| Deudores comerciales Regulados | 88.379 | - | - | - | - | 88.379 |
| Deudores comerciales Libres | 50.520 | - | - | - | - | 50.520 |
| Otros deudores comerciales | 6.586 | - | - | - | - | 6.586 |
| Subtotal | 145.485 | - | - | - | - | 145.485 |
| Total Deudores Comerciales | 153.372 | 5.978 | 493 | 57 | 1.772 | 161.672 |
| N° de clientes (no auditado) | 46 | 173 | 105 | 97 | 133 | |

b) Clientes en cobranza judicial

No existen deudores comerciales y otras cuentas por cobrar registradas en la contabilidad que se encuentren en cobranza judicial.

11. Instrumentos financieros

a. Instrumentos financieros por categoría

Las políticas contables relativas a instrumentos financieros se han aplicado a las categorías que se detallan a continuación:

a.1 Activos

| 31 de diciembre de 2017 | Efectivo y equivalentes al efectivo | Mantenidos al vencimiento | Préstamos y cuentas por cobrar ⁽¹⁾ | Activos a valor razonable con cambios en resultados | Derivados de cobertura | Total |
|---|-------------------------------------|---------------------------|---|---|------------------------|------------------|
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Efectivo en caja y saldos banco (ver nota 8) | 20.430 | - | - | - | - | 20.430 |
| Depósitos a Plazo y Otros Instrumentos Líquidos (ver nota 8) | - | 90.965 | - | 157.801 | - | 248.766 |
| Deudores comerciales y cuentas por cobrar (ver nota 10) | - | - | 208.260 | - | - | 208.260 |
| Cuentas por cobrar a entidades relacionadas (ver nota 12.b.1) | - | - | 240 | - | - | 240 |
| Instrumentos financieros derivados (ver nota 14.1) | - | - | - | - | 21.779 | 21.779 |
| Otros activos financieros (ver nota 9) | - | 541.264 | - | - | - | 541.264 |
| Total | 20.430 | 632.229 | 208.500 | 157.801 | 21.779 | 1.040.739 |

| 31 de diciembre de 2016 | Efectivo y equivalentes al efectivo | Mantenidos al vencimiento | Préstamos y cuentas por cobrar ⁽¹⁾ | Activos a valor razonable con cambios en resultados | Derivados de cobertura | Total |
|---|-------------------------------------|---------------------------|---|---|------------------------|----------------|
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Efectivo en caja y saldos banco (ver nota 8) | 21.759 | - | - | - | - | 21.759 |
| Depósitos a Plazo y Otros Instrumentos Líquidos (ver nota 8) | - | 459.522 | - | 112.439 | - | 571.961 |
| Deudores comerciales y cuentas por cobrar (ver nota 10) | - | - | 177.500 | - | - | 177.500 |
| Cuentas por cobrar a entidades relacionadas (ver nota 12.b.1) | - | - | 3.055 | - | - | 3.055 |
| Instrumentos financieros derivados (ver nota 14.1) | - | - | - | - | 6.161 | 6.161 |
| Otros activos financieros (ver nota 9) | - | 73.501 | - | - | - | 73.501 |
| Total | 21.759 | 533.023 | 180.555 | 112.439 | 6.161 | 853.937 |

⁽¹⁾ Al 31 de diciembre de 2017 no considera los impuestos por recuperar MUS\$ 16.804. En tanto al 31 de diciembre de 2016 el saldo correspondiente a impuestos por recuperar corriente fue de MUS\$ 21.744.

a.2 Pasivos

| 31 de diciembre de 2017 | Otros pasivos financieros | Derivados de cobertura | Total |
|---|---------------------------|------------------------|------------------|
| | MUS\$ | MUS\$ | MUS\$ |
| Préstamos que devengan interés (ver nota 22.a) | 1.643.985 | - | 1.643.985 |
| Obligaciones por leasing (ver nota 22.a) | 15.071 | - | 15.071 |
| Instrumentos financieros derivados (ver nota 14.1) | - | 396 | 396 |
| Cuentas por pagar comerciales y Otras cuentas por pagar (ver nota 23) | 207.556 | - | 207.556 |
| Cuentas por pagar a entidades relacionadas (ver nota 12.b.2) | 13.559 | - | 13.559 |
| Total | 1.880.171 | 396 | 1.880.567 |

| 31 de diciembre de 2016 | Otros pasivos financieros | Derivados de cobertura | Total |
|---|---------------------------|------------------------|------------------|
| | MUS\$ | MUS\$ | MUS\$ |
| Préstamos que devengan interés (ver nota 22.a) | 1.690.057 | - | 1.690.057 |
| Obligaciones por leasing (ver nota 22.a) | 15.451 | - | 15.451 |
| Instrumentos financieros derivados (ver nota 14.1) | - | 4.524 | 4.524 |
| Cuentas por pagar comerciales y Otras cuentas por pagar (ver nota 23) | 226.905 | - | 226.905 |
| Cuentas por pagar a entidades relacionadas (ver nota 12.b.2) | 32.339 | - | 32.339 |
| Total | 1.964.752 | 4.524 | 1.969.276 |

b. Calidad crediticia de Activos Financieros

La calidad crediticia de los activos financieros que todavía no han vencido y que tampoco han sufrido pérdidas por deterioro se puede evaluar en función de la clasificación crediticia ("rating") otorgada a las contrapartes de la Compañía por agencias de clasificación de riesgo de reconocido prestigio local e internacional.

| Calidad crediticia de Activos Financieros | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|---------------------|---------------------|
| Cientes con clasificación de riesgo local | | |
| AAA | 56.277 | 40.958 |
| AA+ | 27.462 | 15.466 |
| AA | 15.269 | 56.277 |
| AA- | 39.802 | 267 |
| A+ | 232 | 36 |
| A | 556 | - |
| Total | 139.598 | 113.004 |
| Cientes sin clasificación de riesgo local | | |
| Total | 60.659 | 48.668 |
| Caja en bancos y depósitos bancarios a corto plazo Mercado Local | | |
| AAA | 507.492 | 231.337 |
| AA+ | - | 102.717 |
| AA | 75.602 | 86.204 |
| AA- | 11.049 | 14.942 |
| A+o inferior | 21.942 | 20.457 |
| Total | 616.085 | 455.657 |
| Caja en bancos y depósitos bancarios a corto plazo Mercado Internacional ^(*) | | |
| BBB- o superior | 36.329 | 98.901 |
| Total | 36.329 | 98.901 |
| Activos Financieros derivados Contraparte Mercado Internacional ^(*) | | |
| Ao Superior | 21.779 | 1.008 |
| Total | 21.779 | 1.008 |

^(*) Clasificación de riesgo internacional

12. Información sobre partes relacionadas

Las operaciones entre la Compañía y sus subsidiarias dependientes, que son partes relacionadas, forman parte de las transacciones habituales de la Compañía en cuanto a su objeto y condiciones, y han sido eliminadas en el proceso de consolidación. La identificación de vínculo entre la Controladora, subsidiarias, asociadas, negocios conjuntos y entidades con cometido especial, se encuentra detallada en la nota 3.1 letra b y c.

a. Accionistas mayoritarios

La distribución de los accionistas de la Compañía al 31 de diciembre de 2017 es la siguiente:

| Nombre de los Accionistas | Participación % |
|---|--------------------|
| Minera Valparaíso S.A. ^(*) | 35,17 |
| Forestal Cominco S.A. ^(*) | 14,00 |
| Antarchile S.A. | 9,58 |
| AFP Habitat S.A. ^(**) | 6,26 |
| AFP Provida S.A. ^(**) | 4,79 |
| Banco de Chile por cuenta de terceros | 4,11 |
| AFP Cuprum S.A. ^(**) | 4,09 |
| Banco Itaú por cuenta de inversionistas | 3,71 |
| AFP Capital S.A. ^(**) | 3,70 |
| Banco Santander - JP Morgan | 1,78 |
| Otros accionistas | 12,81 |
| Total | 100,00 |

^(*) Sociedades pertenecientes al grupo controlador (grupo Matte)

^(**) Corresponde a la participación consolidada por cada Administradora de Fondos de Pensiones

b. Saldo y transacciones con entidades relacionadas

Las operaciones por cobrar, pagar y transacciones con entidades relacionadas fueron realizadas en términos y condiciones de mercado y se ajustan a lo establecido en el artículo N° 44 de la Ley N° 18.046, sobre Sociedades Anónimas. La Compañía no registra provisión por cuentas por cobrar de dudoso cobro, ya que dichas obligaciones son pagadas dentro de los plazos establecidos (menos de 30 días) o corresponden a pagos de Dividendos que han provisionado las entidades relacionadas (caso Electrogas S.A.).

b. 1. Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | | No corriente | |
|--------------|---|-------------|-------------------------------|----------------|------------------|------------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.806.130-5 | Electrogas S.A. | Chile | Asociada | Dólar | - | 2.380 | - | - |
| 96.853.150-6 | Papeles Cordillera S.A. | Chile | Grupo empresarial común | Pesos | - | 40 | - | 263 |
| 96.529.310-8 | CMPC Tissue S.A. | Chile | Grupo empresarial común | Pesos | - | 13 | - | - |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Negocio conjunto | Pesos | - | 11 | - | - |
| 96.731.890-6 | Cartulinas CMPC S.A. | Chile | Grupo empresarial común | Pesos | 164 | 348 | - | - |
| 65.485.050-K | Fundación Colbún | Chile | Entidad con cometido especial | Pesos | 76 | - | - | - |
| Total | | | | | 240 | 2.792 | - | 263 |

b. 2. Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | |
|--------------|---|-------------|---|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Negocio conjunto | Pesos | 212 | 197 |
| 96.565.580-8 | Cía. Leasing Tattersall S.A. | Chile | Director común | Pesos | - | 202 |
| 99.520.000-7 | Compañía de Petróleos de Chile Copec S.A. | Chile | Director y Ejecutivo accionista mayoritario | Pesos | 1.965 | 2.282 |
| 96.806.980-2 | Entel PCS Comunicaciones S.A. | Chile | Director común | Pesos | 36 | 28 |
| 90.412.000-6 | Minera Valparaíso S.A. | Chile | Accionista mayoritario | Dólar | 8.116 | 21.194 |
| 79.621.850-9 | Forestal Cominco S.A. | Chile | Accionista mayoritario | Dólar | 3.230 | 8.436 |
| Total | | | | | 13.559 | 32.339 |

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

b. 3 Información a revelar sobre transacciones entre partes relacionadas

| Rut | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero - Diciembre | | | |
|--------------|---|-------------|---|----------------|--|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Negocio conjunto | Pesos | Peaje uso de instalaciones | 2.212 | (1.859) | 2.502 | (2.103) |
| | | | | UF | Ingresos por servicios prestados | 141 | 119 | 132 | 111 |
| 76.652.400-1 | Centrales Hidroeléctricas de Aysén S.A. | Chile | Negocio conjunto | Pesos | Aportes de Capital ⁽¹⁾ | 2.923 | - | 3.323 | - |
| 96.806.130-5 | Electrogas S.A. | Chile | Asociada | Dólar | Servicio de transporte de gas | 9.483 | (7.969) | 9.167 | (7.703) |
| | | | | Dólar | Servicio de transporte de diesel | 815 | (685) | 1.094 | (919) |
| | | | | Dólar | Dividendo declarado ⁽²⁾ | - | - | 2.380 | - |
| | | | | Dólar | Dividendo recibido ⁽²⁾ | 10.484 | - | 8.682 | - |
| 96.853.150-6 | Papeles Cordillera S.A. | Chile | Director común en matriz | Pesos | Arriendo reserva de capacidad | - | - | 37 | 31 |
| 97.080.000-K | Banco Bice | Chile | Director común | Pesos | Gastos por servicios recibidos | 35 | (30) | 28 | (24) |
| 96.731.890-6 | Cartulinas CMPC S.A. | Chile | Director común en matriz | Pesos | Servidumbre | 1.068 | 897 | 1.118 | 939 |
| 79.621.850-9 | Forestal Cominco S.A. | Chile | Accionista mayoritario | Dólar | Dividendos ⁽³⁾ | 22.215 | - | 15.072 | - |
| 90.412.000-6 | Minera Valparaíso S.A. | Chile | Accionista mayoritario | Dólar | Dividendos ⁽³⁾ | 55.810 | - | 37.865 | - |
| 99.520.000-7 | Compañía de Petróleos de Chile Copec S.A. | Chile | Director y Ejecutivo accionista mayoritario | Pesos | Servicio de Abastecimiento de diésel | 35.200 | (29.580) | 45.163 | (34.071) |
| 96.806.980-2 | Entel PCS Telecomunicaciones S.A. | Chile | Director común | Pesos | Servicios de telefonía | 377 | (317) | 418 | (351) |
| 96.697.410-9 | Entel Telefonía Local S.A. | Chile | Director común | Pesos | Servicios de telefonía | 92 | (77) | 54 | (45) |
| 96.925.430-1 | Sercor S.A. | Chile | Director común | Pesos | Servicio de Administración de Acciones | 122 | (102) | 37 | (31) |
| 4.523.287-5 | Arturo Mackenna | Chile | Director | Pesos | Servicios de Asesoría | 52 | (47) | 28 | (28) |

⁽¹⁾ Aportes a Centrales Hidroeléctricas de Aysén S.A.

- Con fecha 17 de febrero de 2017 Colbún realizó el primer aporte de capital a Centrales Hidroeléctricas de Aysén S.A. por MM\$ 1.764 (MUS\$ 2.763), según lo acordado en la junta extraordinaria de accionistas de Hidroaysén con fecha 29 de diciembre de 2016.
- Con fecha 15 de diciembre de 2017, Colbún realizó aporte de capital a Centrales Hidroeléctricas de Aysén S.A. por MM\$ 102,9 (MUS\$ 160,5), con el objetivo de ejecutar las actividades de la Sociedad por el período Diciembre 2017/Junio 2018.

⁽²⁾ Dividendos declarados por Electrogas S.A.

- En marzo 2017, Electrogas S.A. declaró un dividendo provisorio con cargo a la utilidad del 2016 por MMUS\$ 13,1 de los cuales a Colbún le corresponde MUS\$ 5.554 (42,5%). Este dividendo fue pagado en dos cuotas, la primera recibida el 30 de mayo por MUS\$ 2.720 y la segunda cuota recibida el 27 de septiembre por MUS\$ 2.834. Asimismo, con fecha 30 de mayo de 2017 se canceló el saldo del dividendo declarado el año anterior por MUS\$ 2.380.
- En noviembre 2017, Electrogas acordó un dividendo provisorio a cuenta del resultado 2017 por MUS\$ 6.000, correspondiéndole a Colbún la suma de MUS\$ 2.550. Este dividendo fue recibido el 30 de noviembre de 2017.

⁽³⁾ Dividendos declarados y pagados a Minera Valparaíso S.A. y Forestal Cominco S.A.

- Corresponde al dividendo provisorio acordado en Sesión de Directorio de fecha 20 de diciembre de 2016 y pagado con fecha 9 de enero de 2017 y dividendo definitivo acordado por la JOA y pagado el 9 de mayo de 2017.
- Corresponde al dividendo provisorio acordado en Sesión de Directorio de fecha 28 de noviembre de 2017 y pagado con fecha 20 de diciembre de 2017.

c. Administración y Alta Dirección

Los miembros de la Alta Dirección y demás personas que asumen la gestión de Colbún, así como los accionistas o las personas naturales o jurídicas a las que representan, no han participado al 31 de diciembre de 2017 y 2016, en transacciones inhabituales y/o relevantes de la Sociedad.

La Compañía es administrada por un Directorio compuesto por 9 miembros, los que permanecen por un período de 3 años con posibilidad de ser reelegidos.

En Junta Ordinaria de Accionistas celebrada con fecha 27 de abril de 2017, se renovó el directorio de la Compañía, resultando elegidas las señoras María Ignacia Benítez Pereira, Vivianne Blanlot Soza y Luz Granier Bulnes, y los señores Bernardo Larraín Matte, Arturo Mackenna Íñiguez, Andrés Lehuedé Bromley, Jorge Matte Capdevila, Juan Eduardo Correa García y Francisco Matte Izquierdo. Las señoras María Ignacia Benítez Pereira y Luz Granier Bulnes fueron elegidas en calidad de directoras independientes.

El 3 de mayo de 2017 en Sesión Extraordinaria de Directorio, se designó como Presidente del Directorio a Juan Eduardo Correa García y como Vicepresidente a Vivianne Blanlot Soza.

d. Comité de Directores

De conformidad con lo dispuesto en el Artículo 50 bis de la Ley N°18.046 sobre Sociedades Anónimas, Colbún y subsidiarias cuenta con un Comité de Directores compuesto de 3 miembros, que tienen las facultades contemplados en dicho artículo.

El 3 de mayo de 2017 en Sesión Extraordinaria de Directorio, se designaron como integrantes del Comité de Directores a don Francisco Matte Izquierdo, y a las señoras Luz Granier Bulnes y María Ignacia Benítez Pereira.

e. Remuneración y otras prestaciones

En conformidad a lo establecido en el Artículo 33 de la Ley N°18.046 de Sociedades Anónimas, los Directores serán remunerados por sus funciones y la cuantía de su remuneración es fijada anualmente por la Junta General Ordinaria de Accionistas de la Compañía.

El detalle de los montos pagados al 31 de diciembre de 2017 y 2016 que incluye a los miembros del Comité de Directores, se presenta a continuación:

e.1 Remuneración del Directorio

| Nombre | Cargo | Enero - Diciembre | | | | | |
|--|-----------------|----------------------------|--|----------------------------|----------------------------|--|----------------------------|
| | | 2017 | | | 2016 | | |
| | | Directorio de Colbún MUS\$ | Remuneración Variable ⁽²⁾ MUS\$ | Comité de Directores MUS\$ | Directorio de Colbún MUS\$ | Remuneración Variable ⁽²⁾ MUS\$ | Comité de Directores MUS\$ |
| Juan Eduardo Correa García ⁽¹⁾ | Presidente | 124 | 86 | 8 | 66 | 64 | 18 |
| Vivianne Blanlot Soza ⁽¹⁾ | Vice-presidente | 74 | 86 | - | 66 | 64 | 5 |
| Bernardo Larraín Matte ⁽¹⁾ | Director | 98 | 172 | - | 132 | 128 | - |
| Luz Granier Bulnes ⁽¹⁾ | Director | 74 | 86 | 25 | 66 | 48 | 22 |
| María Ignacia Benítez Pereira ⁽¹⁾ | Director | 74 | 47 | 25 | 54 | - | 18 |
| Arturo Mackenna Iñiguez ⁽¹⁾ | Director | 74 | 86 | - | 66 | 64 | - |
| Jorge Matte Capdevila ⁽¹⁾ | Director | 74 | 47 | - | 54 | - | - |
| Francisco Matte Izquierdo ⁽¹⁾ | Director | 74 | 47 | 17 | 54 | - | - |
| Andrés Lehuedé Bromley ⁽¹⁾ | Director | 74 | 7 | - | 6 | - | - |
| Eduardo Navarro Beltrán | Director | - | 79 | - | 60 | 64 | - |
| Luis Felipe Gazitua Achondo | Director | - | 35 | - | 16 | 64 | 5 |
| Eliodoro Matte Larraín | Director | - | 35 | - | 16 | 64 | - |
| Juan Hurtado Vicuña | Director | - | 35 | - | 16 | 64 | - |
| Sergio Undurraga Saavedra | Director | - | - | - | - | 16 | - |
| | | 740 | 848 | 75 | 672 | 640 | 68 |

⁽¹⁾ Directores vigentes al 31 de diciembre de 2017.

⁽²⁾ Con fecha 12 de mayo de 2017 se hizo efectivo el pago por un monto líquido de MUS\$ 763 correspondiente a la remuneración variable calculada en base a la utilidad del ejercicio 2016.

En Junta de Ordinaria de Accionistas celebrada con fecha 27 de abril de 2017 se acordó el pago de una remuneración variable anual igual al 0,75% de las utilidades provenientes del ejercicio 2017, a la cual se le deduce la remuneración fija pagada en el ejercicio 2017. Al 31 de diciembre de 2017 se provisionaron MUS\$ 1.370 por este concepto.

e.2 Gastos en Asesoría del Directorio

En los períodos terminados al 31 de diciembre de 2017 y 2016, el Directorio no realizó gastos por asesorías.

e.3 Remuneración de los miembros de la Alta Dirección que no son Directores

| Nombre | Cargo |
|-----------------------------|--|
| Thomas Keller Lippold | Gerente General |
| Juan Eduardo Vásquez Moya | Gerente División Negocios y Gestión de Energía |
| Carlos Luna Cabrera | Gerente División Generación |
| Sebastián Moraga Zúñiga | Gerente División Finanzas y Administración |
| Eduardo Lauer Rodríguez | Gerente División Ingeniería y Proyectos |
| Juan Pablo Schaeffer Fabres | Gerente División Desarrollo Sustentable |
| Rodrigo Pérez Stiepovic | Gerente Legal |
| Paula Martínez Osorio | Gerente de Organización y Personas |
| Sebastián Fernández Cox | Gerente de Desarrollo |
| Heraldo Alvarez Arenas | Gerente de Auditoría Interna |

Las remuneraciones devengadas por el personal clave de la gerencia, ascienden a:

| Concepto | Enero - Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Beneficios a los empleados a corto plazo | 4.726 | 4.507 |
| Otros beneficios a largo plazo | 946 | 853 |
| Beneficios por terminación | 117 | 10 |
| Total | 5.789 | 5.370 |

e.4 Cuentas por cobrar y pagar y otras transacciones

Al 31 de diciembre de 2017 y 2016 no existen cuentas por cobrar y pagar entre la Compañía y sus Directores y Gerencias.

e.5 Otras transacciones

No existen otras transacciones entre la Compañía y sus Directores y Gerencias del Grupo.

e.6 Garantías constituidas por la Compañía a favor de los Directores

Durante los períodos terminados al 31 de diciembre de 2017 y 2016, la Compañía no ha realizado este tipo de operaciones.

e.7 Planes de incentivo a los principales ejecutivos y gerentes

La Compañía tiene para toda su plana ejecutiva, bonos fijados en función de la evaluación de su desempeño individual y cumplimiento de metas a nivel divisional y corporativo.

e.8 Indemnizaciones pagadas a los principales ejecutivos y gerentes

Durante el período terminado al 31 de diciembre de 2017 y 2016 no se pagaron indemnizaciones.

e.9 Cláusulas de garantía: Directorio y Gerencia de la Compañía

La Compañía no tiene pactado cláusulas de garantía con sus directores y gerencia.

e.10 Planes de retribución vinculados a la cotización de la acción

La Compañía no mantiene este tipo de operación.

13. Inventarios

La composición del rubro al 31 de diciembre de 2017 y 2016, es el siguiente:

| Clases de inventarios | 31.12.2017 | 31.12.2016 |
|--|---------------|---------------|
| | MUS\$ | MUS\$ |
| Repuestos para Mantenimiento | 39.684 | 21.259 |
| Carbón | 14.659 | 15.603 |
| Existencias en Tránsito ⁽¹⁾ | 7.226 | 6.462 |
| Petróleo | 4.495 | 4.863 |
| Gas Line Pack | 274 | 274 |
| Provisión Obsolescencia ⁽²⁾ | (3.427) | (3.347) |
| Total | 62.911 | 45.114 |

⁽¹⁾ Corresponde a existencia de carbón para la central Santa María.

⁽²⁾ Corresponde a la estimación por deterioro sobre el stock de repuestos, aplicado de acuerdo a la Política.

No existen inventarios entregados en prenda para garantía de cumplimiento de deudas.

Costo de inventarios reconocidos como gasto

Los consumos de inventarios reconocidos como gastos durante los períodos terminados al 31 de diciembre de 2017 y 2016 respectivamente, se presentan en el siguiente detalle:

| Costo inventario | Enero - Diciembre | |
|-----------------------------|-------------------|----------------|
| | 2017 | 2016 |
| | MUS\$ | MUS\$ |
| Consumos almacén | 10.412 | 9.935 |
| Petróleo (ver nota 28) | 31.145 | 41.330 |
| Gas Line Pack (ver nota 28) | 308.369 | 262.823 |
| Carbón (ver nota 28) | 73.813 | 63.381 |
| Total | 423.739 | 377.469 |

14. Instrumentos derivados

La Compañía, siguiendo la política de gestión de riesgos financieros descrita en la Nota 4, realiza contrataciones de derivados financieros para cubrir su exposición a la variación de tasas de interés, moneda (tipo de cambio) y precios de combustibles.

Los derivados de tasas de interés son utilizados para fijar o limitar la tasa de interés variable de obligaciones financieras y corresponden a swaps de tasa de interés.

Los derivados de moneda se utilizan para fijar la tasa de cambio del dólar respecto al Peso (CLP), Unidad de Fomento (U.F.) y Soles Peruanos (PEN), producto de inversiones u obligaciones existentes en monedas distintas al dólar. Estos instrumentos corresponden principalmente a Forwards y Cross Currency Swaps.

Los derivados sobre precios de combustibles se emplean para mitigar el riesgo de variación de ingresos por venta y costos de la producción de energía de la Compañía producto de un cambio en los precios de combustibles utilizados para tales efectos. Los instrumentos utilizados corresponden principalmente a opciones y forwards.

Al 31 de diciembre de 2017, la Compañía clasifica todas sus coberturas como "Cobertura de flujos de efectivo".

14.1 Instrumentos de Cobertura

El detalle de este rubro al 31 de diciembre de 2017 y 2016, que recoge la valorización de los instrumentos financieros a dichas fechas, es el siguiente:

| Activos de Cobertura | | Corriente | | No Corriente | |
|-------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Cobertura de tipo de cambio | Cobertura flujo de efectivo | 883 | 103 | 20.829 | - |
| Cobertura de tasa de interés | Cobertura flujo de efectivo | - | - | - | 5.153 |
| Cobertura de precio de combustibles | Cobertura flujo de efectivo | 67 | 905 | - | - |
| Total (ver nota 9) | | 950 | 1.008 | 20.829 | 5.153 |

| Pasivos de Cobertura | | Corriente | | No Corriente | |
|------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Cobertura de tipo de cambio | Cobertura flujo de efectivo | 396 | 1.034 | - | 2.918 |
| Cobertura de tasa de interés | Cobertura flujo de efectivo | - | 572 | - | - |
| Total (ver nota 22.a) | | 396 | 1.606 | - | 2.918 |

| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---------------------------------------|---------------------|---------------------|
| Instrumentos de Cobertura Neto | 21.383 | 1.637 |

El detalle de la cartera de instrumentos de cobertura de Colbún S.A. y subsidiarias es el siguiente:

| Instrumento de cobertura | Valor Razonable Instrumento de Cobertura | | Subyacente Cubierto | Riesgo Cubierto | Tipo de cobertura |
|--------------------------|--|---------------------|-------------------------------------|----------------------------------|-------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | | | |
| Forwards de moneda | - | 2 | Desembolsos Futuros Proyecto | Tipo de cambio | Flujo de efectivo |
| Forwards de moneda | (396) | 100 | Inversiones Financieras | Tipo de cambio | Flujo de efectivo |
| Swaps de tasa de interés | - | 4.939 | Préstamos Bancarios | Tasa de interés | Flujo de efectivo |
| Cross Currency Swaps | 21.712 | (4.309) | Obligaciones con el Público (Bonos) | Tipo de cambio y Tasa de interés | Flujo de efectivo |
| Opciones de Petróleo | 67 | 905 | Compras de Petróleo y Gas | Precio del petróleo | Flujo de efectivo |
| Total | 21.383 | 1.637 | | | |

En relación a las coberturas de flujo de efectivo presentadas al 31 de diciembre de 2017, la Compañía no ha determinado ganancias o pérdidas que registrar en resultado por ineffectividad de las coberturas.

14.2 Jerarquía de valor razonable

El valor razonable de los instrumentos financieros reconocidos en el Estado de Situación Financiera, ha sido determinado siguiendo la siguiente jerarquía, según los datos de entrada utilizados para realizar la valoración:

Nivel 1: Precios cotizados en mercados activos para instrumentos idénticos.

Nivel 2: Precios cotizados en mercados activos para activos o pasivos similares u otras técnicas de valoración para las cuales todos los inputs importantes se basen en datos de mercado que sean observables.

Nivel 3: Técnicas de valoración para las cuales todos los inputs relevantes no estén basados en datos de mercado que sean observables.

Al 31 de diciembre de 2017, el cálculo del valor razonable de la totalidad de los instrumentos financieros sujetos a valoración se ha determinado en base al Nivel 2 de la jerarquía antes presentada.

15. Inversiones en subsidiarias

Los estados financieros consolidados incorporan los estados financieros de la Compañía Matriz y las sociedades controladas. A continuación, se incluye información detallada de las subsidiarias al 31 de diciembre de 2017 y 2016.

| Subsidiaria | 31.12.2017 | | | | | | |
|---|--------------------|-----------------------|--------------------|-----------------------|------------|---------------------|------------------------------------|
| | Activos Corrientes | Activos No Corrientes | Pasivos Corrientes | Pasivos No Corrientes | Patrimonio | Ingresos Ordinarios | Importe de Ganancia (pérdida) neta |
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Empresa Eléctrica Industrial S.A. | 1.602 | 18.001 | 1.351 | 12.705 | 5.547 | 5.615 | 2.435 |
| Sociedad Hidroeléctrica Melocotón Ltda. | 746 | 8.591 | 48 | 144 | 9.145 | 3.504 | 2.714 |
| Río Tranquilo S.A. | 2.218 | 46.901 | 1.063 | 19.810 | 28.246 | 16.760 | 9.810 |
| Termoeléctrica Nehuenco S.A. | 267 | 3.992 | 1.620 | 19.028 | (16.389) | 8.311 | 913 |
| Termoeléctrica Antihue S.A. | 253 | 32.976 | 3.217 | 16.304 | 13.708 | 4.400 | (5.305) |
| Colbún Transmisión S.A. | 4.429 | 121.628 | 16.011 | 23.033 | 87.013 | 29.546 | 15.555 |
| Colbún Desarrollo S.P.A. | 10 | 150 | - | - | 160 | - | - |
| Inversiones SUD S.P.A. | 5.749 | 2.173 | 1.187 | 6.686 | 49 | - | 39 |
| Inversiones Andinas S.P.A. | 10 | - | - | - | 10 | - | - |
| Colbún Perú S.A. | 3.428 | 235.406 | 1 | - | 238.833 | - | 6.257 |
| Inversiones de Las Canteras S.A. | 202 | 462.204 | 10 | 815 | 461.581 | - | 35.953 |
| Fenix Power Perú S.A. | 110.323 | 736.378 | 33.208 | 354.052 | 459.441 | 192.837 | 13.062 |

| Subsidiaria | 31.12.2016 | | | | | | |
|---|--------------------|-----------------------|--------------------|-----------------------|------------|---------------------|------------------------------------|
| | Activos Corrientes | Activos No Corrientes | Pasivos Corrientes | Pasivos No Corrientes | Patrimonio | Ingresos Ordinarios | Importe de Ganancia (pérdida) neta |
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Empresa Eléctrica Industrial S.A. | 811 | 14.861 | 3.685 | 8.833 | 3.154 | 6.077 | 1.303 |
| Sociedad Hidroeléctrica Melocotón Ltda. | 685 | 6.040 | 148 | 146 | 6.431 | 3.212 | 2.493 |
| Río Tranquilo S.A. | 1.592 | 47.003 | 2.997 | 15.159 | 30.439 | 21.330 | 11.527 |
| Termoeléctrica Nehuenco S.A. | 265 | 4.345 | 2.003 | 20.002 | (17.395) | 8.278 | 432 |
| Termoeléctrica Antihue S.A. | 164 | 41.048 | 1.318 | 18.880 | 21.014 | 4.800 | 1.403 |
| Colbún Transmisión S.A. | 3.148 | 96.731 | 14.079 | 20.576 | 65.224 | 25.562 | 14.897 |
| Colbún Desarrollo S.P.A. | 160 | - | - | - | 160 | - | - |
| Inversiones SUD S.P.A. | 10 | - | - | - | 10 | - | - |
| Inversiones Andinas S.P.A. | 10 | - | - | - | 10 | - | - |
| Colbún Perú S.A. | 198 | 222.173 | 1 | - | 222.370 | - | 3.428 |
| Inversiones de Las Canteras S.A. | 390 | 436.087 | 10 | 860 | 435.607 | - | 6.758 |
| Fenix Power Perú S.A. | 96.363 | 763.004 | 27.992 | 374.682 | 456.693 | 216.727 | 7.130 |

Ver nota 3.1.b.

16. Inversiones contabilizadas utilizando el método de la participación

a. Método de participación

A continuación, se presenta un detalle de las sociedades contabilizadas por el método de la participación y los movimientos en las mismas al 31 de diciembre de 2017 y 2016:

| Tipo de relación | Sociedad | Número de acciones | Porcentaje de participación 31.12.2017 % | Saldo al 01.01.2017 MUS\$ | Aportes MUS\$ | Resultado devengado MUS\$ | Dividendos MUS\$ | Reserva patrimonio | | Total 31.12.2017 MUS\$ |
|------------------|---|--------------------|--|---------------------------------|------------------|------------------------------|---------------------|---|---|------------------------------|
| | | | | | | | | Diferencia de cambio de conversión MUS\$ | Reserva Derivados de cobertura MUS\$ | |
| Asociada | Electrogas S.A. | 175.076 | 42,50% | 17.049 | - | 8.187 | (8.104) | - | 88 | 17.220 |
| Negocio conjunto | Centrales Hidroeléctricas de Aysén S.A. | 8.731.996 | 49,00% | 9.245 | 2.923 | (6.202) | - | 767 | - | 6.733 |
| Negocio conjunto | Transmisora Eléctrica de Quillota Ltda. | - | 50,00% | 12.282 | - | 919 | - | 1.144 | - | 14.345 |
| Totales | | | | 38.576 | 2.923 | 2.904 | (8.104) | 1.911 | 88 | 38.298 |

| Tipo de relación | Sociedad | Número de acciones | Porcentaje de participación 31.12.2016 % | Saldo al 01.01.2016 MUS\$ | Aportes MUS\$ | Resultado devengado MUS\$ | Dividendos MUS\$ | Reserva patrimonio | | Total 31.12.2016 MUS\$ |
|------------------|---|--------------------|--|---------------------------------|------------------|------------------------------|---------------------|---|---|------------------------------|
| | | | | | | | | Diferencia de cambio de conversión MUS\$ | Reserva Derivados de cobertura MUS\$ | |
| Asociada | Electrogas S.A. | 175.076 | 42,50% | 16.968 | - | 7.640 | (8.458) | - | 899 | 17.049 |
| Negocio conjunto | Centrales Hidroeléctricas de Aysén S.A. | 8.731.996 | 49,00% | 8.201 | 3.323 | (3.106) | - | 827 | - | 9.245 |
| Negocio conjunto | Transmisora Eléctrica de Quillota Ltda. | - | 50,00% | 10.843 | - | 880 | - | 559 | - | 12.282 |
| Totales | | | | 36.012 | 3.323 | 5.414 | (8.458) | 1.386 | 899 | 38.576 |

b. Información financiera de las inversiones asociadas y negocios conjuntos

A continuación, se incluye información al 31 de diciembre de 2017 y 2016 de los estados financieros de asociadas y negocios conjuntos en las que la Compañía tiene participación:

| Tipo de relación | Sociedad | 31.12.2017 | | | | | | | |
|------------------|---|---------------------------|------------------------------|---------------------------|------------------------------|---------------------|------------------------------|----------------------------|-------------------------------|
| | | Activo Corriente MUS\$ | Activo no corriente MUS\$ | Pasivo Corriente MUS\$ | Pasivo no corriente MUS\$ | Patrimonio MUS\$ | Ingresos Ordinarios MUS\$ | Gastos Ordinarios MUS\$ | Ganancias (Pérdidas) MUS\$ |
| Asociada | Electrogas S.A. | 7.742 | 56.095 | 7.468 | 15.855 | 40.514 | 36.152 | (3.385) | 19.264 |
| Negocio conjunto | Centrales Hidroeléctricas de Aysén S.A. | 579 | 13.063 | 226 | - | 13.416 | 40 | (1.669) | (12.658) |
| Negocio conjunto | Transmisora Eléctrica de Quillota Ltda. | 12.631 | 19.626 | 716 | 2.850 | 28.691 | 4.577 | (1.124) | 1.837 |

| Tipo de relación | Sociedad | 31.12.2016 | | | | | | | |
|------------------|---|---------------------------|------------------------------|---------------------------|------------------------------|---------------------|------------------------------|----------------------------|-------------------------------|
| | | Activo Corriente MUS\$ | Activo no corriente MUS\$ | Pasivo Corriente MUS\$ | Pasivo no corriente MUS\$ | Patrimonio MUS\$ | Ingresos Ordinarios MUS\$ | Gastos Ordinarios MUS\$ | Ganancias (Pérdidas) MUS\$ |
| Asociada | Electrogas S.A. | 13.933 | 60.928 | 14.099 | 20.649 | 40.113 | 35.679 | (3.048) | 17.977 |
| Negocio conjunto | Centrales Hidroeléctricas de Aysén S.A. | 1.291 | 22.644 | 4.965 | 102 | 18.868 | 29 | (6.042) | (6.399) |
| Negocio conjunto | Transmisora Eléctrica de Quillota Ltda. | 9.465 | 18.021 | 254 | 2.667 | 24.565 | 4.176 | (1.010) | 1.780 |

Información adicional

i) **Electrogas S.A.:**

Empresa dedicada al transporte de gas natural y otros combustibles. Cuenta con un gasoducto entre el "City Gate III" ubicado en la comuna de San Bernardo en la Región Metropolitana y el "Plant Gate" ubicado en la comuna de Quillota - Quinta Región, y un gasoducto desde "Plant Gate" a la zona de Colmo, comuna de Concón. Sus principales clientes son la Compañía Eléctrica de Tarapacá S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. y Enap Refinerías Concón.

Colbún participa de un 42,5% en la propiedad de esta Sociedad en forma directa.

ii) **Centrales Hidroeléctricas de Aysén S.A. (HidroAysén):**

El 17 de noviembre de 2017, la sociedad Hidroaysén S.A., de la cual Colbun S.A. posee el 49%, informó el cese de actividades y cancelación del "Proyecto Hidroeléctrico Hidroaysén" debido a que no es factible en términos económicos, en el contexto de la actual situación del mercado eléctrico y sus perspectivas futuras; procediéndose a la disolución de la sociedad y liquidación de bienes, el desistimiento de las acciones judiciales pendientes y la renuncia a los derechos de agua del Proyecto.

De acuerdo a lo informado en el Hecho Esencial el día 17 de noviembre de 2017, en el cierre del ejercicio 2014, Colbún S.A. registró una provisión por el deterioro de su participación en Hidroaysén S.A. por un monto aproximado de US\$102 millones, por lo tanto, la disolución no tendrá efectos contables adversos que sean materiales.

Colbún participa en un 49% de la propiedad de HidroAysén S.A.

iii) **Transmisora Eléctrica de Quillota Ltda.:**

Empresa creada por Colbún S.A. y San Isidro S.A. (hoy Compañía Eléctrica de Tarapacá S.A.), en junio de 1997, con el objeto de desarrollar y operar en conjunto las instalaciones necesarias para evacuar la potencia y la energía generadas por sus respectivas centrales hasta la Subestación Quillota de propiedad de Transelec S.A.

Transmisora Eléctrica de Quillota Ltda. es propietaria de la subestación San Luis, ubicada junto a las centrales de ciclo combinado Nehuenco y San Isidro, además de la línea de alta tensión de 220 KV que une dicha subestación con la subestación Quillota del SIC.

Colbún participa de un 50% en la propiedad de esta sociedad.

17. Activos intangibles distintos de la plusvalía

a. Detalle por clases de intangibles

A continuación, se presenta el detalle al 31 de diciembre de 2017 y 2016:

| Activos Intangibles, Neto | | 31.12.2017 | 31.12.2016 |
|---|---|-------------------|-------------------|
| | | MUS\$ | MUS\$ |
| Derechos no generados internamente | Derechos Emisión Material Particulado | 9.582 | 9.582 |
| | Concesiones | 87 | 96 |
| | Derechos de Agua | 17.440 | 18.510 |
| | Servidumbres | 58.145 | 58.118 |
| | Activos intangibles relacionados con clientes | 43.362 | 46.539 |
| Licencias | Software | 3.451 | 5.284 |
| Total | | 132.067 | 138.129 |
| Activos Intangibles, Bruto | | 31.12.2017 | 31.12.2016 |
| | | MUS\$ | MUS\$ |
| Derechos no generados internamente | Derechos Emisión Material Particulado | 9.582 | 9.582 |
| | Concesiones | 113 | 113 |
| | Derechos de Agua | 17.455 | 18.522 |
| | Servidumbres | 59.474 | 59.273 |
| | Activos intangibles relacionados con clientes | 46.815 | 46.815 |
| Licencias | Software | 12.799 | 12.889 |
| Total | | 146.238 | 147.194 |
| Amortización Acumulada | | 31.12.2017 | 31.12.2016 |
| | | MUS\$ | MUS\$ |
| Derechos no generados internamente | Concesiones | (26) | (17) |
| | Derechos de Agua | (15) | (12) |
| | Servidumbres | (1.329) | (1.155) |
| | Activos intangibles relacionados con clientes | (3.453) | (276) |
| Licencias | Software | (9.348) | (7.605) |
| Total | | (14.171) | (9.065) |

b. Movimiento de intangibles

La composición y movimiento del activo intangible al 31 de diciembre de 2017 y 2016 ha sido la siguiente:

| Movimientos ejercicio 2017 | Derechos no generados internamente | | | | | Licencias | Intangibles, Neto MUS\$ |
|---|--|----------------------|---------------------------|-----------------------|--|-------------------|----------------------------|
| | Derechos Emisión Material Particulado MUS\$ | Concesiones MUS\$ | Derechos de Agua MUS\$ | Servidumbres MUS\$ | Activos intangibles relacionados con clientes MUS\$ | Software MUS\$ | |
| Saldo inicial al 01.01.2017 | 9.582 | 96 | 18.510 | 58.118 | 46.539 | 5.284 | 138.129 |
| Adiciones | - | - | 87 | 667 | - | 33 | 787 |
| Incrementos (disminuciones) por otros cambios | - | - | - | (466) | - | - | (466) |
| Desapropiaciones | - | - | (1.154) | - | - | - | (1.154) |
| Traslados desde Obras en Ejecución | - | - | - | - | - | (123) | (123) |
| Amortización Acumulada Traslados | - | - | - | - | - | 123 | 123 |
| Gastos por Amortización (ver nota 30) | - | (9) | (3) | (174) | (3.177) | (1.866) | (5.229) |
| Saldo final al 31.12.2017 | 9.582 | 87 | 17.440 | 58.145 | 43.362 | 3.451 | 132.067 |
| Movimientos ejercicio 2016 | Derechos no generados internamente | | | | | Licencias | Intangibles, Neto MUS\$ |
| | Derechos Emisión Material Particulado MUS\$ | Concesiones MUS\$ | Derechos de Agua MUS\$ | Servidumbres MUS\$ | Activos intangibles relacionados con clientes MUS\$ | Software MUS\$ | |
| Saldo inicial al 01.01.2016 | 7.701 | 87 | 18.418 | 57.844 | 3.315 | 3.975 | 91.340 |
| Adiciones | - | 15 | 96 | 1.548 | 43.500 | 690 | 45.849 |
| Incrementos (disminuciones) por otros cambios | - | - | - | (1.099) | - | - | (1.099) |
| Desapropiaciones | - | - | - | - | - | (228) | (228) |
| Amortización Acumulada Desapropiaciones | - | - | - | - | - | 63 | 63 |
| Traslados desde Obras en Ejecución | 1.881 | - | - | - | - | 2.108 | 3.989 |
| Gastos por Amortización (ver nota 30) | - | (6) | (4) | (175) | (276) | (1.324) | (1.785) |
| Saldo final al 31.12.2016 | 9.582 | 96 | 18.510 | 58.118 | 46.539 | 5.284 | 138.129 |

La administración de la Compañía, de acuerdo a lo explicado en nota 5.b, en su evaluación considera que no existe deterioro del valor contable de los activos intangibles. La Compañía no posee activos intangibles que estén afectados como garantías al cumplimiento de obligaciones.

18. Clases de Propiedad, Planta y Equipos

a. Detalle por clases de Propiedad, Planta y Equipos

A continuación, se presenta el detalle de propiedades, planta y equipos al 31 de diciembre de 2017 y 2016:

| Clases de Propiedades, Planta y Equipos, Neto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Terrenos | 297.742 | 296.368 |
| Edificios, Construcciones e Instalaciones | 225.930 | 230.010 |
| Maquinarias | 574 | 400 |
| Equipos de Transporte | 755 | 591 |
| Equipos de Oficina | 3.410 | 3.394 |
| Equipos Informáticos | 1.472 | 1.620 |
| Activos Generadores de Energía | 4.068.854 | 4.136.815 |
| Construcciones en Proceso | 530.185 | 558.480 |
| Arrendamientos Financieros | 11.307 | 12.064 |
| Otras Propiedades, Planta y Equipos | 376.249 | 412.012 |
| Total | 5.516.478 | 5.651.754 |
| Clases de Propiedades, Planta y Equipos, Bruto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Terrenos | 297.742 | 296.368 |
| Edificios, Construcciones e Instalaciones | 284.277 | 279.186 |
| Maquinarias | 882 | 641 |
| Equipos de Transporte | 1.730 | 1.581 |
| Equipos de Oficina | 9.013 | 8.666 |
| Equipos Informáticos | 8.266 | 7.925 |
| Activos Generadores de Energía | 5.475.436 | 5.354.184 |
| Construcciones en Proceso | 595.431 | 560.724 |
| Arrendamientos Financieros | 15.154 | 15.154 |
| Otras Propiedades, Planta y Equipos | 464.558 | 485.933 |
| Total | 7.152.489 | 7.010.362 |
| Clases de Depreciación Acumulada y Deterioro del Valor de Propiedades, Planta y Equipos | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Edificios, Construcciones e Instalaciones | (58.347) | (49.176) |
| Maquinarias | (308) | (241) |
| Equipos de Transporte | (975) | (990) |
| Equipos de Oficina | (5.603) | (5.272) |
| Equipos Informáticos | (6.794) | (6.305) |
| Activos Generadores de Energía | (1.406.582) | (1.217.369) |
| Construcciones en Proceso | (65.246) | (2.244) |
| Arrendamientos Financieros | (3.847) | (3.090) |
| Otras Propiedades, Planta y Equipos | (88.309) | (73.921) |
| Total | (1.636.011) | (1.358.608) |

b. Movimiento de propiedades, planta y equipos

La composición y movimiento de propiedad, planta y equipos, neto al 31 de diciembre de 2017 y 2016, ha sido la siguiente:

| Movimientos ejercicio 2017 | Terrenos | Edificios, Construcciones e Instalaciones | Maquinarias | Equipos de Transporte | Equipos de oficina | Equipos Informáticos | Activos generadores de energía | Construcciones en proceso | Arrendamientos Financieros | Otras propiedades, planta y equipo | Propiedades, planta y equipos, Neto |
|---|----------------|---|-------------|-----------------------|--------------------|----------------------|--------------------------------|---------------------------|----------------------------|------------------------------------|-------------------------------------|
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Saldo inicial al 01.01.2017 | 296.368 | 230.010 | 400 | 591 | 3.394 | 1.620 | 4.136.815 | 558.480 | 12.064 | 412.012 | 5.651.754 |
| Adiciones | 1.427 | - | 62 | 347 | - | 529 | 34.419 | 137.252 | - | 93 | 174.129 |
| Incrementos (disminuciones) por otros cambios | (51) | - | - | - | - | - | - | - | - | (23.509) | (23.560) |
| Desapropiaciones | (2) | - | - | (222) | - | (121) | (8.220) | - | - | - | (8.565) |
| Depreciación Acumulada Desapropiaciones | - | - | - | 163 | - | 117 | 2.104 | - | - | - | 2.384 |
| Pérdidas por deterioro de valor reconocidas en el resultado del periodo | - | - | - | - | - | - | - | (63.002) | - | - | (63.002) |
| Traslados desde Obras en Ejecución | - | 5.315 | 179 | 24 | 323 | (67) | 94.772 | (102.545) | - | 2.122 | 123 |
| Depreciación Acumulada Traslados | - | 3 | - | - | - | 67 | 1.354 | - | - | 50 | 1.474 |
| Traslados entre Activos | - | (224) | - | - | 24 | - | 281 | - | - | (81) | - |
| Gastos por Depreciación (ver nota 30) | - | (9.174) | (67) | (148) | (331) | (673) | (192.671) | - | (757) | (14.438) | (218.259) |
| Total Movimiento | 1.374 | (4.080) | 174 | 164 | 16 | (148) | (67.961) | (28.295) | (757) | (35.763) | (135.276) |
| Saldo final al 31.12.2017 | 297.742 | 225.930 | 574 | 755 | 3.410 | 1.472 | 4.068.854 | 530.185 | 11.307 | 376.249 | 5.516.478 |

| Movimientos ejercicio 2016 | Terrenos | Edificios, Construcciones e Instalaciones | Maquinarias | Equipos de Transporte | Equipos de oficina | Equipos Informáticos | Activos generadores de energía | Construcciones en proceso | Arrendamientos Financieros | Otras propiedades, planta y equipo | Propiedades, planta y equipos, Neto |
|---|----------------|---|-------------|-----------------------|--------------------|----------------------|--------------------------------|---------------------------|----------------------------|------------------------------------|-------------------------------------|
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Saldo inicial al 01.01.2016 | 288.393 | 237.900 | 302 | 485 | 3.640 | 1.227 | 4.277.662 | 438.170 | 13.012 | 406.941 | 5.667.732 |
| Adiciones | 8.262 | 108 | 157 | 218 | 19 | 314 | 2.337 | 195.607 | - | 12.188 | 219.210 |
| Incrementos (disminuciones) por otros cambios | (287) | - | - | - | - | - | - | - | - | 8.957 | 8.670 |
| Desapropiaciones | - | - | - | (194) | - | - | (21.032) | (2.778) | (222) | - | (24.226) |
| Depreciación Acumulada Desapropiaciones | - | - | - | 200 | - | - | 10.975 | - | - | - | 11.175 |
| Pérdidas por deterioro de valor reconocidas en el resultado del periodo | - | - | - | - | - | - | - | (685) | - | - | (685) |
| Traslados desde obras en Ejecución | - | 1.939 | - | - | 107 | 707 | 59.855 | (71.834) | - | 5.237 | (3.989) |
| Traslados entre Activos | - | - | - | 43 | - | - | 9.126 | - | - | (9.169) | - |
| Depreciación Acumulada Traslados entre Activos | - | - | - | (21) | - | - | (2.021) | - | - | 2.042 | - |
| Gastos por Depreciación (ver nota 30) | - | (9.937) | (59) | (140) | (372) | (628) | (200.087) | - | (726) | (14.184) | (226.133) |
| Total Movimiento | 7.975 | (7.890) | 98 | 106 | (246) | 393 | (140.847) | 120.310 | (948) | 5.071 | (15.978) |
| Saldo final al 31.12.2016 | 296.368 | 230.010 | 400 | 591 | 3.394 | 1.620 | 4.136.815 | 558.480 | 12.064 | 412.012 | 5.651.754 |

c. Otras revelaciones

i) Colbún S.A. y subsidiarias tienen formalizadas pólizas de seguros para cubrir los posibles riesgos a los que están sujetos los diversos elementos de sus Propiedades, planta y equipos, así como las posibles reclamaciones que se le puedan presentar por el ejercicio de su actividad, entendiendo que dichas pólizas cubren de manera suficiente los riesgos a los que están sometidos.

Adicionalmente, a través de los seguros tomados por la Compañía, está cubierta la pérdida de beneficios que podría ocurrir como consecuencia de un siniestro.

ii) El Directorio de Colbún, previa revisión del Comité de Directores, ambos del 31 de enero de 2017 aprobaron transferir el activo de transmisión troncal de Colbún S.A. consistente en la línea de transmisión 2x220 KV Polpaico – Los Maquis, las Sub estaciones Paño J12 de Polpaico, Tap El Llano, Los Maquis y Mulchén y activos relacionados como servidumbres, terrenos y contratos a su filial Colbún Transmisión S.A. Lo anterior para efectos de cumplir con la exigencia legal prevista en la Ley de Servicios Eléctricos que establece que los activos de transmisión troncal deben ser dominio de una sociedad que tenga el giro exclusivo de transmisión eléctrica.

Se hace presente que Colbún Transmisión S.A. es de propiedad directa de Colbún S.A. en un 100%, fue constituida en el año 2012 y actualmente es titular de otros activos de transmisión troncal.

iii) La Compañía mantenía al 31 de diciembre de 2017 y 2016, compromisos de adquisición de bienes del activo fijo relacionados con contratos de construcción por un importe de MUS\$62.796 y MUS\$49.119, respectivamente. Las compañías con las cuales opera son: Abb S.A., Siemens S.A., Compañía Puerto de Coronel S.A., Abengoa Chile S.A., Andritz Hydro S.R.L., Consorcio Isotron Sacyr S.A., Ingeniería Agrosonda Ltda., Pine SpA, CMI Energy, Orion Power S.A, Wuxi Suntech Power Co Ltd., SMA Solar Technology AG, Secretaría Ministerial de Bienes Nacionales, Flesan S.A., entre otros.

iv) Los costos por intereses capitalizados acumulados (NIC 23) al 31 de diciembre de 2017 y 2016, han sido los siguientes:

| Concepto | Enero - Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Costos por préstamos | | |
| Costos por préstamos capitalizados (ver nota 31) | 304 | 2.399 |
| Costos por préstamos reconocidos como gasto | 8.840 | 19.751 |
| Total costos por préstamos incurridos | 9.144 | 22.150 |
| Costos por intereses | | |
| Costos por intereses capitalizados (ver nota 31) | 3.660 | 7.481 |
| Gastos por intereses | 84.954 | 81.921 |
| Total costos por intereses incurridos | 88.614 | 89.402 |
| Tasa de capitalización de costos por préstamos susceptibles de capitalización | 5,29% | 5,27% |

v) Arrendamientos operativos

La Compañía al 31 de diciembre de 2017 y 2016, mantiene arrendamientos implícitos operativos correspondientes a:

1. Contratos por Líneas de Transmisión (Alto Jahuel-Candelaria 220 KV y Candelaria-Minero 220 KV), efectuados entre la Compañía y Corporación Nacional del Cobre de Chile. Dichos contratos tienen una duración de 30 años.
2. Contratos de Peaje Adicional (Líneas de Transmisión - Subestación Polpaico con la Subestación Maitenes), efectuados entre la Compañía y Anglo American Sur. Dichos contratos tienen una duración de 21 años.
3. Contrato de Suministro de Energía y Potencia Eléctrica entre Colbún y Corporación Nacional del Cobre de Chile. El contrato tiene una duración de 30 años.

Los cobros futuros estimados derivados de dichos contratos son los siguientes:

| 31 de diciembre de 2017 | Hasta un año MUS\$ | Entre uno y cinco años MUS\$ | Más de cinco años MUS\$ | Total MUS\$ |
|--|-----------------------|------------------------------------|-------------------------------|------------------|
| Pagos mínimos de arrendamientos por cobrar bajo arrendamientos operativos no cancelables | 118.313 | 473.242 | 2.473.271 | 3.064.826 |
| Total | 118.313 | 473.242 | 2.473.271 | 3.064.826 |

| 31 de diciembre de 2016 | Hasta un año MUS\$ | Entre uno y cinco años MUS\$ | Más de cinco años MUS\$ | Total MUS\$ |
|--|-----------------------|------------------------------------|-------------------------------|------------------|
| Pagos mínimos de arrendamientos por cobrar bajo arrendamientos operativos no cancelables | 115.870 | 463.476 | 2.535.964 | 3.115.310 |
| Total | 115.870 | 463.476 | 2.535.964 | 3.115.310 |

vi) Arrendamiento financiero

Al 31 de diciembre de 2017, las Propiedades, Planta y equipo incluyen MUS\$ 11.307, correspondiente al valor neto contable de activos que son objeto de contratos de arrendamiento financiero. En tanto al 31 de diciembre de 2016 incluían MUS\$ 12.064 por este concepto.

Los activos en leasing provienen de la filial Fenix y corresponden a un contrato firmado con Consorcio Transmataro S.A. (en adelante CTM), en el cual CTM se obliga a brindar el servicio de operación y mantenimiento de la línea de transmisión de aproximadamente 8 kilómetros de la subestación Chilca a la planta térmica de Fenix. Dicho contrato tiene una duración de 20 años y devenga intereses a una tasa anual de 12%. Adicionalmente, CTM se obliga a construir las instalaciones para la prestación del servicio de transmisión.

El valor presente de los pagos futuros derivados de dichos contratos es el siguiente:

| 31 de diciembre de 2017 | Hasta un año MUS\$ | Entre uno y cinco años MUS\$ | Más de cinco años MUS\$ | Total MUS\$ |
|--------------------------------|-----------------------|------------------------------------|-------------------------------|----------------|
| Bruto | 2.415 | 9.660 | 31.646 | 43.721 |
| Intereses | 1.987 | 7.318 | 19.345 | 28.650 |
| Valor presente (ver nota 22.a) | 428 | 2.342 | 12.301 | 15.071 |

| 31 de diciembre de 2016 | Hasta un año MUS\$ | Entre uno y cinco años MUS\$ | Más de cinco años MUS\$ | Total MUS\$ |
|--------------------------------|-----------------------|------------------------------------|-------------------------------|----------------|
| Bruto | 2.362 | 11.040 | 34.710 | 48.112 |
| Intereses | 1.982 | 9.071 | 21.608 | 32.661 |
| Valor presente (ver nota 22.a) | 380 | 1.969 | 13.102 | 15.451 |

vii) Información adicional requerida por taxonomía XBRL

1. Desembolsos reconocidos en el curso de su construcción

| Desembolsos reconocidos en el curso de su construcción, Bruto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|---------------------|---------------------|
| Construcciones en proceso | 119.574 | 141.736 |
| Total | 119.574 | 141.736 |

2. Activos depreciados en su totalidad todavía en uso

| Activos depreciados en su totalidad todavía en uso, Bruto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Edificios | 7.057 | 62 |
| Maquinarias | 36 | 25 |
| Equipos de Transporte | 450 | 452 |
| Equipos de Oficina | 3.942 | 3.730 |
| Equipos Informáticos | 5.404 | 5.325 |
| Activos Generadores de Energía | 71.220 | 42.699 |
| Otras propiedades, Planta y Equipos | 1.430 | 1.411 |
| Total | 89.539 | 53.704 |

| Activos depreciados en su totalidad todavía en uso, Depreciación acumulada y Deterioro de valor | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|---------------------|---------------------|
| Edificios | (6.920) | (62) |
| Maquinarias | (36) | (25) |
| Equipos de Transporte | (450) | (452) |
| Equipos de Oficina | (3.942) | (3.730) |
| Equipos Informáticos | (5.404) | (5.325) |
| Activos Generadores de Energía | (68.946) | (42.699) |
| Otras propiedades, Planta y Equipos | (1.430) | (1.411) |
| Total | (87.128) | (53.704) |

viii) Detalle de Otras propiedades, planta y equipos

Al 31 de diciembre de 2017 y 2016 el detalle de Otras propiedades, planta y equipos es la siguiente:

| Otras Propiedades Plantas y Equipos, Neto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|---------------------|---------------------|
| Subestaciones | 149.746 | 157.618 |
| Líneas Transmisión | 127.635 | 140.218 |
| Repuestos clasificados como activos fijos | 90.655 | 114.165 |
| Otros Activos Fijos | 8.213 | 11 |
| Saldo Otras Propiedades Plantas y Equipos, Neto | 376.249 | 412.012 |

| Otras Propiedades Plantas y Equipos, Bruto | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Subestaciones | 207.047 | 205.041 |
| Líneas Transmisión | 155.732 | 165.284 |
| Repuestos clasificados como activos fijos | 90.655 | 114.165 |
| Otros Activos Fijos | 11.124 | 1.443 |
| Total Otras Propiedades Plantas y Equipos, Bruto | 464.558 | 485.933 |

| Depreciación Acumulada y Deterioro del Valor de Otras Propiedades Plantas y Equipos | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Subestaciones | (57.301) | (47.423) |
| Líneas Transmisión | (28.097) | (25.066) |
| Otros Activos Fijos | (2.911) | (1.432) |
| Total Depreciaciones y Deterioro del Valor | (88.309) | (73.921) |

ix) Detalle de Activos Generadores de Energía

| Activos Generadores De Energía, Neto | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|------------------------|---------------------|---------------------|
| Obras Civiles Generación | Hidroeléctrica | 1.672.750 | 1.686.572 |
| | Térmica Carbón | 220.808 | 196.248 |
| | Térmica Gas / Petróleo | 44.124 | 27.020 |
| Maquinarias y Equipos Generación | Hidroeléctrica | 558.498 | 588.888 |
| | Térmica Carbón | 491.163 | 506.119 |
| | Térmica Gas / Petróleo | 1.081.511 | 1.131.968 |
| Saldo Activos Generadores de Energía, Neto | | 4.068.854 | 4.136.815 |

| Activos Generadores De Energía, Bruto | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|------------------------|---------------------|---------------------|
| Obras Civiles Generación | Hidroeléctrica | 2.206.842 | 2.198.701 |
| | Térmica Carbón | 260.852 | 228.430 |
| | Térmica Gas / Petróleo | 54.501 | 35.643 |
| Maquinarias y Equipos Generación | Hidroeléctrica | 759.889 | 741.019 |
| | Térmica Carbón | 612.995 | 604.030 |
| | Térmica Gas / Petróleo | 1.580.357 | 1.546.361 |
| Total Activos Generadores de Energía, Bruto | | 5.475.436 | 5.354.184 |

| Depreciación Acumulada y Deterioro del Valor de Activos Generadores De Energía | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|------------------------|---------------------|---------------------|
| Obras Civiles Generación | Hidroeléctrica | (534.092) | (512.129) |
| | Térmica Carbón | (40.044) | (32.182) |
| | Térmica Gas / Petróleo | (10.377) | (8.623) |
| Maquinarias y Equipos Generación | Hidroeléctrica | (201.391) | (152.131) |
| | Térmica Carbón | (121.832) | (97.911) |
| | Térmica Gas / Petróleo | (498.846) | (414.393) |
| Total Depreciaciones y Deterioro del Valor | | (1.406.582) | (1.217.369) |

19. Impuestos Corrientes

El saldo de los impuestos corrientes por recuperar y por pagar presentado en el activo y pasivo corriente al 31 de diciembre de 2017 y 2016, respectivamente se detallan a continuación:

a. Activos por Impuestos Corrientes

| | Corriente | |
|---|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Impuestos por recuperar ejercicios anteriores | 11.284 | 677 |
| Impuestos por recuperar del ejercicio (Ver nota 21.a.1) | 7.106 | 4.602 |
| Total | 18.390 | 5.279 |

b. Pasivos por Impuestos Corrientes

| | Corriente | |
|---|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Impuestos por pagar del ejercicio (Ver nota 21.a.1) | 19.785 | 32.605 |
| Total | 19.785 | 32.605 |

20. Otros activos no financieros

Los otros activos no financieros al 31 de diciembre de 2017 y 2016, se detallan a continuación:

| | Corriente | | No corriente | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Primas de seguros por instalaciones y responsabilidad civil | 15.542 | 14.026 | - | - |
| Pagos anticipados | 13.741 | 13.064 | 19.875 | 20.710 |
| Patentes por no uso derechos de agua ⁽¹⁾ | - | - | 7.774 | 8.040 |
| Otros activos varios | 109 | 100 | 1.360 | 1.121 |
| Total | 29.392 | 27.190 | 29.009 | 29.871 |

⁽¹⁾ Crédito según artículo N° 129 bis 20 del Código de Aguas DFL N°1.122. Al 31 de diciembre de 2017, se han reconocido cargos de deterioro por MUS\$ 5.928, en tanto al 31 de diciembre de 2016, se reconocieron MUS\$ 1.731. El pago de estas patentes se encuentra asociado a la implementación de proyectos que utilizarán estos derechos de agua, por lo tanto, es una variable económica que la Compañía evalúa permanentemente. En este contexto, la Compañía controla adecuadamente los pagos realizados y conoce las estimaciones de puesta en marcha de los proyectos, a objeto de registrar el deterioro del activo, si se visualiza que la utilización será posterior al rango de aprovechamiento del Crédito Fiscal.

21. Impuestos a las ganancias

a. Resultado por impuesto a las ganancias

| Resultado por Impuesto a las Ganancias | Enero - Diciembre | |
|--|-------------------|-----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Resultado por impuestos corrientes a las ganancias | | |
| Impuestos corrientes | (87.313) | (66.413) |
| Ajustes al impuesto corriente del período anterior ⁽¹⁾ | 11.538 | (1.008) |
| Gasto por impuestos corrientes, neto, total | (75.775) | (67.421) |
| Resultado por impuestos diferidos a las ganancias | | |
| Resultado en impuestos diferidos producto de diferencias temporarias | 41.695 | 507 |
| Resultado por impuestos diferidos, neto, total | 41.695 | 507 |
| Resultado por impuesto a las ganancias | (34.080) | (66.914) |

(1) Rectificatoria de 2017 en la cual se solicita devolución del impuesto pagado en exceso por MUS\$ 10,4 asociado al PPA Sunedison.

El (gasto) ingreso por impuesto a las ganancias y diferidos por partes extranjeras y nacionales, al 31 de diciembre de 2017 y 2016, es el siguiente

| Resultado por Impuesto a las Ganancias | Enero - Diciembre | |
|---|-------------------|-----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Impuestos corrientes nacionales | (76.725) | (65.505) |
| Impuestos corrientes extranjero | 950 | (1.916) |
| Total Impuestos Corrientes | (75.775) | (67.421) |
| Impuestos diferidos nacionales | 38.812 | (1.148) |
| Impuestos diferidos extranjero | 2.883 | 1.655 |
| Total Impuestos Diferidos | 41.695 | 507 |
| Resultados por Impuestos a las ganancias | (34.080) | (66.914) |

a.1 Conciliación impuestos corrientes

Al 31 de diciembre de 2017 y 2016 la conciliación de los impuestos corrientes con la renta es la siguiente:

| Conciliación impuestos corrientes | | 31.12.2017 | | | | | |
|-------------------------------------|---|--|---------------|-------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Sociedad | Impuestos Corrientes (Resultado) MUS\$ | Impuestos Corrientes ajuste patrimonial MUS\$ | PPM MUS\$ | Otros créditos MUS\$ | Impuesto único (Resultado) MUS\$ | Activos por Impuestos MUS\$ | Pasivos por Impuestos MUS\$ |
| Colbún S.A. | (74.889) | (30) | 55.246 | 501 | (207) | - | (19.379) |
| Colbún Transmisión S.A. | (6.532) | - | 6.186 | - | - | - | (346) |
| Río Tranquilo S.A. | (3.628) | - | 4.186 | - | - | 558 | - |
| Soc. Hidroeléctrica Melocotón Ltda. | (927) | - | 880 | - | - | - | (47) |
| Termoeléctrica Antihue S.A. | (761) | - | 850 | - | - | 89 | - |
| Empresa Eléctrica Industrial S.A. | (355) | - | 749 | - | (1) | 393 | - |
| Inversiones SUD SpA | (13) | - | - | - | - | - | (13) |
| Fenix Power S.A. | - | - | 3.087 | 2.979 | - | 6.066 | - |
| Totales | (87.105) | (30) | 71.184 | 3.480 | (208) | 7.106 | (19.785) |

| Conciliación impuestos corrientes | | 31.12.2016 | | | | | |
|-------------------------------------|---|--|---------------|-------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Sociedad | Impuestos Corrientes (Resultado) MUS\$ | Impuestos Corrientes ajuste patrimonial MUS\$ | PPM MUS\$ | Otros créditos MUS\$ | Impuesto único (Resultado) MUS\$ | Activos por Impuestos MUS\$ | Pasivos por Impuestos MUS\$ |
| Colbún S.A. | (51.816) | (2.154) | 24.753 | 325 | (181) | - | (29.073) |
| Colbún Transmisión S.A. | (5.580) | - | 3.697 | - | - | - | (1.883) |
| Río Tranquilo S.A. | (4.575) | - | 3.127 | 18 | - | - | (1.430) |
| Termoeléctrica Antihue S.A. | (821) | - | 985 | - | - | 164 | - |
| Soc. Hidroeléctrica Melocotón Ltda. | (806) | - | 716 | - | - | - | (90) |
| Empresa Eléctrica Industrial S.A. | (716) | - | 581 | 7 | (1) | - | (129) |
| Termoeléctrica Nehuenco S.A. | - | - | - | 1 | - | 1 | - |
| Fenix Power S.A. | (1.916) | - | 3.279 | 3.074 | - | 4.437 | - |
| Totales | (66.230) | (2.154) | 37.138 | 3.425 | (182) | 4.602 | (32.605) |

Al 31 de diciembre de 2017, la sociedad Colbún S.A. junto a sus filiales generó utilidades tributarias, por lo cual se registró una Provisión de Impuesto a la Renta consolidada, neta de pagos provisionales mensuales (PPM) y créditos por MUS\$19.785.

En el caso de la filial extranjera Fénix Power Perú S.A. registra al 31 de diciembre de 2017 pérdidas tributarias acumuladas por un monto de MUS\$ 149,4. A su vez las filial nacional Termoeléctrica Nehuenco S.A. presenta al cierre del ejercicio pérdidas tributarias por un monto ascendente a MUS\$ 12.029. Respecto de las dos filiales mencionadas que mantienen pérdidas tributarias, se esperan revertirlas en el futuro, por lo que se reconoció un activo por impuestos diferidos.

De acuerdo a lo indicado en la NIC 12, se reconoce un activo por impuesto diferido por pérdidas tributarias, cuando la administración de la compañía ha determinado que es probable la existencia de utilidades imponibles futuras, sobre las cuales se puedan imputar, situación que ocurre en las subsidiarias con pérdidas tributarias.

a.2 Conciliación del gasto por impuestos consolidado y cálculo de tasa efectiva

Al 31 de diciembre de 2017 y 2016 el cargo total se puede conciliar con la utilidad contable de la siguiente manera:

| Resultado por Impuesto a las Ganancias | 2017 | | 2016 | |
|--|-----------------|--------------|-----------------|--------------|
| | Monto MUS\$ | Tasa % | Monto MUS\$ | Tasa % |
| Ganancia antes de impuesto | 322.682 | | 271.654 | |
| Gasto por impuestos utilizando la tasa legal ⁽¹⁾ | (82.284) | 25,5% | (65.197) | 24,0% |
| Diferencias entre contabilidad financiera en dólares y tributaria en moneda local con efecto en impuestos diferidos ⁽²⁾ | 5.711 | -1,8% | 1.971 | -0,7% |
| Efecto impositivo por diferencial de tasas en otras jurisdicciones | - | 0,0% | (296) | 0,1% |
| Otras diferencias ⁽³⁾ | 42.493 | -13,2% | (3.392) | 1,2% |
| Resultado por impuesto a las ganancias | (34.080) | 10,6% | (66.914) | 24,6% |

⁽¹⁾ Al 31 de diciembre del 2017 el impuesto fue calculado con la tasa impositiva 25,5% (Ley N° 20.780) en las operaciones en Chile y con tasa impositiva del 29,5% en Perú. Al 31 de diciembre del 2016 el impuesto fue calculado con la tasa impositiva 24% (Ley N° 20.780) en las operaciones en Chile y con tasa impositiva del 28% en Perú.

⁽²⁾ De acuerdo con las Normas Internacionales de Información Financiera (NIIF) la Compañía y sus filiales registran sus operaciones en su moneda funcional que es el dólar. Respecto de las filiales extranjeras se mantiene para fines tributarios la moneda local.

⁽³⁾ Ver nota 21.b.

b. Impuestos diferidos

Los activos y pasivos por impuestos diferidos al cierre de cada ejercicio se detallan a continuación:

| Activo por Impuesto Diferido | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Impuestos Diferidos Pérdidas Fiscales | 47.332 | 43.001 |
| Impuestos Diferidos Ingresos Anticipados | 3.539 | 3.284 |
| Impuestos Diferidos Existencias | 1.753 | 2.833 |
| Impuestos Diferidos Provisiones | 20.418 | 6.870 |
| Impuestos Diferidos Resultado No Realizado | 292 | 583 |
| Impuestos Diferidos Contingencias | 46 | 705 |
| Impuestos Diferidos Obligaciones por Beneficios Post-Empleo | 7.641 | 4.959 |
| Impuestos Diferidos Gastos Tributarios | - | 3.939 |
| Impuestos Diferidos Inversiones ⁽¹⁾ | 39.980 | - |
| Activos por Impuestos Diferidos | 121.001 | 66.174 |
| Pasivo por Impuesto Diferido | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Impuestos Diferidos Depreciaciones | (967.128) | (1.006.785) |
| Impuestos Diferidos Intangibles | (14.599) | (4.388) |
| Impuestos Diferidos Gastos Financieros | (17.972) | (5.561) |
| Impuestos Diferidos Instrumentos de Cobertura | (987) | (284) |
| Pasivos por Impuestos Diferidos | (1.000.686) | (1.017.018) |
| Activos y pasivos por Impuestos diferidos netos | (879.685) | (950.844) |

⁽¹⁾ Con fecha 07 de diciembre de 2017 la sociedad Centrales Hidroeléctricas de Aysén S.A. ha informado a la SVS, mediante hecho esencial, el acuerdo de disolución anticipada de la misma y la forma de cómo se llevará a cabo el proceso de liquidación de los bienes de la sociedad. Dado lo anterior y de acuerdo a lo establecido en la NIC 12, las diferencias existentes entre la base contable financiera y tributaria deben ser consideradas como temporarias, dando origen a un registro de activo por impuesto diferido por MUS\$ 39.980.

| Cambios en Impuestos Diferidos | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Impuestos Diferidos, saldo inicial 01 de enero | (950.844) | (949.034) |
| Propiedades, planta y equipo | 39.657 | 5.576 |
| Contingencias | (659) | (1.379) |
| Obligaciones por Beneficios Post-Empleo | 2.682 | 4.959 |
| Pérdidas Fiscales | 4.295 | (8.198) |
| Intangibles | (10.175) | (4.388) |
| Inversiones | 39.980 | - |
| Resultado no Realizado | (291) | 583 |
| Ingresos Anticipados | 255 | (2.397) |
| Instrumentos de Coberturas | (703) | (4.764) |
| Gastos Financieros | (12.411) | 3.739 |
| Existencias | (1.080) | 1.195 |
| Provisiones | 13.548 | (675) |
| Gastos Tributarios | (3.939) | 3.939 |
| Saldo Final | (879.685) | (950.844) |

La posición neta de los impuestos diferidos para cada Sociedad es la siguiente:

| Posición neta impuestos diferidos por sociedad | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| Sociedad | Posición neta | | | |
| | Activo no corriente | | Pasivo no corriente | |
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Fenix Power Perú S.A. ⁽¹⁾ | 34.369 | 2.645 | - | - |
| Termoeléctrica Nehuenco S.A. | 3.992 | 4.345 | - | - |
| Colbún Perú S.A. | - | 14 | - | - |
| Soc. Hidroeléctrica Melocotón Ltda. | - | - | (144) | (146) |
| Empresa Eléctrica Industrial S.A. | - | - | (405) | (383) |
| Inversiones de Las Canteras S.A. | - | - | (815) | (860) |
| Termoeléctrica Antihue S.A. | - | - | (6.316) | (8.396) |
| Río Tranquilo S.A. | - | - | (10.642) | (10.162) |
| Colbún Transmisión S.A. | - | - | (23.033) | (20.576) |
| Colbún S.A. | - | - | (876.691) | (917.325) |
| Subtotal | 38.361 | 7.004 | (918.046) | (957.848) |
| Impuestos diferidos netos | | | (879.685) | (950.844) |

⁽¹⁾ En el presente ejercicio, nuestra filial Fenix Power en Perú, ha registrado un activo por impuesto diferido de MMUS\$ 27,1 por la diferencia temporal originada por el deterioro de Propiedades Plantas y Equipos. (Ver nota 34).

c. Impuesto a las ganancias relacionado con Otro Resultado Integral

| | Enero - Diciembre | |
|--|-------------------|----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Relacionado con coberturas de flujos de efectivo | 1.393 | (5.201) |
| Relacionado con planes de beneficios definidos | 689 | 729 |
| Impuesto a las ganancias relacionado con componentes de otro resultado integral | 2.082 | (4.472) |
| Relacionado con participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación | (31) | (332) |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | 2.051 | (4.804) |

22. Otros pasivos financieros

Al 31 de diciembre de 2017 y 2016, el detalle es el siguiente:

a. Obligaciones con entidades financieras

| Otros pasivos financieros | Corriente | | No corriente | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Préstamos con entidades financieras ^{(1) (4)} | - | 3.350 | - | 343.868 |
| Obligaciones por leasing | 428 | 380 | 14.643 | 15.071 |
| Obligaciones con el público (Bonos, Efectos de comercio) ^{(1) (3)} | 56.592 | 47.708 | 1.587.393 | 1.295.131 |
| Derivados de cobertura ⁽²⁾ | 396 | 1.606 | - | 2.918 |
| Total | 57.416 | 53.044 | 1.602.036 | 1.656.988 |

⁽¹⁾ Los intereses devengados por los préstamos con entidades financieras y las obligaciones con el público se han determinado a una tasa efectiva.

⁽²⁾ Ver detalle nota 14.1

⁽³⁾ i) Con fecha 13 de septiembre de 2017 la subsidiaria Fenix Power Perú S.A., finalizó un proceso de refinanciamiento de su deuda bancaria, cuyo vencimiento era en febrero de 2020, mediante una emisión de bonos en el mercado internacional por MM US\$ 340 millones de dólares. La emisión fue efectuada de conformidad con la Regla 144A y a la Regulación S de la Securities and Exchange Commission, bajo la Securities Act of 1933 de los Estados Unidos de América.

La emisión tuvo una calificación de riesgo Grado de Inversión por las tres principales agencias internacionales: Moody's (Baa3), S&P (BBB-) y Fitch (BBB-). Asimismo, los bancos Citibank, Scotiabank, SMBC (Sumitomo Mitsui Banking Corporation) fueron los estructuradores de la emisión.

La operación tuvo una tasa de 4,317%, en un plazo de 10 años y formato amortizable, quedando aproximadamente un 44% de pago al vencimiento.

ii) Con fecha 4 de octubre de 2017, Colbún efectuó una emisión de bonos en los mercados financieros internacionales por un monto total de MMUS\$ 500, con vencimiento a 10 años. La tasa de interés de colocación fue de 3,984% y la tasa de cupón fue de 3,950%. La emisión fue efectuada de conformidad con la Regla 144A y a la Regulación S de la Securities and Exchange Commission, bajo la Securities Act of 1933 de los Estados Unidos de América.

Con los fondos provenientes de esta colocación se prepagó un bono anteriormente emitido por el mismo monto en los mercados internacionales por Colbún S.A., con vencimiento el año 2020 más los gastos activados. Producto de este refinanciamiento, mejora el perfil de la deuda financiera de la Compañía, reduciendo su tasa promedio y extendiendo su vida media.

⁽⁴⁾ Con fecha 13 de septiembre de 2017 la subsidiaria Fenix Power Perú S.A., prepagó el crédito bancario mantenido con Scotiabank, Citibank y SMBC por MMU\$ 347,7 más los intereses devengados a la fecha y realizó el ajuste de la amortización de los gastos activados.

b. Deuda financiera por tipo de moneda

El valor de la deuda financiera de Colbún (pasivos bancarios, bonos y leasing) considerando sólo el efecto de los instrumentos de derivados posición pasiva, es el siguiente:

| Deuda financiera por tipo de moneda | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|-------------------------------------|---------------------|---------------------|
| Dólar US\$ | 1.560.803 | 1.614.379 |
| Unidades de Fomento | 98.649 | 95.653 |
| Total | 1.659.452 | 1.710.032 |

c. Vencimiento y moneda de las obligaciones con entidades financieras

c.1 Obligaciones con bancos

Al 31 de diciembre de 2017 la Compañía no tiene obligaciones con bancos. En tanto al 31 de diciembre de 2016 se detalla a continuación:

| Al 31.12.2016 | | |
|--|-------------------------|----------------|
| Rut entidad deudora | 0-E | |
| Nombre entidad deudora | Fenix Power Perú S.A. | |
| País de la empresa deudora | Perú | |
| Rut entidad acreedora | 0-E | |
| Nombre entidad acreedora | The Bank of Nova Scotia | |
| País de la empresa acreedora | Canada | |
| Moneda o unidad de reajuste | US\$ | |
| Tipo de Amortización | Bullet | |
| Tipo de interes | Variable | |
| Base | Libor 6M | |
| Tasa Efectiva | 2,86% | |
| Tasa Nominal | 2,34% | |
| Montos nominales | MUS\$ | Totales |
| hasta 90 días | 3.350 | 3.350 |
| más de 90 días hasta 1 año | - | - |
| más de 1 año hasta 3 años | - | - |
| más de 1 año hasta 2 años | - | - |
| más de 2 años hasta 3 años | - | - |
| más de 3 años hasta 5 años | 347.700 | 347.700 |
| más de 3 años hasta 4 años | 347.700 | 347.700 |
| más de 4 años hasta 5 años | - | - |
| más de 5 años | - | - |
| Subtotal montos nominales | 351.050 | 351.050 |
| Valores contables | MUS\$ | Totales |
| hasta 90 días | 3.350 | 3.350 |
| más de 90 días hasta 1 año | - | - |
| Préstamos bancarios corrientes | 3.350 | 3.350 |
| más de 1 año hasta 3 años | - | - |
| más de 1 año hasta 2 años | - | - |
| más de 2 años hasta 3 años | - | - |
| más de 3 años hasta 5 años | 343.868 | 343.868 |
| más de 3 años hasta 4 años | 343.868 | 343.868 |
| más de 4 años hasta 5 años | - | - |
| más de 5 años | - | - |
| Préstamos bancarios no corrientes | 343.868 | 343.868 |
| Préstamos bancarios total | 347.218 | 347.218 |

c.2 Obligaciones con el público (bonos)

| AI 31.12.2017 | | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|-----------------------|------------------|
| Rut entidad deudora | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 0-E | |
| Nombre entidad deudora | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Fenix Power Perú S.A. | |
| País de la empresa deudora | Chile | Chile | Chile | Chile | Chile | Perú | |
| Número de inscripción | 234 | 499 | 538 | - | - | - | |
| Serías | Serie C | Serie F | Serie I | 144A/RegS | 144A/RegS | 144A/RegS | |
| Fecha de vencimiento | 15-10-2021 | 01-05-2028 | 10-06-2029 | 10-10-2027 | 10-07-2024 | 20-09-2027 | |
| Moneda o unidad de reajuste | UF | UF | UF | US\$ | US\$ | US\$ | |
| Periodicidad de la amortización | Semestral | Semestral | Semestral | Bullet | Bullet | Semestral | |
| Tipo de interés | Fija | Fija | Fija | Fija | Fija | Fija | |
| Base | Fija | Fija | Fija | Fija | Fija | Fija | |
| Tasa Efectiva | 8,10% | 4,46% | 5,02% | 5,15% | 4,97% | 4,55% | |
| Tasa Nominal | 7,00% | 3,40% | 4,50% | 3,95% | 4,50% | 4,32% | |
| Montos nominales | MUS\$ | | | | | Totales MUS\$ | |
| hasta 90 días | - | - | - | - | 10.625 | 4.158 | 14.783 |
| más de 90 días hasta 1 año | 8.464 | 18.448 | 6.268 | 4.334 | - | 5.000 | 42.514 |
| más de 1 año hasta 3 años | 17.172 | 34.874 | 23.778 | - | - | 30.000 | 105.824 |
| más de 1 año hasta 2 años | 8.374 | 17.437 | 11.889 | - | - | 12.000 | 49.700 |
| más de 2 años hasta 3 años | 8.798 | 17.437 | 11.889 | - | - | 18.000 | 56.124 |
| más de 3 años hasta 5 años | 9.244 | 34.874 | 23.778 | - | - | 51.000 | 118.896 |
| más de 3 años hasta 4 años | 9.244 | 17.437 | 11.889 | - | - | 24.000 | 62.570 |
| más de 4 años hasta 5 años | - | 17.437 | 11.889 | - | - | 27.000 | 56.326 |
| más de 5 años | - | 95.902 | 77.275 | 500.000 | 500.000 | 254.000 | 1.427.177 |
| Subtotal montos nominales | 34.880 | 184.098 | 131.099 | 504.334 | 510.625 | 344.158 | 1.709.194 |
| Valores contables | MUS\$ | | | | | Totales MUS\$ | |
| hasta 90 días | - | - | - | - | 10.625 | 4.158 | 14.783 |
| más de 90 días hasta 1 año | 8.341 | 17.980 | 6.154 | 4.334 | - | 5.000 | 41.809 |
| Obligaciones con el público corrientes | 8.341 | 17.980 | 6.154 | 4.334 | 10.625 | 9.158 | 56.592 |
| más de 1 año hasta 3 años | 16.909 | 33.934 | 23.322 | - | - | 24.705 | 98.870 |
| más de 1 año hasta 2 años | 8.246 | 16.967 | 11.661 | - | - | 10.342 | 47.216 |
| más de 2 años hasta 3 años | 8.663 | 16.967 | 11.661 | - | - | 14.363 | 51.654 |
| más de 3 años hasta 5 años | 9.103 | 33.934 | 23.322 | - | - | 45.281 | 111.640 |
| más de 3 años hasta 4 años | 9.103 | 16.967 | 11.661 | - | - | 20.376 | 58.107 |
| más de 4 años hasta 5 años | - | 16.967 | 11.661 | - | - | 24.905 | 53.533 |
| más de 5 años | - | 93.320 | 75.792 | 455.258 | 492.704 | 259.809 | 1.376.883 |
| Obligaciones con el público no corrientes | 26.012 | 161.188 | 122.436 | 455.258 | 492.704 | 329.795 | 1.587.393 |
| Obligaciones con el público total | 34.353 | 179.168 | 128.590 | 459.592 | 503.329 | 338.953 | 1.643.985 |

Obligaciones con el público (bonos)

| Al 31.12.2016 | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|----------------------|
| Rut entidad deudora | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | |
| Nombre entidad deudora | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | |
| País de la empresa deudora | Chile | Chile | Chile | Chile | Chile | |
| Número de inscripción | 234 | 499 | 538 | - | - | |
| Serie | Serie C | Serie F | Serie I | 144A/RegS | 144A/RegS | |
| Fecha de vencimiento | 15-10-2021 | 01-05-2028 | 10-06-2029 | 21-01-2020 | 10-07-2024 | |
| Moneda o unidad de reajuste | UF | UF | UF | US\$ | US\$ | |
| Periodicidad de la amortización | Semestral | Semestral | Semestral | Bullet | Bullet | |
| Tipo de interés | Fija | Fija | Fija | Fija | Fija | |
| Base | Fija | Fija | Fija | Fija | Fija | |
| Tasa Efectiva | 8,10% | 4,46% | 5,02% | 6,26% | 4,97% | |
| Tasa Nominal | 7,00% | 3,40% | 4,50% | 6,00% | 4,50% | |
| Montos nominales | MUS\$ | | | | | Totales MUS\$ |
| hasta 90 días | - | - | - | 13.250 | 10.625 | 23.875 |
| más de 90 días hasta 1 año | 7.392 | 16.742 | 292 | - | - | 24.426 |
| más de 1 año hasta 3 años | 14.756 | 31.484 | 16.100 | - | - | 62.340 |
| más de 1 año hasta 2 años | 7.196 | 15.742 | 5.367 | - | - | 28.305 |
| más de 2 años hasta 3 años | 7.560 | 15.742 | 10.733 | - | - | 34.035 |
| más de 3 años hasta 5 años | 16.288 | 31.484 | 21.466 | 500.000 | - | 569.238 |
| más de 3 años hasta 4 años | 7.943 | 15.742 | 10.733 | 500.000 | - | 534.418 |
| más de 4 años hasta 5 años | 8.345 | 15.742 | 10.733 | - | - | 34.820 |
| más de 5 años | - | 102.322 | 80.498 | - | 500.000 | 682.820 |
| Subtotal montos nominales | 38.436 | 182.032 | 118.356 | 513.250 | 510.625 | 1.362.699 |
| Valores contables | MUS\$ | | | | | Totales MUS\$ |
| hasta 90 días | - | - | - | 13.250 | 10.625 | 23.875 |
| más de 90 días hasta 1 año | 7.276 | 16.265 | 292 | - | - | 23.833 |
| Obligaciones con el público corrientes | 7.276 | 16.265 | 292 | 13.250 | 10.625 | 47.708 |
| más de 1 año hasta 3 años | 14.506 | 30.530 | 15.740 | - | - | 60.776 |
| más de 1 año hasta 2 años | 7.074 | 15.265 | 5.247 | - | - | 27.586 |
| más de 2 años hasta 3 años | 7.432 | 15.265 | 10.493 | - | - | 33.190 |
| más de 3 años hasta 5 años | 16.013 | 30.530 | 20.986 | 497.437 | - | 564.966 |
| más de 3 años hasta 4 años | 7.809 | 15.265 | 10.493 | 497.437 | - | 531.004 |
| más de 4 años hasta 5 años | 8.204 | 15.265 | 10.493 | - | - | 33.962 |
| más de 5 años | - | 99.222 | 78.699 | - | 491.468 | 669.389 |
| Obligaciones con el público no corrientes | 30.519 | 160.282 | 115.425 | 497.437 | 491.468 | 1.295.131 |
| Obligaciones con el público total | 37.795 | 176.547 | 115.717 | 510.687 | 502.093 | 1.342.839 |

c.3 Obligaciones por leasing

| Al 31.12.2017 | | |
|---|-----------------------------|----------------|
| Rut entidad deudora | 0-E | |
| Nombre entidad deudora | Fenix Power Perú S.A. | |
| País de la empresa deudora | Perú | |
| Rut entidad acreedora | 0-E | |
| Nombre entidad acreedora | Consortio Transmantaro S.A. | |
| País de la empresa acreedora | Perú | |
| Moneda o unidad de reajuste | USD | |
| Tipo de Amortización | Trimestral | |
| Tipo de interes | Fijo | |
| Base | - | |
| Tasa Efectiva | 12,00% | |
| Tasa Nominal | 12,00% | |
| Montos nominales | MUS\$ | Totales |
| hasta 90 días | - | - |
| más de 90 días hasta 1 año | 428 | 428 |
| más de 1 año hasta 3 años | 1.026 | 1.026 |
| más de 1 año hasta 2 años | 482 | 482 |
| más de 2 años hasta 3 años | 544 | 544 |
| más de 3 años hasta 5 años | 1.316 | 1.316 |
| más de 3 años hasta 4 años | 619 | 619 |
| más de 4 años hasta 5 años | 697 | 697 |
| más de 5 años | 12.301 | 12.301 |
| Subtotal montos nominales | 15.071 | 15.071 |
| Valores contables | MUS\$ | Totales |
| hasta 90 días | - | - |
| más de 90 días hasta 1 año | 428 | 428 |
| Obligaciones por Leasing corrientes | 428 | 428 |
| más de 1 año hasta 3 años | 1.026 | 1.026 |
| más de 1 año hasta 2 años | 482 | 482 |
| más de 2 años hasta 3 años | 544 | 544 |
| más de 3 años hasta 5 años | 1.316 | 1.316 |
| más de 3 años hasta 4 años | 619 | 619 |
| más de 4 años hasta 5 años | 697 | 697 |
| más de 5 años | 12.301 | 12.301 |
| Obligaciones por Leasing no corrientes | 14.643 | 14.643 |
| Obligaciones por Leasing total | 15.071 | 15.071 |

Obligaciones por leasing

| Al 31.12.2016 | | |
|---|-----------------------------|---------------|
| Rut entidad deudora | 0-E | |
| Nombre entidad deudora | Fenix Power Perú S.A. | |
| País de la empresa deudora | Perú | |
| Rut entidad acreedora | 0-E | |
| Nombre entidad acreedora | Consorcio Transmantaró S.A. | |
| País de la empresa acreedora | Perú | |
| Moneda o unidad de reajuste | USD | |
| Tipo de Amortización | Trimestral | |
| Tipo de interes | Fijo | |
| Base | - | |
| Tasa Efectiva | 12,00% | |
| Tasa Nominal | 12,00% | |
| Montos nominales | MUS\$ | Totales |
| hasta 90 días | - | - |
| más de 90 días hasta 1 año | 380 | 380 |
| más de 1 año hasta 3 años | 885 | 885 |
| más de 1 año hasta 2 años | 428 | 428 |
| más de 2 años hasta 3 años | 457 | 457 |
| más de 3 años hasta 5 años | 1.084 | 1.084 |
| más de 3 años hasta 4 años | 511 | 511 |
| más de 4 años hasta 5 años | 573 | 573 |
| más de 5 años | 13.102 | 13.102 |
| Subtotal montos nominales | 15.451 | 15.451 |
| Valores contables | MUS\$ | Totales |
| hasta 90 días | - | - |
| más de 90 días hasta 1 año | 380 | 380 |
| Obligaciones por Leasing corrientes | 380 | 380 |
| más de 1 año hasta 3 años | 885 | 885 |
| más de 1 año hasta 2 años | 428 | 428 |
| más de 2 años hasta 3 años | 457 | 457 |
| más de 3 años hasta 5 años | 1.084 | 1.084 |
| más de 3 años hasta 4 años | 511 | 511 |
| más de 4 años hasta 5 años | 573 | 573 |
| más de 5 años | 13.102 | 13.102 |
| Obligaciones por Leasing no corrientes | 15.071 | 15.071 |
| Obligaciones por Leasing total | 15.451 | 15.451 |

c.4 Intereses proyectados por moneda de las obligaciones con entidades financieras:

| Pasivo | Moneda Origen | Intereses al 31.12.2017 | | Capital | Fecha Vencimiento | Vencimiento | | | | | Total intereses | Total deuda |
|--|---------------|-------------------------|-------------|---------|-------------------|---------------|--------------|------------|------------|---------------|-----------------|-------------|
| | | devengados | proyectados | | | Hasta 3 meses | 3 a 12 meses | 1 a 3 años | 3 a 5 años | más de 5 años | | |
| Bono 144A/RegS 2017 (Fenix Power Perú) | US\$ | 4.159 | 106.756 | 340.000 | 20-09-2027 | 7.339 | 7.339 | 28.082 | 24.747 | 43.408 | 110.915 | 450.915 |
| Leasing Financiero (Fenix Power Perú) | US\$ | - | 18.059 | 15.976 | 28-03-2033 | 457 | 1.354 | 3.474 | 3.232 | 9.542 | 18.059 | 34.035 |
| Bono Serie C | UFR | 11 | 114 | 789 | 15-04-2021 | - | 51 | 63 | 11 | - | 125 | 914 |
| Bono Serie F | UFR | 23 | 756 | 4.200 | 01-05-2028 | - | 138 | 236 | 182 | 223 | 779 | 4.979 |
| Bono Serie I | UFR | 7 | 827 | 3.000 | 10-06-2029 | - | 134 | 237 | 188 | 275 | 834 | 3.834 |
| Bono 144A/RegS 2014 | US\$ | 10.625 | 146.875 | 500.000 | 10-07-2024 | 11.250 | 11.250 | 45.000 | 45.000 | 45.000 | 157.500 | 657.500 |
| Bono 144A/RegS 2017 | US\$ | 4.334 | 193.166 | 500.000 | 11-10-2027 | - | 19.750 | 39.500 | 39.500 | 98.750 | 197.500 | 697.500 |

| Pasivo | Moneda Origen | Intereses al 31.12.2016 | | Capital | Fecha Vencimiento | Vencimiento | | | | | Total intereses | Total deuda |
|--|---------------|-------------------------|-------------|---------|-------------------|---------------|--------------|------------|------------|---------------|-----------------|-------------|
| | | devengados | proyectados | | | Hasta 3 meses | 3 a 12 meses | 1 a 3 años | 3 a 5 años | más de 5 años | | |
| The Bank of Nova Scotia (Fenix Power Perú) | US\$ | 3.351 | 25.177 | 347.700 | 05-02-2020 | 4.075 | 4.075 | 16.302 | 4.076 | - | 28.528 | 376.228 |
| Leasing Financiero (Fenix Power Perú) | US\$ | - | 20.363 | 15.684 | 28-03-2033 | - | 1.882 | 3.628 | 3.407 | 11.446 | 20.363 | 36.047 |
| Bono Serie C | UFR | 14 | 175 | 963 | 15-04-2021 | - | 63 | 90 | 36 | - | 189 | 1.152 |
| Bono Serie F | UFR | 25 | 905 | 4.600 | 01-05-2028 | - | 152 | 263 | 209 | 306 | 930 | 5.530 |
| Bono Serie I | UFR | 7 | 961 | 3.000 | 10-06-2029 | - | 134 | 258 | 212 | 364 | 968 | 3.968 |
| Bono 144A/RegS 2010 | US\$ | 13.250 | 91.750 | 500.000 | 21-01-2020 | 15.000 | 15.000 | 60.000 | 15.000 | - | 105.000 | 605.000 |
| Bono 144A/RegS 2014 | US\$ | 10.625 | 169.375 | 500.000 | 10-07-2024 | 11.250 | 11.250 | 45.000 | 45.000 | 67.500 | 180.000 | 680.000 |

d. Líneas de crédito comprometidas y no comprometidas

La Compañía dispone de líneas bancarias no comprometidas por un monto aproximado de US\$150 millones.

Otras Líneas:

La Compañía posee una línea de UF 2,5 millones para emisión de efectos de comercio, inscrita en la Comisión para el Mercado Financiero (Ex - Superintendencia de Valores y Seguros) durante julio de 2008, con vigencia de diez años.

Adicionalmente la Compañía mantiene inscrita en la SVS dos líneas de bonos por un monto conjunto de hasta UF 7 millones, con vigencia a diez y treinta años respectivamente (desde su aprobación en agosto 2009), y contra las que no se han realizado colocaciones a la fecha.

23. Cuentas por pagar comerciales y otras cuentas por pagar

Los acreedores comerciales y otras cuentas por pagar al 31 de diciembre de 2017 y 2016, respectivamente se detallan a continuación:

| | Corriente | | No Corriente | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Acreedores comerciales | 187.856 | 197.393 | - | - |
| Otras cuentas por pagar | 6.776 | 10.552 | 12.924 | 18.960 |
| Total | 194.632 | 207.945 | 12.924 | 18.960 |

Los principales acreedores comerciales al 31 de diciembre de 2017 son:

| Principales Acreedores Comerciales | % |
|--------------------------------------|------------|
| CMC - Coal Marketing DAC | 9 |
| Mapfre Cía. Seguros G. de Chile S.A. | 6 |
| Siemens Energy, Inc. | 5 |
| Ace Seguros S.A. | 5 |
| Transelec S.A. | 4 |
| GE Energy Parts International, Llc. | 4 |
| Pluspetrol Camisea S.A | 2 |
| GE Packaged Power, Inc. | 2 |
| Otros | 63 |
| | 100 |

Estratificación de cartera de cuentas por pagar comerciales:

| Concepto | SalDOS al 31.12.2017 | | | |
|-----------------|----------------------|--------------------|---------------------|----------------|
| | Vigente MUS\$ | 1-30 días MUS\$ | Más de 180 MUS\$ | Total MUS\$ |
| Bienes | 56.732 | - | - | 56.732 |
| Servicios | 107.616 | - | - | 107.616 |
| Otros | 23.508 | - | - | 23.508 |
| Subtotal | 187.856 | - | - | 187.856 |

| Concepto | SalDOS al 31.12.2016 | | | |
|-----------------|----------------------|--------------------|---------------------|----------------|
| | Vigente MUS\$ | 1-30 días MUS\$ | Más de 180 MUS\$ | Total MUS\$ |
| Bienes | 67.365 | 23 | 33 | 67.421 |
| Servicios | 94.750 | 2.148 | 350 | 97.248 |
| Otros | 32.622 | - | 102 | 32.724 |
| Subtotal | 194.737 | 2.171 | 485 | 197.393 |

Al 31 de diciembre de 2017 el valor a pagar por concepto de facturas por recibir de bienes y servicios asciende a MUS\$ 113.379; en tanto al 31 de diciembre de 2016 alcanza MUS\$ 101.652.

El plazo promedio de pago a proveedores es de 30 días desde la fecha de recepción de la factura, por lo que el valor razonable no difiere de forma significativa de su valor contable.

Las cuentas por pagar comerciales mayores a 180 días, se encuentran pendientes de pago, a la espera de documentos por parte de los proveedores para proceder a su cancelación.

24. Otras Provisiones

a. Clases de provisiones

El detalle de las provisiones al 31 de diciembre de 2017 y 2016, es el siguiente:

| Provisiones | Corriente | | No Corriente | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Otras provisiones | | | | |
| Otras provisiones | 29.748 | 7.393 | 33.389 | - |
| Total | 29.748 | 7.393 | 33.389 | - |
| Provisiones por beneficios a los empleados | | | | |
| Provisión beneficios a los empleados (nota 24.f) | 17.325 | 14.996 | 5.095 | 1.067 |
| Provisión por reserva IAS, no corriente (nota 24.g.i) | - | - | 33.334 | 26.441 |
| Total | 17.325 | 14.996 | 38.429 | 27.508 |
| Total provisiones | 47.073 | 22.389 | 71.818 | 27.508 |

b. Movimiento de las provisiones durante el ejercicio

El movimiento de las provisiones corrientes durante los ejercicios terminados al 31 de diciembre de 2017 y 2016, es el siguiente:

| Movimiento ejercicio 2017 | Beneficios | Otras Provisiones | | | Total |
|---------------------------------------|------------------------------|---|---------------------------------|----------------------|---------------|
| | Feriados y bono de incentivo | Contratos de suministros ⁽¹⁾ | Emisiones de Centrales Térmicas | Otras ⁽²⁾ | |
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | |
| Saldo inicial al 01.01.2017 | 14.996 | 2.233 | - | 5.160 | 22.389 |
| Provisiones nuevas, otras provisiones | - | - | 25.287 | - | 25.287 |
| Aumento en provisiones existentes | 14.031 | - | - | 2.232 | 16.263 |
| Disminución en provisiones existentes | (169) | (2.233) | - | (1.655) | (4.057) |
| Provisión utilizada | (11.533) | - | - | (1.276) | (12.809) |
| Saldo final al 31.12.2017 | 17.325 | - | 25.287 | 4.461 | 47.073 |

| Movimiento ejercicio 2016 | Beneficios | Otras Provisiones | | | Total |
|---|------------------------------|---|---------------------------------|----------------------|---------------|
| | Feriados y bono de incentivo | Contratos de suministros ⁽¹⁾ | Emisiones de Centrales Térmicas | Otras ⁽²⁾ | |
| | MUS\$ | MUS\$ | MUS\$ | MUS\$ | |
| Saldo inicial al 01.01.2016 | 11.237 | 10.918 | - | 4.583 | 26.738 |
| Aumento (disminución) en provisiones existentes | 14.026 | (8.685) | - | 1.172 | 6.513 |
| Provisión utilizada | (10.267) | - | - | (595) | (10.862) |
| Saldo final al 31.12.2016 | 14.996 | 2.233 | - | 5.160 | 22.389 |

(1) Provisiones que tienen su origen en diferencias relacionadas a suministros pactados con clientes

(2) Provisiones constituidas por diferencias y/o contingencias administrativas y tributarias. (ver nota 35.c)

c. Desmantelamiento

El movimiento de las provisiones no corrientes durante los ejercicios terminados al 31 de diciembre de 2017 y 2016, es el siguiente:

| Costos por dejar fuera de servicio, restauración y rehabilitación | No Corriente | |
|---|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Saldo inicial | - | - |
| Provisión por deterioro | 33.389 | - |
| Reverso deterioro | - | - |
| Saldo final | 33.389 | - |

El saldo no corriente de esta provisión corresponde al desembolso relacionado al cierre de algunas instalaciones, y a los costos futuros asociados al retiro de ciertos activos y rehabilitación de determinados terrenos.

d. Reestructuración

La Compañía no ha estimado ni registrado provisiones por este concepto.

e. Litigios

Al 31 de diciembre de 2017 y 2016, la Compañía registra provisiones para litigios, de acuerdo a NIC37 (ver nota 35, letra c).

f. Beneficios a los Empleados

La Compañía reconoce provisiones de beneficios y bonos para sus trabajadores, tales como provisión de vacaciones, beneficios por término de contrato en proyectos e incentivos de producción.

| Beneficios empleados | Corriente | | No Corriente | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Provisión vacaciones, corriente | 4.272 | 3.783 | - | - |
| Incentivo de desempeño, corriente | 13.053 | 11.213 | - | - |
| Término de contrato proyectos | - | - | 426 | 1.067 |
| Otros beneficios | - | - | 4.669 | - |
| Total | 17.325 | 14.996 | 5.095 | 1.067 |

g. Provisiones no corrientes por beneficios a los empleados

La Compañía y algunas subsidiarias han constituido provisión para cubrir la obligación por indemnización por años de servicios a todo evento que será pagado a su personal, de acuerdo con los contratos colectivos suscritos con sus trabajadores. Esta provisión representa el total de la provisión devengada (ver nota 3.1. m.).

La Compañía evalúa permanentemente las bases utilizadas en el cálculo actuarial de las obligaciones con empleados. Al 31 de diciembre de 2017 la Compañía actualizó algunos indicadores a modo de reflejar de mejor manera las condiciones actuales de mercado.

i) Composición de la provisión de beneficios al personal - El detalle de los principales conceptos incluidos al 31 de diciembre de 2017 y 2016, es el siguiente:

| Provisión beneficios al personal | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|---------------------|---------------------|
| Indemnización años de servicio del personal | 33.334 | 26.441 |
| Total | 33.334 | 26.441 |
| Valor presente obligación plan de beneficios definidos | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Saldo inicial | 26.441 | 22.075 |
| Costo de servicio corriente | 2.387 | 1.626 |
| Costo por intereses | 517 | 394 |
| Diferencia de conversión de moneda extranjera | 2.354 | 1.342 |
| Ganancias (pérdidas) actuariales | 3.128 | 2.908 |
| Pagos | (1.493) | (1.904) |
| Saldo final | 33.334 | 26.441 |

ii) **Hipótesis actuariales** - Los principales supuestos utilizados para propósitos del cálculo actuarial son las siguientes:

| Bases actuariales utilizadas | | 31.12.2017 | 31.12.2016 |
|---|------------|------------|------------|
| Tasa de descuento | | 2,17% | 1,68% |
| Tasa esperada de incrementos salariales | | 1,62% | 2,65% |
| Índice de rotación | Voluntario | 2,20% | 3,30% |
| | Despido | 3,20% | 2,40% |
| Edad de retiro | Hombres | 65 | 65 |
| | Mujeres | 60 | 60 |
| Tabla de mortalidad | | RV-2014 | RV-2014 |

Tasa de descuento: Corresponde al tipo de interés a utilizar para traer al momento actual los desembolsos que se estima se efectuarán en el futuro. Esta es determinada de acuerdo a la tasa de descuento de los Bonos en UF del Banco Central de Chile a 20 años plazo al 31 de diciembre de 2017. La fuente de obtención de la tasa de referencia es Bloomberg.

Tasa Crecimiento Salarial: Es la tasa de crecimiento salarial estimada por la Compañía, para las remuneraciones de sus trabajadores, en función de la política interna de compensaciones.

Tasas de Rotación: Corresponde a las tasas de rotación calculadas por la Compañía, en función de su información histórica.

Edad de Jubilación: Corresponde a las edades legales para jubilación, tanto de hombres como de mujeres, según lo señalado en DL 3.500, que contiene las normas que rigen el actual sistema de pensiones.

Tabla de Mortalidad: Corresponde a la tabla de mortalidad publicada por la Comisión para el Mercado Financiero (Ex - Superintendencia de Valores y Seguros).

iii) **Sensibilización a supuestos actuariales** - Para efectos de sensibilización, se ha considerado como parámetro relevante, solo la tasa de descuento. A continuación, se presentan los resultados de los cambios en el pasivo actuarial, producto de sensibilizar la tasa de descuento:

| Sensibilización | Tasa | | Monto de la obligación | |
|---------------------------------|-----------------|-----------------|------------------------|---------------------|
| | 31.12.2017 % | 31.12.2016 % | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Tasa del periodo | 2,17 | 1,68 | 33.779 | 26.441 |
| Tasa con disminución de 50 p.b. | 1,67 | 1,18 | 36.256 | 27.827 |
| Tasa con incremento de 50 p.b. | 2,67 | 2,18 | 31.542 | 25.166 |

25. Otros pasivos no financieros

Los otros pasivos al 31 de diciembre de 2017 y 2016, respectivamente, se detallan a continuación:

| | Corriente | | No corriente | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Retenciones | 21.180 | 10.866 | - | - |
| Ingreso anticipado ⁽¹⁾ | 899 | 750 | 12.210 | 11.407 |
| Otros pasivos | 257 | 117 | - | - |
| Total | 22.336 | 11.733 | 12.210 | 11.407 |

⁽¹⁾ Corresponde a anticipos recibidos, relacionados con las operaciones y servicios de mantención. El ingreso es reconocido cuando el servicio es prestado. El saldo presentado como No Corriente incluye MUS\$ 5.557 correspondiente al reconocimiento del leasing que la Compañía mantiene con Anglo American (vencimiento contrato al año 2030).

26. Información a revelar sobre el patrimonio

a. Capital suscrito y pagado y número de acciones

En Junta General de Accionistas de Colbún S.A., celebrada con fecha 29 de abril de 2009 se aprobó el cambio de moneda en que se encuentra expresado el capital social desde el 31 de diciembre de 2008, quedando este expresado en dólares de los Estados Unidos de América, utilizando el tipo de cambio de cierre al 31 de diciembre de 2008, dividido en 17.536.167.720 acciones ordinarias, nominativas, de igual valor cada una y sin valor nominal.

Al 31 de diciembre de 2017 y 2016, el detalle del capital suscrito y pagado y número de acciones es el siguiente:

| Número de acciones | | | |
|----------------------|---------------------------|-------------------------|------------------------------------|
| Serie | Número acciones suscritas | Número acciones pagadas | Número acciones con derecho a voto |
| Única | 17.536.167.720 | 17.536.167.720 | 17.536.167.720 |
| Capital (Monto US\$) | | | |
| Serie | Capital suscrito MUS\$ | Capital pagado MUS\$ | |
| Única | 1.282.793 | 1.282.793 | |

a.1 Conciliación de acciones

A continuación, se presenta una conciliación entre el número de acciones en circulación al principio y al final de los ejercicios informados:

| Acciones | 31.12.2017 | 31.12.2016 |
|--|----------------|----------------|
| Número de acciones en circulación al inicio del ejercicio | 17.536.167.720 | 17.536.167.720 |
| Cambios en el número de acciones en circulación | | |
| Incremento (disminución) en el número de acciones en circulación | - | - |
| Número de acciones en circulación al final del ejercicio | 17.536.167.720 | 17.536.167.720 |

a.2 N° de accionistas

Al 31 de diciembre de 2017, el número de accionistas es 2.979.

b. Capital social

El capital social corresponde al capital pagado indicado en la letra a.

c. Primas de emisión

Al 31 de diciembre de 2017 y 2016, el rubro primas de emisión asciende a MUS\$52.595 y se compone de un monto de MUS\$30.700, correspondiente al sobreprecio percibido en el período de la suscripción de emisión de acciones aprobada en la Junta Extraordinaria de Accionistas del 14 de marzo de 2008, más un sobreprecio en venta de acciones propias por MUS\$21.895, producto de aumentos de capital anteriores al año 2008.

d. Dividendos

La política general y procedimiento de distribución de dividendos acordada por la Junta de Accionistas del 27 de abril del 2017, estableció la distribución de un dividendo mínimo de un 30% de la utilidad líquida distribuible. En conformidad a lo establecido en NIIF, existe una obligación legal y asumida que requiere la contabilización de un pasivo al cierre de cada ejercicio por concepto de dividendo mínimo legal.

En sesión de Directorio de fecha 20 de diciembre de 2016 se acordó la distribución de un dividendo provisorio

con cargo a las utilidades del ejercicio terminado al 31 de diciembre de 2016, pagadero en dinero ascendente a la cantidad total de MUS\$ 45.760, correspondiente a US\$ 0,00261 por acción. Este dividendo se comenzó a pagar el 9 de enero de 2017.

En sesión de Directorio de fecha 28 de marzo de 2017 se acordó proponer a la Junta de Accionistas distribuir como dividendo el 50% de la utilidad correspondiente al ejercicio 2016. El incremento en el porcentaje respecto de la política de repartir un 30%, da cuenta de la positiva generación de caja que ha experimentado la Compañía en los últimos años como consecuencia de la consolidación de sus resultados operacionales. Dicha propuesta alcanzó la cantidad de MUS\$ 100.444.

En Junta Ordinaria de Accionistas del 27 de abril de 2017 se aprobó distribuir un dividendo definitivo N° 48 con cargo a las utilidades del ejercicio 2016, por la cantidad total de MUS\$ 54.684 correspondiente a US\$ 0,00312 por acción, el que se comenzó a pagar el 9 de mayo de 2017.

En sesión de Directorio de fecha 28 de noviembre de 2017 se acordó la distribución de un dividendo provisorio con cargo a las utilidades del ejercicio terminado al 31 de diciembre de 2017, pagadero en dinero ascendente a la cantidad total de MUS\$ 58.220, correspondiente a US\$ 0,003320 por acción. Este dividendo se comenzó a pagar el 20 de diciembre de 2017.

e. Composición de Otras reservas

El siguiente es el detalle de las otras reservas:

| Otras reservas | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Efecto primera adopción deflactación capital pagado | 517.617 | 517.617 |
| Efecto primera adopción conversión NIC 21 | (230.797) | (230.797) |
| Revaluación propiedades, planta y equipos | 445.137 | 458.312 |
| Impuesto diferido revaluación | (120.187) | (123.744) |
| Reserva fusión | 232.153 | 251.783 |
| Efecto conversión coligadas | (48.038) | (49.950) |
| Reserva subsidiarias | (13.942) | (13.993) |
| Reserva de cobertura | 5.273 | 6.775 |
| Efecto cobertura coligadas | 156 | 70 |
| Total | 787.372 | 816.073 |

Efecto primera adopción deflactación capital pagado: Oficio Circular N°456 de la Comisión para el Mercado Financiero (Ex - Superintendencia de Valores y Seguros) y efecto primera adopción conversión NIC 21: Reservas generadas por adopción por primera vez de las Normas Internacionales de Información Financiera (NIIF), las cuales se consideran susceptibles de ser capitalizadas, si las normas contables y la ley lo permiten.

Revaluación Propiedades, planta y equipo: La metodología utilizada para cuantificar la realización de este concepto, correspondió a la aplicación de las vidas útiles por clase de activo usadas para el proceso de depreciación al monto de revalorización determinado a la fecha de adopción.

Impuestos diferidos: Los ajustes en la valuación de los activos y pasivos generados por la aplicación de NIIF, han significado la determinación de nuevas diferencias temporarias que fueron registradas contra la cuenta Ganancias acumuladas en el Patrimonio. La realización de este concepto se ha determinado en la misma proporción que lo han hecho las partidas que le dieron origen.

Reserva fusión: Corresponde a reserva por revaluación de activos a valor justo registradas en fusiones de años anteriores, cuyos montos no han sido realizados.

Efecto conversiones asociadas: Corresponde a la diferencia de cambio generada por las variaciones de cambio de la moneda extranjera sobre las inversiones en asociadas y negocios conjuntos, las cuales mantienen como moneda funcional el Peso chileno.

Reserva subsidiarias: Reserva originada en la fusión y variación en la participación de subsidiarias, se consideran susceptibles de ser capitalizadas, si las normas contables y la ley lo permiten.

Efecto reserva de cobertura: Representan la porción efectiva de aquellas transacciones que han sido designadas como coberturas del flujo de efectivo, a la espera de reconocimiento de la partida cubierta en resultados.

f. Ganancias (pérdidas) acumuladas

El movimiento de la reserva por resultados acumulados al 31 de diciembre de 2017 y 2016 es el siguiente:

| Ganancias acumuladas distribuibles | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ (*) |
|---|----------------------------|--------------------------------|
| Saldo inicial | 1.424.924 | 1.021.114 |
| Resultado del ejercicio | 270.985 | 201.429 |
| Efecto ganancias (pérdidas) actuariales | (1.912) | (1.701) |
| Dividendos provisorios | (121.473) | (100.898) |
| Utilidad acumulada realizada | 29.248 | 304.980 |
| Total ganancias acumuladas distribuibles | 1.601.772 | 1.424.924 |

(*) Ver nota 3.i.

g. Gestión de capital

La Gestión de Capital se enmarca dentro de las Políticas de Inversiones y de Financiamiento que mantiene la Compañía, las cuales establecen entre otras materias que las inversiones deberán contar con financiamiento apropiado de acuerdo al proyecto de que se trate, conforme a la Política de Financiamiento.

La Compañía procurará mantener una liquidez suficiente que le permita contar con una holgura financiera adecuada para hacer frente a sus compromisos y a los riesgos asociados a sus negocios. Los excedentes de caja que mantenga la Sociedad se invertirán en títulos emitidos por instituciones financieras y valores negociables de acuerdo a los criterios de selección y diversificación de cartera que determine la administración de la Sociedad.

El control de las inversiones será realizado por el Directorio, quien aprobará las inversiones específicas, tanto en su monto como en su financiamiento, teniendo como marco de referencia lo dispuesto en los Estatutos de la Sociedad y lo que aprobare la Junta de Accionistas, si fuere el caso.

El financiamiento debe procurar proveer los fondos necesarios para una adecuada operación de los activos existentes, así como para la realización de nuevas inversiones conforme a la Política de Inversiones expuesta. Para ello se utilizarán los recursos internos que se dispongan y recursos externos hasta un límite que no comprometa la posición patrimonial de la Compañía o que limite su crecimiento.

Consistente con lo anterior, el nivel de endeudamiento debe procurar no comprometer la calificación crediticia "investment grade" de los instrumentos de deuda emitidos por Colbún en los mercados nacionales e internacionales.

La Compañía procurará mantener abiertas múltiples opciones de financiamiento, para lo cual se preferirán las siguientes fuentes de financiamiento: créditos bancarios, tanto internacional como nacional, mercado de bonos de largo plazo, tanto internacional como doméstico, crédito de proveedores, utilidades retenidas y aumentos de capital.

Los ratios de endeudamiento al 31 de diciembre de 2017 y 2016 son los siguientes:

| | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|---|---------------------|---------------------|
| Total pasivos | 2.971.835 | 3.032.766 |
| Total pasivos corrientes | 354.801 | 360.055 |
| Total pasivos no corrientes | 2.617.034 | 2.672.711 |
| Patrimonio total | 3.950.707 | 3.789.832 |
| Patrimonio atribuible a la controladora | 3.724.532 | 3.576.385 |
| Participaciones no controladoras | 226.175 | 213.447 |
| Razón de endeudamiento | 0,75 | 0,80 |

La Compañía debe informar trimestralmente el cumplimiento de compromisos contraídos con entidades financieras. Al 31 de diciembre de 2017 la Compañía está en cumplimiento con todos los indicadores financieros exigidos en dichos contratos (Ver nota 36).

h. Ganancias por acción y utilidad líquida distribuible

El resultado por acción se ha obtenido dividiendo el resultado atribuido a los accionistas de la controladora por el promedio ponderado de las acciones ordinarias en circulación durante los ejercicios informados.

| | 31.12.2017 | 31.12.2016 |
|---|----------------|----------------|
| Ganancia (Pérdida) Atribuible a los Tenedores de Instrumentos de Participación en el Patrimonio Neto de la Controladora (MUS\$) | 270.985 | 201.429 |
| Resultado Disponible para Accionistas Comunes, Básico (MUS\$) | 270.985 | 201.429 |
| Promedio Ponderado de Número de Acciones, Básico (N° de acciones) | 17.536.167.720 | 17.536.167.720 |
| Ganancias Básicas por Acción (dólares por acción) | 0,01545 | 0,01149 |

La Compañía no ha realizado ningún tipo de operación de potencial efecto dilutivo que suponga una ganancia por acción diluida diferente del beneficio básico por acción durante el ejercicio informado.

En virtud a lo dispuesto en la Circular N°1.945 del 29 de septiembre de 2009, Colbún S.A., acordó establecer como política general que la utilidad líquida distribuible a considerar para el cálculo del Dividendo Mínimo Obligatorio y Adicional, se determina sobre la base efectivamente realizada, depurándola de aquellas variaciones relevantes del valor razonable de los activos y pasivos que no estén realizados, las cuales deben ser reintegradas al cálculo de la utilidad líquida del ejercicio en que tales variaciones se realicen.

En consecuencia, los agregados y deducciones a realizar a la utilidad líquida distribuible por variaciones del valor razonable de los activos o pasivos que no estén realizados y que hayan sido reconocidos en la "ganancia (pérdida) atribuible a tenedores de instrumentos de participación en el patrimonio neto de la controladora", corresponden a los eventuales efectos generados por las variaciones del valor justo de los instrumentos derivados que mantenga la Compañía al cierre de cada período, netas del impuesto a la renta correspondiente.

El cálculo de la utilidad líquida distribuible es el siguiente, a la fecha que indica:

| Cálculo utilidad líquida distribuible (Flujos de caja) | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|----------------------------|----------------------------|
| Ganancia atribuible a los propietarios de la controladora | 270.985 | 201.429 |
| Flujos de caja en el ejercicio con cargo a ejercicios anteriores | - | (541) |
| Flujo neto del ejercicio | - | (541) |
| Utilidad líquida distribuible | 270.985 | 200.888 |
| Dividendo mínimo obligatorio | 81.296 | 60.266 |

27. Ingresos de actividades ordinarias

Los ingresos ordinarios por los periodos terminados al 31 de diciembre de 2017 y 2016, respectivamente, se presentan en el siguiente detalle:

| | Enero - Diciembre | |
|--------------------------------|--------------------------|----------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ventas clientes distribuidoras | 796.942 | 769.523 |
| Ventas clientes industriales | 425.347 | 383.526 |
| Peajes | 189.541 | 182.154 |
| Ventas a otras generadoras | 112.474 | 96.444 |
| Otros ingresos | 24.108 | 4.593 |
| Total | 1.548.412 | 1.436.240 |

28. Materias primas y consumibles utilizados

El consumo de materias primas y materiales secundarios por los periodos terminados al 31 de diciembre de 2017 y 2016, respectivamente, se presentan en el siguiente detalle:

| | Enero - Diciembre | |
|----------------------------------|--------------------------|----------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Consumo petróleo (ver nota 13) | (31.145) | (41.330) |
| Consumo gas (ver nota 13) | (308.369) | (262.823) |
| Consumo carbón (ver nota 13) | (73.813) | (63.381) |
| Compra energía y potencia | (46.004) | (101.700) |
| Peajes | (194.087) | (177.516) |
| Trabajo y suministro de terceros | (102.262) | (77.837) |
| Total | (755.680) | (724.587) |

29. Gasto por beneficios a los empleados

Los gastos por beneficios a los empleados por los periodos terminados al 31 de diciembre de 2017 y 2016, respectivamente, se presentan en el siguiente detalle (ver nota 3.1.m. y 3. 1.o.):

| | Enero - Diciembre | |
|---|-------------------|-----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Sueldos y salarios | (60.467) | (53.492) |
| Beneficios a corto plazo a los empleados | (6.044) | (5.516) |
| Indemnización por término de relación laboral | (3.583) | (3.176) |
| Otros gastos de personal | (6.691) | (5.629) |
| Total | (76.785) | (67.813) |

30. Gastos por depreciación y amortización

La depreciación y amortización por los periodos terminados al 31 de diciembre de 2017 y 2016, respectivamente, se presentan en el siguiente detalle:

| | Enero - Diciembre | |
|---|-------------------|------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Depreciaciones (ver nota 18.b) | (218.259) | (226.133) |
| Amortizaciones de intangibles (ver nota 17.b) | (5.229) | (1.785) |
| Total | (223.488) | (227.918) |

31. Resultado de ingresos y costos financieros

El resultado financiero por los periodos terminados al 31 de diciembre de 2017 y 2016, respectivamente, se presenta en el siguiente detalle:

| Ingreso (Pérdida) procedente de Inversiones | Enero - Diciembre | |
|---|-------------------|------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de efectivo y otros medios equivalentes | 12.726 | 10.054 |
| Total Ingresos Financieros | 12.726 | 10.054 |
| Costos Financieros | Enero - Diciembre | |
| | 2017 MUS\$ | 2016 MUS\$ |
| Gastos por bonos | (69.186) | (68.146) |
| Gasto por provisiones financieras | (8.073) | (15.549) |
| Gasto/ingresos por valoración derivados financieros netos | (2.089) | (11.353) |
| Gastos por préstamos bancarios | (9.356) | (16.799) |
| Gasto por otros (gastos bancarios) | (214) | (1.473) |
| Gastos financieros activados (ver nota 18.c.iv) | 3.964 | 9.880 |
| Total Costo Financiero | (84.954) | (103.440) |
| Total resultado financiero | (72.228) | (93.386) |

32. Diferencia de cambio neta y Resultado por unidades de reajuste

Las partidas que originan los efectos en resultados por los conceptos diferencia de cambio neta y resultado por unidades de reajuste se detallan a continuación:

Diferencia de cambio

| Diferencia de cambio | Moneda | Enero - Diciembre | |
|---|--------|-------------------|----------------|
| | | 2017 MUS\$ | 2016 MUS\$ |
| Efectivo y equivalentes al efectivo | Pesos | 12.543 | 7.638 |
| Efectivo y equivalentes al efectivo | Soles | 327 | 1.340 |
| Deudores comerciales y otras cuentas por cobrar | Pesos | 11.726 | 3.612 |
| Deudores comerciales y otras cuentas por cobrar | Soles | 139 | (583) |
| Activos por impuestos corrientes | Pesos | (1.315) | 48 |
| Activos por impuestos corrientes | Soles | 957 | (189) |
| Otros activos no financieros no corrientes | Pesos | 1.907 | 643 |
| Otros activos no financieros no corrientes | Soles | 902 | 350 |
| Cuentas por cobrar a entidades relacionadas no corrientes | Pesos | (800) | (350) |
| Diferencia de cambio activo | | 26.386 | 12.509 |
| Otros pasivos financieros corrientes | UF | (9.489) | (8.240) |
| Otros pasivos financieros corrientes | Soles | (39) | 360 |
| Cuentas por pagar comerciales otras cuentas por pagar | Pesos | (2.467) | 636 |
| Cuentas por pagar comerciales otras cuentas por pagar | Soles | (13) | 34 |
| Otros pasivos no financieros | Pesos | (3.296) | 38 |
| Otros pasivos no financieros | Soles | - | 15 |
| Provisiones por beneficios a los empleados | Pesos | (2.913) | (1.926) |
| Diferencia de cambio pasivo | | (18.217) | (9.083) |
| Total Diferencia de Cambio | | 8.169 | 3.426 |

Resultados por unidad de reajuste

| Resultados por unidades de reajuste | Unidad de reajuste | Enero - Diciembre | |
|---|--------------------|-------------------|---------------|
| | | 2017 MUS\$ | 2016 MUS\$ |
| Activos por impuestos corrientes | UTM | - | (55) |
| Total Resultados por unidades de reajustes | | - | (55) |

33. Ingresos (pérdidas) por inversiones contabilizadas por el método de participación

Los ingresos por inversiones contabilizadas por el método de participación por los periodos terminados al 31 de diciembre de 2017 y 2016 respectivamente, se presentan en el siguiente detalle:

| Participación neta en ganancia de coligadas | Enero - Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Electrogas S.A. | 8.187 | 7.640 |
| Centrales Hidroeléctricas de Aysén S.A. | (6.202) | (3.106) |
| Transmisora Eléctrica de Quillota Ltda. | 919 | 880 |
| Total | 2.904 | 5.414 |

34. Otras ganancias (pérdidas)

Las otras ganancias (pérdidas) al 31 de diciembre de 2017 y 2016 respectivamente, se presentan en el siguiente detalle:

| Otros Ingresos distintos de los de operación | Enero - Diciembre | |
|--|-------------------|-----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Seguros | 1.269 | 445 |
| Otros ingresos | 3.029 | 3.198 |
| Combinación de Negocios ⁽¹⁾ | 23.352 | - |
| Total otros ingresos | 27.650 | 3.643 |
| Otros Gastos distintos de los de operación | Enero - Diciembre | |
| | 2017 MUS\$ | 2016 MUS\$ |
| Deterioro propiedades, planta y equipo | - | (685) |
| Deterioro patentes derechos de agua no utilizados | (5.928) | (1.731) |
| Deterioro derechos de agua | (1.154) | - |
| Deterioro proyectos varios ⁽²⁾ | (63.002) | - |
| Resultados contratos derivados | (1.840) | (820) |
| Honorarios atención de juicios | (1.303) | (856) |
| Bajas bienes propiedades, planta y equipo | (7.198) | (6.711) |
| Castigos y multas | (51) | (773) |
| Obsolescencia de existencias | - | (687) |
| Clausula de salida, termino contrato GNL-Chile | (2.356) | - |
| Emisiones de centrales térmicas ⁽³⁾ | (10.907) | - |
| Comisión prepago bono 2020 (Make Whole) ⁽⁴⁾ | (12.648) | - |
| Ajuste provision contingencia Termochilca | 2.047 | - |
| Otros | (8.115) | (8.957) |
| Total otros gastos | (112.455) | (21.220) |
| Total otras ganancias (pérdidas) | (84.805) | (17.577) |

⁽¹⁾ En nuestra filial Fenix Power Perú, se registró un ajuste por impuestos diferidos originado por el deterioro de Propiedades Plantas y Equipos registrado en la contabilidad previo a la adquisición por parte de Colbún S.A. Este valor representa una ganancia financiera a nivel de combinación de negocios (Badwill), la cual, luego de la evaluación respectiva, la Administración ha determinado el registro prospectivo en el presente periodo.

⁽²⁾ Corresponde al registro de provisiones por deterioro de activos individuales por un total de US\$63 millones. De estos cabe destacar: (1) Deterioro parcial del proyecto hidroeléctrico San Pedro por US\$45 millones, monto que se deriva de reconocer que el desarrollo a futuro de este proyecto enfrentará precios de energía menores a los previstos al inicio de su construcción, y que toma en consideración la inversión ya realizada a la fecha (y la que se espera realizar a futuro); y (2) Proyecto térmico Santa María 2 por US\$10 millones, el cual públicamente hemos dado a conocer nuestra decisión de no proceder con su construcción. El monto restante son diversos otros cargos que acumulan un monto por US\$8 millones.

⁽³⁾ Corresponde a la provisión del gasto por impuesto que grava las Emisiones de Centrales Térmicas (Ley 20.780), las cuales comenzaron a registrar a partir de enero 2017.

⁽⁴⁾ Ver nota 22.a.

35. Garantías comprometidas con terceros, activos y pasivos contingentes

a. Garantías comprometidas con terceros

a.1 Garantías directas

| Acreedor de la garantía | Deudor | | Activos comprometidos | | | Saldos pendientes 31.12.2017 MUS\$ | Liberación de garantías | | |
|---|-----------------------|----------|-----------------------|-------------|----------------|--|-------------------------|-------|------|
| | Nombre | Relación | Tipo de garantía | Tipo moneda | Valor Contable | | 2018 | 2022 | 2099 |
| | | | | | | | | | |
| Astillero y Maestranza de La Armada | Colbún S.A. | Acreedor | Boleta de Garantía | CLP | 20.000.000 | 33 | 33 | - | - |
| Transportadora de Gas del Perú | Fenix Power Perú S.A. | Acreedor | Boleta de Garantía | USD | 16.361.617 | 16.362 | 16.362 | - | - |
| Citibank NA | Fenix Power Perú S.A. | Acreedor | Boleta de Garantía | USD | 7.500.000 | 7.500 | 7.500 | - | - |
| Gas Natural de Lima y Callao S.A. | Fenix Power Perú S.A. | Acreedor | Boleta de Garantía | USD | 7.491.845 | 7.492 | 7.492 | - | - |
| Comité Innova Chile | Colbún S.A. | Acreedor | Boleta de Garantía | CLP | 7.210.000 | 12 | 12 | - | - |
| Consorcio Transmataro | Fenix Power Perú S.A. | Acreedor | Boleta de Garantía | USD | 3.000.000 | 3.000 | 3.000 | - | - |
| Fisco de Chile Servicio Nacional de Aduanas | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 736.000 | 736 | 736 | - | - |
| Bío Bío Cementos S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 653.005 | 653 | 653 | - | - |
| Ministerio de Obras Públicas | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 546.260 | 23.813 | 23.813 | - | - |
| Empresas CMPC S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 378.000 | 16.478 | 16.478 | - | - |
| Cementos Bío Bío del Sur S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 263.394 | 263 | 263 | - | - |
| Cía. Minera Doña Inés de Collahuasi S.C.M. | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 120.000 | 5.231 | 5.231 | - | - |
| Inacal S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 69.643 | 70 | 70 | - | - |
| Ministerio de Bienes Nacionales | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 56.672 | 2.470 | 392 | 2.078 | - |
| Cía. Minera Zaldívar SpA | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 50.000 | 2.180 | 2.180 | - | - |
| Gerdau Aza S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 33.980 | 1.481 | 1.481 | - | - |
| Arenex S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 23.121 | 23 | 23 | - | - |
| Minera El Way S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | USD | 12.563 | 13 | 13 | - | - |
| Aguas Andinas S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 5.000 | 218 | 218 | - | - |
| Empresa Nacional de Minería | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 1.500 | 65 | 65 | - | - |
| Agrícola El Porvenir S.A. | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 1.000 | 44 | 44 | - | - |
| Asociación Chilena de Seguridad | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 500 | 22 | 22 | - | - |
| Banco Santander-Chile | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 200 | 9 | 9 | - | - |
| Enel Distribución Chile S.A.(1) | Colbún S.A. | Acreedor | Boleta de Garantía | UF | 100 | 4 | - | - | 4 |
| Total | | | | | | 88.172 | | | |

(1) Garantía con fecha de vencimiento indefinido.

b. Cauciones obtenidas de terceros**b.1 Garantías vigentes en Dólares al 31 de diciembre de 2017**

| Depositado por | Relación con la sociedad | Total MUS\$ |
|---|--------------------------|---------------|
| General Electric Internacional Inc. | Proveedores | 15.000 |
| Siemens Financial Services Inc. | Proveedores | 9.000 |
| Consorcio Isotron Sacyr S.A. | Proveedores | 4.238 |
| Ingeniería Agrosonda SpA | Proveedores | 2.451 |
| Abengoa Chile S.A. | Proveedores | 1.691 |
| TSGF SpA | Proveedores | 1.157 |
| Pine SpA | Proveedores | 323 |
| Siemens S.A. | Proveedores | 314 |
| ABB Ltda. | Proveedores | 266 |
| Vígaflow S.A. | Proveedores | 259 |
| Toshiba America Do Sul Ltda. | Proveedores | 163 |
| Reiva S/A Automaco e Controle | Proveedores | 136 |
| Cam Chile SpA | Proveedores | 100 |
| Ingeniería y Construcción Sigdo Koppers S.A. | Proveedores | 100 |
| Quanta Services Inc. | Proveedores | 100 |
| Soc.Com. e Ingeniería y Gestión Ind. Ingher Ltda. | Proveedores | 100 |
| ABB S.A. | Proveedores | 86 |
| Cobra Chile Servicios S.A. | Proveedores | 66 |
| Promecon Prozess Und Messtechnik Conrads GMBH | Proveedores | 51 |
| Rhona S.A. | Proveedores | 26 |
| Sistemas Eléctricos Ingeniería y Servicios S.A. | Proveedores | 19 |
| Sedicon AS | Proveedores | 18 |
| Techimp FQ S.R.L. | Proveedores | 17 |
| Jorpa Ingeniería S.A. | Proveedores | 10 |
| Techvalue SpA | Proveedores | 8 |
| Fernández Fica S.A. | Proveedores | 4 |
| E.F.D. SpA | Proveedores | 4 |
| Total | | 35.707 |

b.2 Garantías vigentes en Euros al 31 de diciembre de 2017

| Depositado por | Relación con la sociedad | Total MUS\$ |
|--|--------------------------|--------------|
| Andritz Hydro S.R.L. | Proveedores | 3.245 |
| Alstom Hydro France S.A. | Proveedores | 262 |
| Inerco Ingeniería, Tecnología y Consultoría S.A. | Proveedores | 10 |
| Total | | 3.517 |

b.3 Garantías vigentes en Pesos al 31 de diciembre de 2017

| Depositado por | Relación con la sociedad | Total MUS\$ |
|--|--------------------------|--------------|
| Andritz Metaliza S.A. | Proveedores | 219 |
| Rafael Mauna Silva Construcciones y Servicios EIRL | Proveedores | 202 |
| Serv. de Respaldo de Energía Técnica Ltda. | Proveedores | 201 |
| Sistema Integral de Telecomunicaciones Ltda. | Proveedores | 151 |
| Mrisk S.A. | Proveedores | 109 |
| Juan Angel Ortiz Soto | Proveedores | 66 |
| Asesoría Forestal Integral Ltda. | Proveedores | 56 |
| María Angélica Alvarez Gonzalez | Proveedores | 53 |
| Inversiones y Asesorías Cloud Solutions Ltda. | Proveedores | 49 |
| DPL Grout Maquinarias Ltda. | Proveedores | 42 |
| Eulen Seguridad S.A. | Proveedores | 32 |
| Serv. de Mantenimiento Infrared Ltda. | Proveedores | 21 |
| Betech Ingeniería Ltda. | Proveedores | 21 |
| Soc. de Serv. Estructurales y Montaje Soldatec | Proveedores | 21 |
| Soc. Comercial Camin Ltda. | Proveedores | 20 |
| Flesan S.A. | Proveedores | 18 |
| Atis Group S.A. | Proveedores | 17 |
| Safe Energy SpA | Proveedores | 17 |
| ODR Ingeniería y Montajes Ltda. | Proveedores | 13 |
| Serv. Empresariales Mol Ltda. | Proveedores | 12 |
| Corrosión Integral y Tecnología Ltda. | Proveedores | 11 |
| Comercializadora de Artículos de Protección y Seguridad Ind. Manquehue Ltda. | Proveedores | 11 |
| Serv. Integrales de Mantenimientos Técnicos S.A. | Proveedores | 9 |
| Polyrev SpA | Proveedores | 9 |
| Soc. Constructora Correa Lorenz Ltda. | Proveedores | 8 |
| EFD SpA | Proveedores | 7 |
| Konecranes Chile SpA | Proveedores | 6 |
| Ecopreneur Chile S.A. | Proveedores | 6 |
| Sodexo Chile S.A. | Proveedores | 5 |
| Constructora Pesa Ltda. | Proveedores | 5 |
| Centro de Estudios, Medición y Certificación de Calidad Cesmec S.A. | Proveedores | 5 |
| Ingeteco SpA | Proveedores | 4 |
| Soc. Trans-Redes Serv. Eléctricos Integrales Ltda. | Proveedores | 3 |
| Irene del Carmen Carrera Arrano | Proveedores | 3 |
| Efepe S.A. | Proveedores | 2 |
| Soc. Constructora Trongol Ltda. | Proveedores | 2 |
| Soenco Soluciones Geotécnicas Ltda. | Proveedores | 2 |
| Mantenimiento y Montaje Imelev Ltda. | Proveedores | 1 |
| Total | | 1.439 |

b.4 Garantías vigentes en Unidades de Fomento al 31 de diciembre de 2017

| Depositado por | Relación con la sociedad | Total MUS\$ |
|--|--------------------------|--------------|
| Zublin International GMBH Chile SpA | Proveedores | 2.497 |
| B. Bosch S.A. | Proveedores | 880 |
| Echeverría Izquierdo Montajes Industriales S.A. | Proveedores | 434 |
| Constructora Propuerto Ltda. | Proveedores | 275 |
| Arcadis Chile SpA | Proveedores | 170 |
| KDM Industrial S.A. | Proveedores | 154 |
| Soc. OGM Mecánica Integral S.A. | Proveedores | 147 |
| Cobra Chile Servicios S.A. | Proveedores | 140 |
| Serv. Industriales Ltda. | Proveedores | 92 |
| Charrúa Transmisora de Energía S.A. | Proveedores | 82 |
| Soc. Austral de Electricidad S.A. | Proveedores | 82 |
| G4S Security Services Regiones S.A. | Proveedores | 75 |
| Kupfer Hermanos S.A. | Proveedores | 69 |
| Andritz Chile Ltda. | Proveedores | 60 |
| Soc. Com. San Cristóbal Ltda. | Proveedores | 52 |
| Ingeniería y Servicios S.A. | Proveedores | 51 |
| Transportes José Carrasco Retamal EIRL | Proveedores | 51 |
| Constructora Javag SpA | Proveedores | 49 |
| Sodexo Chile S.A. | Proveedores | 47 |
| Buses Ahumada Ltda. | Proveedores | 35 |
| Eulen Seguridad S.A. | Proveedores | 34 |
| Centro de Ecología Aplicada Ltda. | Proveedores | 31 |
| ABB S.A. | Proveedores | 24 |
| Gestión de Infraestructura S.A. | Proveedores | 21 |
| Marcelo Javier Urrea Caro EIRL | Proveedores | 20 |
| Universidad de Concepción | Proveedores | 20 |
| Interra SpA | Proveedores | 19 |
| Mejores Prácticas Asociados SpA | Proveedores | 19 |
| Jaime Rodríguez Veloz Seguridad Privada EIRL | Proveedores | 18 |
| Schneider Electric Systems Chile Ltda. | Proveedores | 18 |
| Securitas S.A. | Proveedores | 18 |
| Serv. Industriales Euroambiente Ltda. | Proveedores | 18 |
| CMF Sondajes Ltda. | Proveedores | 15 |
| Serv. Emca SpA | Proveedores | 15 |
| OMA Topografía y Construcciones Ltda. | Proveedores | 13 |
| Soc. Com. Camin Ltda. | Proveedores | 12 |
| Sistemas Eléctricos, Ingeniería y Servicios S.A. | Proveedores | 10 |
| Soc. Com. y de Inversiones Conyser Ltda. | Proveedores | 10 |
| Serv. de Seguridad y Protección Global Vision S.A. | Proveedores | 9 |
| Ingeniería Consultoría ECB Ltda. | Proveedores | 8 |
| Durán y Durán Cía. de Seguridad Ltda. | Proveedores | 7 |
| Laboratorio Hidrolab S.A. | Proveedores | 7 |
| Mantenimiento de Jardines Arcoiris Ltda. | Proveedores | 7 |
| MWH Américas Inc Chile Ltda. | Proveedores | 3 |
| Serv. de Seguridad Prosegur Regiones Ltda. | Proveedores | 2 |
| Total | | 5.820 |

Fenix Power Perú S.A.**a. Garantías vigentes en Dólares al 31 de diciembre de 2017**

| Depositado por | Relación con la sociedad | Total MUS\$ |
|------------------------------|--------------------------|-------------|
| Toshiba América Do Sul Ltda. | Proveedores | 180 |
| Cosapi | Proveedores | 76 |
| Messer Gases | Proveedores | 12 |
| Total | | 268 |

b. Garantías vigentes Soles al 31 de diciembre de 2017

| Depositado por | Relación con la sociedad | Total MUS\$ |
|---|--------------------------|--------------|
| Empresa Regional de Serv.Público del oriente S.A. | Proveedores | 1.956 |
| J&V Resguardo S.A.C. | Proveedores | 36 |
| T-Copia S.A.C. | Proveedores | 14 |
| R & J Ingeniería, Construcción y Suministros S.A. | Proveedores | 5 |
| Total | | 2.011 |

c. Detalle de litigios y otros

La Administración de Colbún considera, con la información que posee en el momento de emisión de los presentes estados financieros consolidados, que las provisiones registradas en el estado de situación financiera consolidado adjunto cubren adecuadamente los riesgos por litigios y demás operaciones descritas en esta nota, por lo que no espera que de los mismos se desprendan pasivos adicionales a los registrados.

Dada las características de los riesgos que cubren estas provisiones, no es posible determinar un calendario exacto de fechas de pago si, en su caso, lo hubiere.

A continuación, de acuerdo a NIC 37, se presenta un detalle de los litigios al 31 de diciembre de 2017:

Chile

1.- Demandas por daño ambiental por operación de la CT Santa María ante el Tercer Tribunal Ambiental de Valdivia.

(i)-Demanda interpuesta con fecha 15 de octubre de 2015, Rol N° D-11-2015, ante el Tribunal Ambiental de Valdivia por 6 sindicatos de pescadores de Coronel y un grupo de pescadores de Lota, quienes alegan un supuesto daño ambiental provocado por la operación de la Central Santa María (emisiones no autorizadas de metales pesados al suelo y aguas de la bahía, presencia excesiva de óxidos de azufre y nitrógeno producidos por la combustión de la central, shock térmico por sistema de enfriamiento y antifouling).

La demanda fue contestada por Colbún con fecha 30 de septiembre de 2016.

Se llevó a cabo la audiencia de conciliación, prueba y alegaciones durante el mes de enero de 2017. Pendiente dictación de la sentencia.

(ii)-Demanda interpuesta con fecha 15 de octubre de 2015, Rol N° D-12-2015, ante el Tribunal Ambiental de Valdivia por 6 sindicatos de pescadores de Coronel y un grupo de pescadores de Lota, quienes alegan un supuesto daño ambiental provocado por la operación de la Central Santa María (emisiones no autorizadas de metales pesados al suelo y aguas de la bahía, presencia excesiva de óxidos de azufre y nitrógeno producidos

por la combustión de la central, shock térmico por sistema de enfriamiento y antifouling). Al tratarse de la misma materia que la causa Rol N° D-11-2015 descrita en sección 2(i) anterior, los autos fueron acumulados en esta última.

La administración estima que existe una obligación posible, que puede o no exigir una salida de recursos, por lo tanto, ha procedido a revelar la contingencia, pero no ha constituido provisión a la fecha, debido a que no es posible medir o estimar de forma fiable el pasivo que se derive de la misma, así también, no existen reembolsos reclamables en caso de una sentencia desfavorable.

2.- Procedimiento tributario contra Termoeléctrica Antilhue S.A. ante el Servicio de Impuestos Internos.

Mediante Liquidación N° 257, del 24.09.2015, notificada con fecha 24.09.2015, el Director Regional Metropolitano Santiago Oriente del SII impugnó partidas de la declaración de renta de Termoeléctrica Antilhue S.A. del año 2013, a la que se agregaron pérdidas de arrastre de los ejercicios 2009 al 2012, por otros conceptos. El monto total actualizado al 31 de diciembre de 2017 es MUS\$ 3.063 (M\$1.883.093), (Rol RIT GR-18-00002-2016).

Se interpuso un recurso de reposición en contra de la liquidación, el que fue rechazado.

Con fecha 14.01.2016 se interpuso un reclamo tributario ante el Cuarto Tribunal Tributario y Aduanero de Santiago. El SII presentó sus descargos y se encuentra pendiente el inicio del período de prueba.

La administración estima que existe una obligación presente, que probablemente exija una salida de recursos. Por lo tanto, además de revelar la contingencia, la Compañía ha constituido una provisión en el rubro "Otras Provisiones", que, a juicio de la administración, cubre adecuadamente los riesgos de esta contingencia. Así también, no existen reembolsos reclamables en caso de una sentencia desfavorable.

36. Compromisos

Compromisos contraídos con entidades financieras

Los contratos de crédito suscritos por Colbún S.A. con entidades financieras y los contratos de emisión de bonos y efectos de comercio, imponen a la Compañía diversas obligaciones adicionales a las de pago, incluyendo cumplimiento con indicadores financieros de variada índole durante la vigencia de dichos contratos, usuales para este tipo de operaciones de financiamiento.

La Compañía debe informar trimestralmente el cumplimiento de estas obligaciones. Al 31 de diciembre de 2017 la Compañía está en cumplimiento con todos los indicadores financieros exigidos en dichos contratos. El detalle de estas obligaciones se presenta a continuación:

| Covenants | Condición | 31.12.2017 | Vigencia |
|---------------------------------|-------------------|-----------------|----------|
| Bonos Mercado Local | | | |
| Ebitda/Gastos Financieros Netos | > 3,0 | 9,58 | jun-2029 |
| Razón de Endeudamiento | < 1,2 | 0,75 | jun-2029 |
| Patrimonio Mínimo | > MUS\$ 1.348.000 | MUS\$ 3.724.532 | jun-2029 |

Metodologías de cálculo

| Concepto | Cuentas | Valores al 31.12.2017 | |
|---|--|-----------------------|-----------|
| Patrimonio | Patrimonio Total | MUS\$ | 3.950.707 |
| Patrimonio Neto | Patrimonio Total - Participaciones No Controladoras | MUS\$ | 3.724.532 |
| Patrimonio Mínimo | Patrimonio Total - Participaciones No Controladoras | MUS\$ | 3.724.532 |
| Total pasivos | Total pasivos corrientes + Total pasivos no corrientes | MUS\$ | 2.971.835 |
| Razón de Endeudamiento | Total pasivos / Patrimonio | | 0,75 |
| Ebitda ^(*) | Ingresos de actividades ordinarias - Materias primas y consumibles utilizados - Gastos por beneficio a los empleados - otros gastos por naturaleza | MUS\$ | 692.130 |
| Gastos Financieros Netos ^(*) | Costos financieros - Ingresos Financieros | MUS\$ | 72.228 |

37. Medio ambiente

Las sociedades del grupo en las cuales se han efectuado desembolsos asociados con medio ambiente son las siguientes: Colbún S.A., Empresa Eléctrica Industrial S.A., Río Tranquilo S.A., Termoeléctrica Nehuenco S.A. y Fenix Power S.A.

Los desembolsos efectuados por concepto de medio ambiente se encuentran principalmente asociados a instalaciones, por lo tanto, serán reconocidos en resultados vía depreciación de acuerdo a la vida útil de éstas, salvo el desarrollo de Estudios y Declaraciones de Impacto Ambiental, que corresponden a permisos ambientales efectuados previos a la fase de construcción.

A continuación, se indican los principales proyectos en curso y una breve descripción de los mismos:

Central Hidroeléctrica San Pedro: Central hidroeléctrica de embalse, se encuentra ubicada en la Región de Los Ríos.

El proyecto cuenta con un avance de la construcción del 15% aproximadamente y está a la espera de la tramitación de nuevo EIA de adecuaciones del proyecto para retomar las obras y actividades constructivas.

Central Hidroeléctrica La Mina: Central Hidroeléctrica de pasada, localizada en la cuenca alta del río Maule, región del mismo nombre.

En diciembre del 2017 fue informado el inicio de su etapa de operación a la Superintendencia del Medio Ambiente.

A lo anterior, se suman los desembolsos asociados a las 24 plantas de generación en operación, que incluyen la central Fenix Power (Chilca, Perú) y los activos de transmisión como subestaciones eléctricas y líneas de transmisión.

El siguiente es el detalle de los desembolsos efectuados y que se efectuarán relacionados con normas de medioambiente para el período terminado al 31 de diciembre de 2017 y 2016:

Gastos acumulados efectuados al 31.12.2017

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o Ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Colbún S.A. | Sta María 1 | Gestión Ambiental de Centrales | Gasto | Costo | 1.152 | 30-12-2017 |
| Colbún S.A. | Angostura | Gestión Ambiental de Centrales | Gasto | Costo | 883 | 28-12-2017 |
| Colbún S.A. | CH Guaiquivilo-Melado | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 765 | 27-12-2017 |
| Colbún S.A. | Nehuenco 1 | Gestión Ambiental de Centrales | Gasto | Costo | 753 | 31-12-2017 |
| Colbún S.A. | Candelaria | Gestión Ambiental de Centrales | Gasto | Costo | 373 | 29-12-2017 |
| Colbún S.A. | Zona Bio-Bio | Gestión Ambiental de Centrales | Gasto | Costo | 312 | 29-12-2017 |
| Colbún S.A. | Quilleco | Gestión Ambiental de Centrales | Gasto | Costo | 310 | 31-12-2017 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Gasto | 282 | 31-12-2017 |
| Colbún S.A. | Los Quilos | Gestión Ambiental de Centrales | Gasto | Costo | 244 | 30-12-2017 |
| Colbún S.A. | Los Pinos | Gestión Ambiental de Centrales | Gasto | Costo | 241 | 31-12-2017 |
| Colbún S.A. | Antilhue | Gestión Ambiental de Centrales | Gasto | Costo | 200 | 31-12-2017 |
| Colbún S.A. | Colbún | Gestión Ambiental de Centrales | Gasto | Costo | 139 | 31-12-2017 |
| Colbún S.A. | Rucúe | Gestión Ambiental de Centrales | Gasto | Costo | 120 | 27-12-2017 |
| Colbún S.A. | CH La Mina | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 106 | 20-12-2017 |
| Colbún S.A. | Gestión Ambiental de Proyectos | Gestión Ambiental de Matriz | Gasto | Gasto | 97 | 31-12-2017 |
| Colbún S.A. | Canutillar | Gestión Ambiental de Centrales | Gasto | Costo | 49 | 21-12-2017 |
| Colbún S.A. | Nehuenco | Gestión Ambiental de Centrales | Activo | Obras en Ejecución | 21 | 22-12-2017 |
| Empresa Eléctrica Industrial S.A. | Carena | Gestión Ambiental de Centrales | Gasto | Costo | 94 | 31-12-2017 |
| Río Tranquilo S.A. | Hornitos | Gestión Ambiental de Centrales | Gasto | Costo | 186 | 29-12-2017 |
| Total | | | | | 6.327 | |

Gastos Futuros al 31.12.2017

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o Ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Colbún S.A. | Antilhue | Gestión Ambiental de Centrales | Gasto | Costo | 117 | 2018 |
| Colbún S.A. | Zona Bio-Bio | Gestión Ambiental de Centrales | Gasto | Costo | 96 | 2018 |
| Colbún S.A. | Sta María 1 | Gestión Ambiental de Centrales | Gasto | Costo | 79 | 2018 |
| Colbún S.A. | Colbún | Gestión Ambiental de Centrales | Gasto | Costo | 53 | 2018 |
| Colbún S.A. | Angostura | Gestión Ambiental de Centrales | Gasto | Costo | 41 | 2018 |
| Colbún S.A. | Nehuenco 1 | Gestión Ambiental de Centrales | Gasto | Costo | 37 | 2018 |
| Colbún S.A. | Zona Bio-Bio | Gestión Ambiental de Centrales | Gasto | Costo | 34 | 2018 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Gasto | 26 | 2018 |
| Colbún S.A. | Candelaria | Gestión Ambiental de Centrales | Gasto | Costo | 21 | 2018 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Gasto | 16 | 2018 |
| Colbún S.A. | Los Pinos | Gestión Ambiental de Centrales | Gasto | Costo | 16 | 2018 |
| Colbún S.A. | Quilleco | Gestión Ambiental de Centrales | Gasto | Costo | 16 | 2018 |
| Colbún S.A. | Gestión Ambiental de Proyectos | Gestión Ambiental de Matriz | Gasto | Gasto | 9 | 2018 |
| Colbún S.A. | Gestión Ambiental de Proyectos | Gestión Ambiental de Matriz | Gasto | Gasto | 8 | 2018 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Gasto | 7 | 2018 |
| Colbún S.A. | Los Quilos | Gestión Ambiental de Centrales | Gasto | Costo | 3 | 2018 |
| Empresa Eléctrica Industrial S.A. | Carena | Gestión Ambiental de Centrales | Gasto | Costo | 1 | 2018 |
| Río Tranquilo S.A. | Hornitos | Gestión Ambiental de Centrales | Gasto | Costo | 3 | 2018 |
| Total | | | | | 583 | |

Gastos acumulados efectuados al 31.12.2016

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o Ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Colbún S.A. | Santa María 1 | Gestión Ambiental de Centrales | Gasto | Costo | 1.121 | 30-12-2016 |
| Colbún S.A. | Angostura | Gestión Ambiental de Centrales | Gasto | Costo | 982 | 31-12-2016 |
| Colbún S.A. | CH Guaiquivilo-Melado | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 375 | 12-12-2016 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Costo | 356 | 30-12-2016 |
| Colbún S.A. | Candelaria | Gestión Ambiental de Centrales | Gasto | Costo | 324 | 31-12-2016 |
| Colbún S.A. | Antilhue | Gestión Ambiental de Centrales | Gasto | Costo | 255 | 31-12-2016 |
| Colbún S.A. | Los Pinos | Gestión Ambiental de Centrales | Gasto | Costo | 211 | 31-12-2016 |
| Colbún S.A. | CH San Pedro | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 160 | 29-12-2016 |
| Colbún S.A. | CH La Mina | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 76 | 29-12-2016 |
| Colbún S.A. | Colbún | Gestión Ambiental de Centrales | Gasto | Costo | 38 | 31-12-2016 |
| Colbún S.A. | Canuillar | Gestión Ambiental de Centrales | Gasto | Costo | 11 | 29-12-2016 |
| Colbún S.A. | Los Quillos | Gestión Ambiental de Centrales | Gasto | Costo | 10 | 20-12-2016 |
| Colbún S.A. | Quilleco | Gestión Ambiental de Centrales | Gasto | Costo | 2 | 16-09-2016 |
| Empresa Eléctrica Industrial S.A. | Carena | Gestión Ambiental de Centrales | Gasto | Costo | 62 | 31-12-2016 |
| Termoeléctrica Nehuenco S.A. | Nehuenco | Gestión Ambiental de Centrales | Gasto | Costo | 615 | 31-12-2016 |
| Total | | | | | 4.598 | |

Gastos Futuros al 31.12.2016

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o Ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Colbún S.A. | CH Guaiquivilo-Melado | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 1.099 | 30-08-2016 |
| Colbún S.A. | CH La Mina | Gestión Ambiental de Proyectos | Activo | Obras en Ejecución | 50 | 27-05-2016 |
| Colbún S.A. | Angostura | Gestión Ambiental de Centrales | Gasto | Costo | 28 | 30-06-2016 |
| Colbún S.A. | Gestión Ambiental Corporativa | Gestión Ambiental de Matriz | Gasto | Costo | 24 | 09-01-2017 |
| Colbún S.A. | Quilleco | Gestión Ambiental de Centrales | Gasto | Costo | 22 | 30-12-2016 |
| Colbún S.A. | Antilhue | Gestión Ambiental de Centrales | Gasto | Costo | 18 | 31-12-2016 |
| Colbún S.A. | Santa María | Gestión Ambiental de Centrales | Gasto | Costo | 7 | 01-07-2016 |
| Colbún S.A. | Rucúe | Gestión Ambiental de Centrales | Gasto | Costo | 6 | 31-12-2016 |
| Colbún S.A. | Los Pinos | Gestión Ambiental de Centrales | Gasto | Costo | 5 | 31-12-2016 |
| Colbún S.A. | Candelaria | Gestión Ambiental de Centrales | Gasto | Costo | 2 | 31-12-2016 |
| Colbún S.A. | Colbún | Gestión Ambiental de Centrales | Gasto | Costo | 2 | 31-12-2016 |
| Empresa Eléctrica Industrial S.A. | Carena | Gestión Ambiental de Centrales | Gasto | Costo | 3 | 31-12-2016 |
| Termoeléctrica Nehuenco S.A. | Nehuenco | Gestión Ambiental de Centrales | Gasto | Costo | 92 | 02-12-2016 |
| Río Tranquilo S.A. | Homitos | Gestión Ambiental de Centrales | Gasto | Costo | 15 | 30-06-2017 |
| Total | | | | | 1.373 | |

Desembolsos Perú

Gastos acumulados efectuados al 31.12.2017

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Fenix Power Perú S.A. | Monitoreo y Gestión Ambiental | Monitoreo y Gestión Ambiental | Gasto | Costo | 811 | 29-12-2017 |
| Total | | | | | 811 | |

Gastos Futuros al 31.12.2017

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o ítem de Gasto | Total | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------|--|
| Fenix Power Perú S.A. | Monitoreo y Gestión Ambiental | Monitoreo y Gestión Ambiental | Gasto | Costo | 409 | 2018 |
| Total | | | | | 409 | |

Gastos acumulados efectuados al 31.12.2016

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Fenix Power Perú S.A. | Monitoreo y Gestión Ambiental | Monitoreo y Gestión Ambiental | Gasto | Costo | 800 | 30-12-2016 |
| Total | | | | | 800 | |

Gastos Futuros al 31.12.2016

| Identificación de la Matriz o Subsidiaria | Nombre del Proyecto al que está asociado el desembolso | Concepto por el que se efectuó el desembolso | Activo / Gasto | Descripción del Activo o ítem de Gasto | Importe del Desembolso MUS\$ | Fecha cierta o estimada en que los desembolsos fueron o serán efectuados |
|---|--|--|----------------|--|------------------------------|--|
| Fenix Power Perú S.A. | Monitoreo y Gestión Ambiental | Monitoreo y Gestión Ambiental | Gasto | Costo | 15 | 31-12-2016 |
| Total | | | | | 15 | |

38. Hechos ocurridos después de la fecha del Estado de Situación

El 22 de enero de 2018 Colbún tomó conocimiento de la sentencia del Tribunal Ambiental de Valdivia que acogió parcialmente un Recurso de Reclamación presentado en contra de la Resolución de la Superintendencia de Medio Ambiente (SMA), que en mayo de 2017 -luego de un extenso proceso de investigación- había ordenado el “archivo” de seis denuncias en contra de la CT Santa María por presuntos incumplimientos a la RCA del Complejo Térmico.

El Tribunal Ambiental consideró que respecto de dos temas (de los seis investigados originalmente por la SMA) existían antecedentes (o “presunción”) que ameritaban continuar con el proceso investigativo por parte de la SMA, respecto de una presunta instalación de equipos eléctricos diferentes a los autorizados en la RCA y también un posible sobredimensionamiento de la chimenea del Complejo. El Tribunal también ordenó reducir la generación bruta de la central de 370 MW a 350 MW.

La Compañía se encuentra estudiando la Sentencia para adoptar las medidas adecuadas en su defensa, y presentar los recursos legales que correspondan, considerando que la SMA ya había desestimado todas estas denuncias y archivado el proceso. La Compañía tiene el convencimiento que en el tema de fondo, los impactos ambientales del complejo han sido debidamente identificados, evaluados, mitigados y compensados conforme a la Resolución de Calificación Ambiental de la central (RCA que autorizó un proyecto de 700 MW), con lo que la operación de Santa María cumple en todo momento la legalidad y normativa vigentes.

En sesión celebrada con fecha 1 de febrero de 2018 el Directorio de la Compañía aprobó los estados financieros consolidados al 31 de diciembre de 2017, preparados de acuerdo a Normas Internacionales de Información Financiera (NIIF), emitidas por el IASB.

No se han producido otros hechos posteriores entre el 31 de diciembre de 2017 y la fecha de emisión de los presentes estados financieros consolidados.

39. Moneda extranjera

El detalle de Activos y Pasivos en moneda extranjera con efecto en resultado por diferencia de cambio es el siguiente:

| Activos | Moneda Extranjera | Moneda Funcional | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
|--|-------------------|------------------|------------------|------------------|
| Activos corrientes totales | | | | |
| Efectivo y equivalentes al efectivo | Pesos | Dólar | 149.068 | 135.370 |
| Efectivo y equivalentes al efectivo | Euro | Dólar | 1.121 | 516 |
| Efectivo y equivalentes al efectivo | Soles | Dólar | 13.957 | 17.359 |
| Otros activos no financieros, corriente | Pesos | Dólar | 2.206 | 940 |
| Deudores comerciales y otras cuentas por cobrar corrientes | Pesos | Dólar | 127.587 | 123.348 |
| Deudores comerciales y otras cuentas por cobrar corrientes | Soles | Dólar | 43.809 | 49.781 |
| Cuentas por cobrar a entidades relacionadas, corriente | Pesos | Dólar | 240 | 411 |
| Activos por impuestos corrientes | Pesos | Dólar | 129 | 927 |
| Activos por impuestos corrientes | Soles | Dólar | 6.065 | 4.437 |
| Total activos corrientes | | | 344.182 | 333.089 |
| Activos no corrientes | | | | |
| Otros activos financieros no corrientes | Pesos | Dólar | 245 | 225 |
| Otros activos no financieros no corrientes | Pesos | Dólar | 8.734 | 8.761 |
| Total de activos no corrientes | | | 8.979 | 8.986 |
| Total de activos | | | 353.161 | 342.075 |
| Pasivos | Moneda Extranjera | Moneda Funcional | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| Pasivos corrientes totales | | | | |
| Otros pasivos financieros corrientes | UF | Dólar | 11.418 | 7.422 |
| Cuentas por pagar comerciales y otras cuentas por pagar | Pesos | Dólar | 147.805 | 168.272 |
| Cuentas por pagar comerciales y otras cuentas por pagar | Soles | Dólar | 4.408 | 15.530 |
| Cuentas por pagar a entidades relacionadas, corriente | Pesos | Dólar | 2.213 | 2.708 |
| Otras provisiones corrientes | Pesos | Dólar | 3.928 | 7.394 |
| Pasivos por impuestos corrientes | Soles | Dólar | - | 112 |
| Provisiones corrientes por beneficios a los empleados | Pesos | Dólar | 16.075 | 13.388 |
| Provisiones corrientes por beneficios a los empleados | Soles | Dólar | 1.250 | 1.608 |
| Otros pasivos no financieros corrientes | Pesos | Dólar | 21.430 | 11.260 |
| Otros pasivos no financieros corrientes | Soles | Dólar | 906 | 473 |
| Total pasivos corrientes totales | | | 209.433 | 228.167 |
| Pasivos no corrientes | | | | |
| Otros pasivos financieros no corrientes | UF | Dólar | 79.005 | 81.509 |
| Provisiones no corrientes por beneficios a los empleados | Pesos | Dólar | 38.429 | 27.508 |
| Otros pasivos no financieros no corrientes | Pesos | Dólar | 9.924 | 15.960 |
| Total de pasivos no corrientes | | | 127.358 | 124.977 |
| Total pasivos | | | 336.791 | 353.144 |

El detalle de activos y pasivos en moneda extranjera no incluye las Inversiones contabilizadas utilizando el método de participación, por cuanto las diferencias originadas por diferencia cambio se reconocen en el patrimonio como ajustes de conversión (ver nota 26 letra e).

Perfil de vencimiento de Otros pasivos financieros en moneda extranjera

| Al 31.12.2017 | Moneda Extranjera | Moneda funcional | Hasta 91 días MUS\$ | Desde 91 días hasta 1 año MUS\$ | Desde 1 año hasta 3 años MUS\$ | Más 3 años hasta 5 años MUS\$ | Más de 5 años MUS\$ | Total MUS\$ |
|---------------------------|-------------------|------------------|---------------------|---------------------------------|--------------------------------|-------------------------------|---------------------|---------------|
| Otros pasivos financieros | UF | Dólar | - | 11.418 | 28.570 | 20.764 | 37.897 | 98.649 |
| Totales | | | - | 11.418 | 28.570 | 20.764 | 37.897 | 98.649 |

| Al 31.12.2016 | Moneda Extranjera | Moneda funcional | Hasta 91 días MUS\$ | Desde 91 días hasta 1 año MUS\$ | Desde 1 año hasta 3 años MUS\$ | Más 3 años hasta 5 años MUS\$ | Más de 5 años MUS\$ | Total MUS\$ |
|---------------------------|-------------------|------------------|---------------------|---------------------------------|--------------------------------|-------------------------------|---------------------|---------------|
| Otros pasivos financieros | UF | Dólar | - | 7.422 | 22.376 | 26.506 | 39.349 | 95.653 |
| Totales | | | - | 7.422 | 22.376 | 26.506 | 39.349 | 95.653 |

40. Dotación del personal (No auditado)

La dotación del personal de la Compañía al 31 de diciembre de 2017 y 2016 es la siguiente:

| | N° de Trabajadores | | | | | |
|-----------------------------------|--------------------|-----------|--------------|--------------|-----------|--------------|
| | 31.12.2017 | | | 31.12.2016 | | |
| | Chile | Perú | Total | Chile | Perú | Total |
| Gerentes y Ejecutivos principales | 71 | 6 | 77 | 69 | 7 | 76 |
| Profesionales y Técnicos | 646 | 61 | 707 | 654 | 54 | 708 |
| Otros | 275 | 25 | 300 | 288 | 30 | 318 |
| Total | 992 | 92 | 1.084 | 1.011 | 91 | 1.102 |
| Promedio del año | 994 | 94 | 1.088 | 990 | 90 | 1.080 |

Anexo N° 1 Información adicional requerida por taxonomía XBRL

Este anexo forma parte integral de los estados financieros consolidados de la Compañía.

Remuneraciones pagadas a auditores externos

Las remuneraciones pagadas a los auditores externos al 31 de diciembre de 2017 y 2016, fue la siguiente:

| | Enero - Diciembre | |
|---------------------------------|-------------------|------------|
| | 2017 | 2016 |
| | MUS\$ | MUS\$ |
| Servicios de auditoría | 396 | 409 |
| Servicios tributarios | 37 | 14 |
| Otros servicios | 1.111 | 132 |
| Remuneración del auditor | 1.544 | 555 |

* * * * *

Análisis Razonado de los Estados Financieros Consolidados

Al 31 de diciembre de 2017

1. SINOPSIS DEL PERÍODO

- El **EBITDA** consolidado del cuarto trimestre del año 2017 (4T17) alcanzó **US\$204,8 millones**, un 30% mayor que el EBITDA de US\$157,9 millones del cuarto trimestre del año 2016 (4T16). El mayor EBITDA se explica principalmente por: (1) una mayor generación hidroeléctrica, lo que significó menores costos asociados a la menor generación en base a gas y menores compras de energía y potencia en el mercado spot en Chile; (2) mayores ingresos derivados de un aumento en las ventas a clientes y en los ingresos por peajes.

En términos acumulados, el **EBITDA** a diciembre 2017 (Dic17) alcanzó **US\$692,1 millones** en comparación con los US\$601,8 millones a diciembre 2016 (Dic16). El aumento se explica principalmente por mayores ingresos derivados de actividades ordinarias provenientes de un aumento en ventas a clientes y ventas de energía y potencia en el mercado spot en Chile. Los mayores ingresos fueron compensados en parte por un mayor costo asociado a una mayor generación en base a gas para atender las mayores ventas a clientes. Este aumento, a su vez, fue parcialmente compensado por menores compras de energía y potencia en el mercado spot y por un menor consumo de diésel.

- El **resultado no operacional** el 4T17 presentó una pérdida de **US\$105,0 millones**, que se compara con la pérdida de US\$30,1 millones en 4T16. La mayor pérdida del trimestre se explica principalmente por un aumento registrado en la línea "Otras Ganancias (Pérdidas)", producto de: (1) registro contable de provisiones por deterioro de activos individuales; (2) gasto por impuesto que grava las emisiones de las centrales térmicas (Ley 20.780), el cual comenzó a regir a partir de Ene17 y (3) deterioros de patentes por no uso de derechos de agua. Estos efectos fueron parcialmente compensados por el efecto positivo de la variación del tipo de cambio CLP/US\$ sobre partidas temporales del balance en moneda local durante el trimestre.

En términos acumulados, el resultado no operacional a Dic17 presentó una **pérdida de US\$146,0 millones**, mayor a la pérdida de US\$102,2 millones presentada a Dic16. La mayor pérdida se explica por las mismas razones que explican las variaciones en términos trimestrales, compensada principalmente por menores gastos financieros, explicados principalmente por la menor deuda financiera vigente en el periodo producto de prepagos por ~US\$500 millones realizados en junio y julio del 2016.

- El **gasto por impuestos** del 4T17 presentó una ganancia de **US\$23,7 millones**, que se compara positivamente con el gasto por impuesto de US\$18,8 millones del 4T16. La ganancia por impuesto se explica principalmente por el efecto en resultado generado por el reconocimiento del activo por impuesto diferido, producto de la pérdida tributaria esperada a partir del cese de actividades y cancelación del "Proyecto Hidroeléctrico HidroAysén" por US\$39,8 millones, en noviembre de 2017.

En términos acumulados, el gasto por impuesto a Dic17 ascendió a **US\$34,1 millones**, menor con respecto a los US\$66,9 millones presentados en Dic16, explicado principalmente por las mismas razones que en términos trimestrales.

- La Compañía presentó en el 4T17 una **ganancia que alcanzó los US\$79,5 millones**, mayor a la ganancia de US\$48,8 millones del 4T16. La mayor ganancia se explica principalmente por: (1) el mayor EBITDA registrado durante el trimestre, compensado en parte por el aumento registrado en la línea "Otras Ganancias (Pérdidas)", producto del registro contable de provisiones por deterioro de activos individuales antes mencionado; y (2) por la ganancia por impuesto anteriormente explicada.

En términos acumulados, el resultado presenta una ganancia por **US\$288,6 millones**, mayor a la ganancia de US\$204,7 millones de igual período del año anterior, explicado principalmente por las mismas razones que explican las variaciones en términos trimestrales y por un ingreso no recurrente registrado durante el 2T17 por US\$23,4 millones, producto del reconocimiento de un activo por impuestos diferidos en nuestra filial Fenix.

- El **EBITDA** de Fenix totalizó **US\$17,8 millones** al 4T17, mayor que el EBITDA de US\$14,1 millones registrado en el 4T16. El mayor EBITDA se explica principalmente por una variación positiva registrada en la línea "Otros Gastos, por Naturaleza" asociado a un reverso de provisiones por incobrabilidad de deudores por venta contabilizada en 2016. Lo anterior fue principalmente compensado por menores ingresos de actividades ordinarias producto de las ventas en el mercado spot a menores costos marginales.

En términos acumulados, el **EBITDA** de Fenix a Dic17 alcanzó **US\$53,6 millones** vs. el EBITDA de US\$56,0 millones a Dic16. La disminución se explica principalmente por menores ingresos de actividades ordinarias producto de las ventas en el mercado spot a menores costos marginales, compensado por los menores gastos registrados en la línea "Otros Gastos, por Naturaleza" anteriormente explicado.

- Al cierre del 4T17 Colbún cuenta con una **liquidez de US\$810,2 millones** y una **deuda neta de US\$849,2 millones**.

Hechos destacados del año 2017:

- Respecto a la estrategia comercial, en el transcurso del año 2017 Colbún suscribió **acuerdos de suministro de energía eléctrica de mediano plazo con clientes libres por aproximadamente 1.600 GWh** y se encuentra en negociaciones para concretar nuevos acuerdos. En este sentido, la Compañía ha contratado una porción relevante de su generación con nuevos clientes, en términos beneficiosos respecto a las actuales condiciones de mercado y en un contexto altamente competitivo.
- En términos de crecimiento, en abril de 2017 finalizó la construcción del Proyecto Hidroeléctrico La Mina (34 MW), siendo posteriormente sincronizadas las unidades 1 y 2 en mayo del mismo año.

Bajo esta misma línea y como parte de los objetivos de la Compañía de conformar una cartera atractiva y robusta de proyectos de energía renovable de fuentes variables, tecnología competitiva que además es un muy buen complemento para las centrales de base, en septiembre de 2017, Colbún se adjudicó una concesión de terreno por 30 años para el desarrollo, construcción y operación de un Parque Eólico denominado "**Horizonte**" con **607 MW de capacidad instalada**. La concesión establece un plazo para el periodo de estudios de hasta 48 meses, mientras que la fase de construcción contemplará un plazo de hasta 36 meses.

- Como reconocimiento a la Compañía en materia de sostenibilidad, en septiembre de 2017, **Colbún fue seleccionado para listar por primera vez en el Dow Jones Sustainability Index Emerging Markets** (DJSI Emerging Markets), en su versión 2017, manteniendo además su presencia en el DJSI Chile. Este índice

incorpora a aquellas empresas que presentan un destacado estándar de desempeño sostenible en ámbitos económico, social y ambiental. Cabe destacar que Colbún es la única compañía eléctrica de capitales chilenos que listó en este índice.

- En relación a la estructura de deuda financiera, durante el año 2017, con el propósito de mejorar el perfil de endeudamiento, reducir su tasa promedio y extender la vida media, la Compañía emitió dos bonos en el mercado internacional (regla 144^a/regulación S).

La primera colocación, realizada por **Fenix por US\$340 millones**, obtuvo una **tasa cupón de 4,317%**, a un plazo de 10 años y estructura amortizable. Los fondos provenientes de dicha emisión fueron utilizados para refinanciar su deuda bancaria, cuyo vencimiento correspondía a febrero de 2020.

Posteriormente, **Colbún emitió una nueva serie de bonos por US\$500 millones**, con vencimiento a 10 años plazo, obteniendo una **tasa cupón de 3,95%**. Los fondos provenientes de esta colocación fueron destinados al refinanciamiento de bonos del mismo tipo que vencían el año 2020 a una tasa del 6,00%.

- En noviembre de 2017, la sociedad Hidroaysén S.A., de la cual Colbun S.A. posee el 49%, informó el cese de actividades y cancelación del " Proyecto Hidroeléctrico Hidroaysén" debido a que no es factible en términos económicos, en el contexto de la actual situación del mercado eléctrico y sus perspectivas futuras; procediéndose a la disolución de la sociedad y liquidación de bienes, al desistimiento de las acciones judiciales pendientes y a la renuncia a los derechos de agua del Proyecto.

Tabla 1: Resumen Consolidado (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|----------|--|---------------------|---------|-------|-------|
| dic-16 | dic-17 | | 4T16 | 4T17 | Ac/Ac | TIT |
| 1.436,2 | 1.548,4 | Ingresos de actividades ordinarias | 369,2 | 388,8 | 8% | 5% |
| 601,8 | 692,1 | EBITDA | 157,9 | 204,8 | 15% | 30% |
| 204,7 | 288,6 | Ganancia del Ejercicio | 48,8 | 79,5 | 41% | 63% |
| 1.043,0 | 849,2 | Deuda Neta | 1.043,0 | 849,2 | (19%) | (19%) |
| 11.041,0 | 11.034,7 | Ventas de energía contratada Chile (GWh) | 2.772,5 | 2.673,2 | (0%) | (4%) |
| 3.153,8 | 3.012,0 | Ventas de energía contratada Perú (GWh) | 701,7 | 820,1 | (4%) | 17% |
| 11.275,9 | 12.716,0 | Generación total Chile (GWh) | 2.329,3 | 3.079,9 | 13% | 32% |
| 3.580,6 | 4.112,8 | Generación total Perú (GWh) | 1.211,0 | 1.135,4 | 15% | (6%) |

2. GENERACIÓN Y VENTAS FÍSICAS

2.1 Generación y Ventas Físicas Chile

La Tabla 2 presenta un cuadro comparativo de ventas físicas de energía, potencia y generación para los trimestres 4T16, 4T17 y acumulado a Dic16 y Dic17.

Tabla 2: Generación y Ventas Físicas Chile

| Cifras Acumuladas | | Ventas | Cifras trimestrales | | Var % | |
|-------------------|--------|-----------------------------------|---------------------|--------------|-----------|-----------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcIAc | TIT |
| 11.956 | 12.428 | Total Ventas Físicas (GWh) | 2.773 | 3.018 | 4% | 9% |
| 6.533 | 6.303 | Clientes Regulados | 1.646 | 1.490 | (4%) | (9%) |
| 4.508 | 4.732 | Clientes Libres | 1.127 | 1.184 | 5% | 5% |
| 916 | 1.393 | Ventas en el Mercado Spot | - | 345 | 52% | - |
| 1.580 | 1.608 | Potencia (MW) | 1.605 | 1.630 | 2% | 2% |

| Cifras Acumuladas | | Generación | Cifras trimestrales | | Var % | |
|-------------------|----------|--|---------------------|----------------|------------|------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcIAc | TIT |
| 11.275,9 | 12.716,0 | Total Generación (GWh) | 2.329,3 | 3.079,9 | 13% | 32% |
| 4.766,7 | 5.897,2 | Hidráulica | 1.153,1 | 2.156,3 | 24% | 87% |
| 3.594,1 | 3.890,5 | Térmica Gas | 795,1 | 495,1 | 8% | (38%) |
| 314,9 | 206,0 | Térmica Diésel | 12,7 | 7,7 | (35%) | (40%) |
| 2.505,1 | 2.606,0 | Térmica Carbón | 338,6 | 385,0 | 4% | 14% |
| 95,2 | 116,4 | Eólica – Punta Palmeras | 29,9 | 35,8 | 22% | 20% |
| 923,0 | 3,0 | Compras en el Mercado Spot | 490,0 | - | (100%) | - |
| (7,5) | 1.390,1 | Ventas – Compras en el Mercado Spot | (490,0) | 345,1 | - | - |

Las ventas físicas durante el 4T17 alcanzaron 3.018 GWh, aumentando un 9% en comparación a igual período del año anterior, explicado principalmente por ventas en el mercado spot registradas durante el trimestre y por mayores ventas a clientes libres. Por su parte, la generación del trimestre aumentó en un 32% respecto al 4T16, principalmente por una mayor generación hidráulica (1.003 GWh t/t) y una mayor generación térmica eficiente en base a carbón (46 GWh t/t), compensado en parte por una menor generación con gas natural (300 GWh t/t).

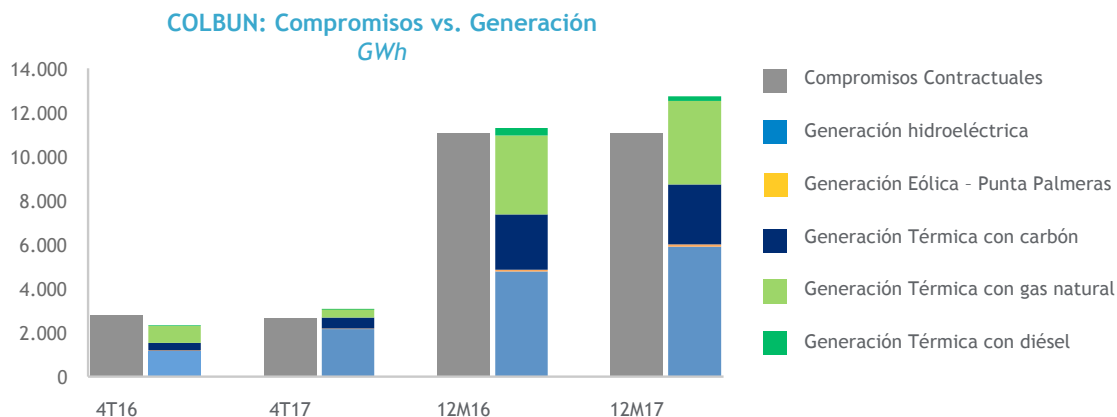
El balance en el mercado spot durante el trimestre registró ventas netas por 345 GWh, comparado con compras netas de 490 GWh registradas en el 4T16. Durante el trimestre, el **100% de los compromisos de suministro de Colbún fueron abastecidos con generación base costo eficiente** (hidroeléctrica, carbón y gas natural).

En términos acumulados, las ventas físicas y la generación total de Colbún alcanzaron a Dic17 12.428 GWh y 12.716 GWh respectivamente, aumentando un 4% y un 13% en comparación a Dic16. Las mayores ventas físicas del período se explican principalmente por mayores ventas en el mercado spot y por mayores ventas a clientes libres, compensado en parte por menores retiros por parte de clientes regulados. Por su parte, la mayor generación se explica por una mayor generación hidráulica y una mayor generación térmica eficiente en base a gas natural y carbón, compensado en parte por una menor generación con diésel. El balance en el mercado spot registró ventas netas por 1.390 GWh a Dic17, comparado con compras netas por 7 GWh registradas en el año 2016. El balance en el mercado spot registró compras netas por 11 GWh, que se comparan con ventas netas por 1.320 GWh del año previo.

Mix de Generación en Chile

El año hidrológico (Abr17-Mar18) iniciado en Abr17, en términos acumulados, ha presentado niveles de afluentes y caudales superiores en las principales cuencas hidrológicas del SIC, con respecto al período anterior. Por su parte, las precipitaciones durante el 4T17 han excedido a los valores del cuarto trimestre del 2016. A modo de ejemplo, la probabilidad de excedencia de caudales acumulado durante el año hidrológico (Abr17-Mar18), por cuencas de norte a sur es: Aconcagua: 63%; Armerillo-Maule: 83%; Abanico: 65%; Canutillar: 15%; El Laja: 43%. Lo anterior ha resultado en un leve incremento en la generación hidráulica, con respecto a igual periodo del año 2016.

Durante el cuarto trimestre del 2017 el SIC tuvo un aumento en la generación hidroeléctrica con respecto a igual periodo del año 2016 (5.305 GWh en 4T16 vs. 8.117 GWh en 4T17), explicado por un mayor nivel de afluentes y caudales en las principales cuencas hidrológicas del SIC, en conjunto con un mayor despacho de los embalses del sistema. La generación ERNC también presentó un incremento respecto del 4T16 (1.978 GWh en 4T16 vs. 2.227 GWh en 4T17), asociado a un incremento en la capacidad instalada de estas tecnologías. El aumento de la generación hidroeléctrica y ERNC resultó en una disminución en la generación térmica, donde la generación térmica a carbón y a gas natural disminuyeron desde 3.701 GWh en 4T16 a 2.415 GWh en 4T17 y 2.327 GWh en 4T16 a 675 GWh en 4T17 respectivamente. El costo marginal promedio medido en Alto Jahuel disminuyó en un 18% desde US\$48/MWh en el 4T16 a US\$40/MWh en el 4T17.



2.2 Generación y Ventas Físicas Perú

La Tabla 3 presenta un cuadro comparativo de ventas físicas de energía, potencia y generación para los trimestres 4T16, 4T17 y acumulado a Dic16 y Dic17 de Fenix.

Tabla 3: Generación y Ventas Físicas Perú

| Cifras Acumuladas | | Ventas | Cifras trimestrales | | Var % | |
|-------------------|--------|-----------------------------------|---------------------|-------|-------|-------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcIAc | TIT |
| 3.979 | 4.111 | Total Ventas Físicas (GWh) | 1.185 | 1.110 | 3% | (6%) |
| 3.154 | 3.012 | Clientes Bajo Contrato | 702 | 820 | (4%) | 17% |
| 825 | 1.099 | Ventas en el Mercado Spot | 483 | 290 | 33% | (40%) |
| 562 | 557 | Potencia (MW) | 564 | 554 | (1%) | (2%) |

| Cifras Acumuladas | | Generación | Cifras trimestrales | | Var % | |
|-------------------|--------|--|---------------------|---------|-------|-------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcIAc | TIT |
| 3.581 | 4.113 | Total Generación (GWh) | 1.211,0 | 1.135,4 | 15% | (6%) |
| 3.581 | 4.113 | Térmica Gas | 1.211,0 | 1.135,4 | 15% | (6%) |
| 311 | 93 | Compras en el Mercado Spot | - | - | (70%) | - |
| 514 | 1.007 | Ventas – Compras en el Mercado Spot | 483,0 | 290,2 | 96% | (40%) |

En términos trimestrales, los retiros físicos de clientes bajo contrato durante el 4T17 alcanzaron 820 GWh, un 17% mayor respecto al 4T16, principalmente por el inicio de contratos bilaterales y mayores retiros de clientes bajo contrato. Por su parte, la generación térmica a gas de Fenix alcanzó 1.135 GWh en el 4T17 disminuyendo un 6% respecto a los 1.211 GWh en el 4T16. La menor generación del trimestre se explica principalmente por una indisponibilidad menor de la central durante el trimestre. Durante el trimestre **un 100% de los compromisos fueron abastecidos con generación propia** y el balance en el mercado spot alcanzó un nivel de ventas netas de 290 GWh en el 4T17 vs. ventas netas por 483 GWh en 4T16.

En términos acumulados, las ventas físicas a clientes bajo contrato a Dic17 alcanzaron 3.012 GWh, disminuyendo un 4% respecto a igual período del año anterior, explicado principalmente por el término de contratos bilaterales de corto plazo. Por su parte, la generación térmica a gas de Fenix alcanzó 4.113 GWh a Dic17, aumentando un 15% respecto a Dic16, explicado principalmente por la mayor disponibilidad de la central respecto al 2016 producto de la limitación de transporte de gas y la desconexión de la CT Fenix durante los meses de julio y septiembre del 2016. Lo anterior implicó que a Dic17 un 100% de los compromisos fueran abastecidos con generación propia y se realizaran ventas netas en el mercado spot por 1.007 GWh vs. ventas netas por 514 GWh a Dic16.

Mix de Generación en Perú

Durante 4T17 se han presentado condiciones hidrológicas más secas que el cuarto trimestre del año anterior. La cuenca del río Mantaro, la cual abastece al principal complejo hidroeléctrico del Perú, CH Mantaro y CH Restitución (900 MW) presentó una condición hidrológica con una probabilidad de excedencia de 82% al término del 4T17 vs. 79% en el 4T16. Por su parte, en términos acumulados, la probabilidad de excedencia del año 2017 fue de 37% vs. 90% en el año 2016.

La generación hidroeléctrica en el Sistema Eléctrico Interconectado Nacional (SEIN) aumentó en un 19% respecto a igual periodo del año 2016, debido principalmente a la entrada de nuevas plantas hidráulicas por

aproximadamente 1.000 MW durante el período agosto - diciembre 2016. Por su parte, la generación termoeléctrica disminuyó un 16% en comparación con el 4T16 dada la mayor generación hidroeléctrica del sistema.

3. ANÁLISIS DEL ESTADO DE RESULTADOS

La Tabla 4 muestra un resumen del Estado de Resultados Consolidado de los trimestres 4T16, 4T17 y acumulado a Dic16 y Dic17.

Tabla 4: Estado de Resultados (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|----------------|---|---------------------|----------------|------------|--------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | Ac/Ac | TIT |
| 1.436,2 | 1.548,4 | Ingresos de Actividades Ordinarias | 369,2 | 388,8 | 8% | 5% |
| 756,5 | 796,9 | Venta a Clientes regulados | 191,4 | 197,3 | 5% | 3% |
| 401,9 | 425,3 | Venta a clientes Libres | 116,6 | 120,8 | 6% | 4% |
| 91,1 | 112,5 | Ventas de energía y potencia | 16,1 | 18,7 | 23% | 16% |
| 182,2 | 189,5 | Peajes | 42,5 | 47,2 | 23% | 11% |
| 4,6 | 24,1 | Otros Ingresos | 2,6 | 4,9 | 4% | 86% |
| (724,6) | (755,7) | Materias Primas y Consumibles Utilizados | (182,1) | (161,5) | 4% | (11%) |
| (177,5) | (194,1) | Peajes | (43,4) | (50,9) | 9% | 17% |
| (101,7) | (46,0) | Compras de Energía y Potencia | (36,1) | (15,2) | (55%) | (58%) |
| (262,8) | (308,4) | Consumo de Gas | (74,8) | (46,9) | 17% | (37%) |
| (41,3) | (31,1) | Consumo de Petróleo | (2,9) | (2,6) | (25%) | (11%) |
| (63,4) | (73,8) | Consumo de Carbón | (9,0) | (14,2) | 16% | 57% |
| (77,8) | (102,3) | Otros | (15,8) | (31,6) | 31% | 100% |
| 711,7 | 792,7 | Margen Bruto | 187,1 | 227,3 | 11% | 21% |
| (67,8) | (76,8) | Gastos por Beneficios a Empleados | (18,2) | (22,9) | 13% | 26% |
| (42,1) | (23,8) | Otros Gastos, por Naturaleza | (11,0) | 0,4 | (43%) | (104%) |
| (227,9) | (223,5) | Gastos por Depreciación y Amortización | (60,0) | (44,0) | (2%) | (27%) |
| 373,8 | 468,6 | Resultado de Operación (*) | 97,8 | 160,8 | 25% | 64% |
| 601,8 | 692,1 | EBITDA | 157,9 | 204,8 | 15% | 30% |
| 10,1 | 12,7 | Ingresos Financieros | 2,5 | 4,2 | 27% | 70% |
| (103,4) | (85,0) | Gastos Financieros | (20,5) | (22,7) | (18%) | 11% |
| 3,4 | 8,2 | Diferencias de Cambio | (1,6) | 4,1 | 138% | (354%) |
| 5,4 | 2,9 | Resultado de Sociedades Contabilizadas por el Método de Participación | 0,9 | (0,2) | (46%) | (126%) |
| (17,6) | (84,8) | Otras Ganancias (pérdidas) | (11,5) | (90,4) | 382% | 686% |
| (102,2) | (146,0) | Resultado Fuera de Operación | (30,1) | (105,0) | 43% | 249% |
| 271,7 | 322,7 | Ganancia (Pérdida) Antes de Impuestos | 67,7 | 55,8 | 19% | (18%) |
| (66,9) | (34,1) | Gastos por Impuesto a las Ganancias | (18,8) | 23,7 | (49%) | (226%) |
| 204,7 | 288,6 | Ganancia (Pérdida) | 48,8 | 79,5 | 41% | 63% |
| 201,4 | 271,0 | Ganancia (Pérdida) Controladora | 48,4 | 76,6 | 35% | 58% |
| 3,3 | 17,6 | Ganancia (Pérdida) Atribuible a Participaciones no Controladora | 0,5 | 2,9 | 432% | 492% |

(*): El subtotal de "RESULTADO DE OPERACIÓN" aquí presentado excluye la línea "Otras ganancias (pérdidas)" presentada en los Estados Financieros. Esto se explica por un cambio de taxonomía dictado por la SVS, con lo cual el concepto de "Otras ganancias (pérdidas)", que en el caso de Colbún son solamente partidas no operacionales, quedó incorporado como una partida operacional en los Estados Financieros.

Tabla 5: Tipos de Cambio de Cierre

| Tipos de Cambio | dic-16 | sept-17 | dic-17 |
|-------------------|----------|----------|----------|
| Chile (CLP/US\$) | 669,47 | 637,93 | 614,75 |
| Chile UF (CLP/UF) | 26.348,0 | 26.656,8 | 26.798,1 |
| Perú (Pen/US\$) | 3,4 | 3,27 | 3,25 |

3.1. ANÁLISIS RESULTADO OPERACIONAL CHILE

La Tabla 6 muestra un resumen del Resultado Operacional y EBITDA de los trimestres **4T16, 4T17 y acumulado a Dic16 y Dic17**. Posteriormente serán analizadas las principales cuentas y/o variaciones.

Tabla 6: EBITDA Chile (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|----------------|---|---------------------|----------------|------------|--------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | Ac/Ac | T/T |
| 1.219,5 | 1.355,6 | Ingresos de Actividades Ordinarias | 312,1 | 342,1 | 11% | 10% |
| 637,1 | 674,2 | Venta a Clientes regulados | 162,0 | 165,6 | 6% | 2% |
| 383,2 | 414,2 | Venta a clientes Libres | 116,3 | 120,8 | 8% | 4% |
| 53,4 | 99,3 | Ventas de energía y potencia | (0,8) | 16,4 | 86% | - |
| 142,2 | 148,3 | Peajes | 32,4 | 35,6 | 4% | 10% |
| 3,5 | 19,5 | Otros Ingresos | 2,2 | 3,8 | 456% | 74% |
| (580,2) | (614,3) | Materias Primas y Consumibles Utilizados | (142,6) | (124,1) | 6% | (13%) |
| (141,8) | (157,0) | Peajes | (34,9) | (40,7) | 11% | 17% |
| (86,0) | (43,0) | Compras de Energía y Potencia | (34,7) | (15,2) | (50%) | (56%) |
| (180,0) | (216,6) | Consumo de Gas | (46,5) | (22,6) | 20% | (51%) |
| (41,3) | (31,1) | Consumo de Petróleo | (2,9) | (2,6) | (25%) | (11%) |
| (63,4) | (73,8) | Consumo de Carbón | (9,0) | (14,2) | 16% | 57% |
| (67,8) | (92,7) | Otros | (14,5) | (28,8) | 37% | 98% |
| 639,3 | 741,3 | Margen Bruto | 169,5 | 218,0 | 16% | 29% |
| (61,9) | (70,9) | Gastos por Beneficios a Empleados | (16,6) | (21,2) | 15% | 28% |
| (31,6) | (31,8) | Otros Gastos, por Naturaleza | (9,2) | (9,7) | 1% | 6% |
| (196,0) | (191,3) | Gastos por Depreciación y Amortización | (52,0) | (35,7) | (2%) | (31%) |
| 349,7 | 447,3 | Resultado de Operación (*) | 91,7 | 151,4 | 28% | 65% |
| 545,7 | 638,5 | EBITDA | 143,8 | 187,0 | 17% | 30% |

(*): El subtotal de "RESULTADO DE OPERACIÓN" aquí presentado excluye la línea "Otras ganancias (pérdidas)" presentada en los Estados Financieros. Esto se explica por un cambio de taxonomía dictado por la SVS, con lo cual el concepto de "Otras ganancias (pérdidas)", que en el caso de Colbún son solamente partidas no operacionales, quedó incorporado como una partida operacional en los Estados Financieros.

Los **Ingresos de actividades ordinarias del 4T17 ascendieron a US\$342,1 millones**, aumentando un 10% respecto al 4T16, debido principalmente a: (1) mayores ingresos por ventas de energía y potencia en el mercado spot; (2) mayores ventas a clientes; y (3) ingresos por peajes producto de un aumento del cargo único a clientes regulados por el decreto precio nudo publicado en julio 2016.

En términos acumulados, los ingresos de actividades ordinarias a Dic17 ascendieron a **US\$1.355,6 millones**, aumentando un 11% respecto a igual período del año anterior. Los mayores ingresos del período se explican principalmente por las mismas razones que explican las variaciones en términos trimestrales, sumadas a mayores "Otros Ingresos" operacionales debido principalmente a la porción del impuesto que grava las emisiones de las centrales térmicas (que entró en vigencia en enero de 2017) traspasada a clientes libres.

Los **costos de materias primas y consumibles utilizados disminuyeron en términos trimestrales un 13%**, explicado principalmente por un menor consumo de gas producto de la mejor condición hidrológica comparado con 2016 y por menores compras de energía y potencia en el mercado spot. Los menores costos del trimestre fueron parcialmente compensados por mayores costos registrados en la línea "Otros" producto de: (1) un reverso de provisiones realizadas durante el 4T16, que tienen su origen en diferencias relacionadas a suministros pactados con clientes y (2) porción del impuesto que grava las emisiones de las centrales térmicas traspasada a clientes libre.

En términos acumulados, los costos de materias primas y consumibles a Dic17 ascendieron a **US\$614,3 millones**, aumentando un 6% respecto a Dic16. Los mayores costos se explican por: (1) un mayor consumo de gas y carbón; (2) por mayores costos registrados en la línea "Otros" producto de un reverso de provisiones realizado durante el 4T16 anteriormente explicado y por aquella porción del impuesto que grava las emisiones de las centrales térmicas traspasada a clientes libre; y (3) mayores costos por concepto de peajes. Estos mayores costos fueron principalmente compensados por menores compras de energía y potencia en el mercado spot y por un menor consumo de diésel.

En términos trimestrales, el EBITDA aumentó un 30% respecto a igual trimestre del año anterior, alcanzando US\$187,0 millones. El aumento se explica principalmente por: (1) mayores ingresos de actividades ordinarias derivados de mayores ventas de energía y potencia y a un aumento en las ventas a clientes; y (2) menores costos asociados a un menor consumo de gas producto de la mayor generación hidroeléctrica y a menores compras de energía y potencia en el mercado spot.

En términos acumulados, el **EBITDA** aumentó desde US\$545,7 millones a Dic16 a **US\$638,5 millones a Dic17**. El mayor EBITDA se explica principalmente por mayores ventas físicas y mayores márgenes de contribución producto de un mix de generación más eficiente a Dic17 respecto igual período del año 2016.

3.2 ANÁLISIS DE RESULTADO OPERACIONAL PERÚ

La Tabla 7 muestra un resumen del Resultado Operacional y EBITDA de Fenix para los trimestres 4T16, 4T17 y acumulado a Dic16 y Dic17. Posteriormente serán analizadas las principales cuentas y/o variaciones.

Tabla 7: EBITDA Perú (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|----------------|---|---------------------|---------------|--------------|--------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | Ac/Ac | TIT |
| 216,7 | 192,8 | Ingresos de Actividades Ordinarias | 57,1 | 46,7 | (11%) | (18%) |
| 119,3 | 122,7 | Venta a Clientes regulados | 29,4 | 31,7 | 3% | 8% |
| 18,7 | 11,1 | Venta a clientes Libres | 0,3 | 0,0 | (40%) | (95%) |
| 37,7 | 13,2 | Ventas de energía y potencia | 17,0 | 2,3 | (65%) | - |
| 39,9 | 41,2 | Peajes | 10,0 | 11,6 | 3% | 16% |
| 1,1 | 4,6 | Otros Ingresos | 0,4 | 1,1 | 324% | 148% |
| (144,3) | (141,4) | Materias Primas y Consumibles Utilizados | (39,5) | (37,4) | (2%) | (5%) |
| (35,7) | (37,1) | Peajes | (8,5) | (10,2) | 4% | 20% |
| (15,7) | (3,0) | Compras de Energía y Potencia | (1,4) | (0,0) | (81%) | (99%) |
| (82,9) | (91,7) | Consumo de Gas | (28,3) | (24,4) | 11% | (14%) |
| (10,1) | (9,6) | Otros | (1,3) | (2,8) | (5%) | 115% |
| 72,4 | 51,4 | Margen Bruto | 17,6 | 9,3 | (29%) | (47%) |
| (5,9) | (5,8) | Gastos por Beneficios a Empleados | (1,6) | (1,7) | (1%) | 3% |
| (10,5) | 8,0 | Otros Gastos, por Naturaleza | (1,9) | 10,2 | (176%) | (644%) |
| (31,9) | (32,2) | Gastos por Depreciación y Amortización | (8,0) | (8,3) | 1% | 4% |
| 24,2 | 21,4 | Resultado de Operación (*) | 6,1 | 9,4 | (12%) | 55% |
| 56,0 | 53,6 | EBITDA | 14,1 | 17,8 | (4%) | 26% |

Los **Ingresos de actividades ordinarias durante el 4T17 ascendieron a US\$46,7 millones**, disminuyendo un 18% con respecto al 4T16, explicado principalmente por las menores ventas en el mercado spot. Este efecto fue parcialmente compensado por mayores ventas a clientes regulados producto del inicio de contratos bilaterales. En **términos acumulados**, los ingresos de actividades ordinarias a Dic17 ascendieron a **US\$192,8 millones**, disminuyendo un 11% respecto a Dic16, explicado principalmente por el mayor volumen de ventas en el mercado spot a menores costos marginales.

Los **costos de materias primas y consumibles utilizados disminuyeron un 5%** respecto a igual trimestre del año anterior. La disminución respecto a 4T16 se explica principalmente por un menor consumo de gas, producto de la menor generación del trimestre.

En **términos acumulados**, los costos de materias primas y consumibles utilizados totalizaron **US\$141,4 millones** a Dic17, disminuyendo un 2% en comparación a Dic16, explicado principalmente por menores compras de energía y potencia en el mercado spot. Estas menores compras fueron parcialmente compensadas por un mayor consumo de gas, asociado a la mayor generación respecto igual período del año anterior.

El **EBITDA** de Fenix totalizó **US\$17,8 millones** al 4T17, mayor que el EBITDA de US\$14,1 millones registrado en el 4T16. El mayor EBITDA se explica principalmente por una variación positiva registrada en la línea "Otros Gastos, por Naturaleza" asociado a un reverso de provisiones por incobrabilidad de deudores por venta contabilizada en 2016. Lo anterior fue principalmente compensado por menores ingresos de actividades ordinarias producto de las menores ventas en el mercado spot.

En **términos acumulados**, el **EBITDA** de Fenix a Dic17 alcanzó **US\$53,6 millones** vs. el EBITDA de US\$56,0 millones a Dic16. La disminución se explica principalmente por menores ingresos de actividades ordinarias producto del mayor volumen de ventas en el mercado spot a menores costos marginales, compensado por los menores gastos registrados en la línea "Otros Gastos, por Naturaleza" anteriormente explicado.

3.3 ANÁLISIS DE ITEMS NO OPERACIONALES CONSOLIDADOS

La Tabla 8 muestra un resumen del Resultado Fuera de Operación Consolidado del 4T16, 4T17 y acumulado a Dic16 y Dic17. Posteriormente serán analizadas las principales cuentas y/o variaciones.

Tabla 8: Resultado Fuera de Operación Consolidado (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|----------------|--|---------------------|----------------|-------------|--------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcI/Ac | TIT |
| 10,1 | 12,7 | Ingresos Financieros | 2,5 | 4,2 | 27% | 70% |
| (103,4) | (85,0) | Gastos Financieros | (20,5) | (22,7) | (18%) | 11% |
| 3,4 | 8,2 | Diferencias de Cambio | (1,6) | 4,1 | 138% | - |
| 5,4 | 2,9 | Resultado de Sociedades Contabilizadas por el Método de Participación | 0,9 | (0,2) | (46%) | (126%) |
| (17,6) | (84,8) | Otras Ganancias (pérdidas) | (11,5) | (90,4) | 382% | 686% |
| (102,2) | (146,0) | Resultado Fuera de Operación | (30,1) | (105,0) | 43% | 249% |
| 271,7 | 322,7 | Ganancia (Pérdida) Antes de Impuestos | 67,7 | 55,8 | 19% | (18%) |
| (66,9) | (34,1) | Gastos por Impuesto a las Ganancias | (18,8) | 23,7 | (49%) | (226%) |
| 204,7 | 288,6 | Ganancia (Pérdida) | 48,8 | 79,5 | 41% | 63% |
| 201,4 | 271,0 | Ganancia (Pérdida) Controladora | 48,4 | 76,6 | 35% | 58% |
| 3,3 | 17,6 | Ganancia (Pérdida) Atribuible a Participaciones no Controladora | 0,5 | 2,9 | 432% | 492% |

El **resultado no operacional** el 4T17 presentó una **pérdida de US\$105,0 millones**, que se compara con la pérdida de US\$30,1 millones en 4T16. La mayor pérdida del trimestre se explica principalmente por un aumento registrado en la línea “Otras Ganancias (Pérdidas)”, producto del registro contable de provisiones por deterioro de activos individuales por un total de US\$63 millones. De estos cabe destacar: (1) Deterioro parcial del proyecto hidroeléctrico San Pedro por US\$45 millones, monto que se deriva de reconocer que el desarrollo a futuro de este proyecto enfrentará precios de energía menores a los previstos en su evaluación económica al inicio de su construcción, y que toma en consideración la inversión ya realizada a la fecha (y la que se espera realizar a futuro). Cabe destacar que la Compañía continuará preparando los antecedentes para el reingreso del EIA de este Proyecto; (2) Proyecto Unidad II del complejo Santa María por US\$10 millones, sobre el cual públicamente hemos informado nuestra decisión de no proceder con su construcción. El monto restante son diversos otros cargos que acumulan un monto por US\$8 millones.

Sumado a las provisiones antes indicadas, se debe considerar además (1) el impuesto que grava las emisiones de las centrales térmicas (Ley 20.780), el cual comenzó a regir a partir de Ene17 y (2) deterioro de aquellas patentes por no uso de derechos de agua que la Compañía no planea utilizar (manteniéndose en el Balance sólo las que se estima que tienen un potencial de beneficio futuro); y (3) Baja de un transformador en la central térmica Nehuenco. Estos efectos fueron parcialmente compensados por el efecto positivo de la variación del tipo de cambio CLP/US\$ sobre partidas temporales del balance en moneda local durante el trimestre.

En términos acumulados, el resultado no operacional a Dic17 presentó una **pérdida de US\$146,0 millones**, mayor a la pérdida de US\$102,2 millones presentada a Dic16. La mayor pérdida se explica por las mismas razones que explican las variaciones en términos trimestrales, compensada principalmente por menores gastos financieros, explicados por la menor deuda financiera vigente en el período producto de prepagos por ~US\$500 millones realizados en junio y julio del 2016.

El **gasto por impuestos** del 4T17 presentó una ganancia de **US\$23,7 millones**, que se compara positivamente con el gasto por impuesto de US\$18,8 millones del 4T16. La ganancia por impuesto se explica principalmente por el efecto en resultado generado por el reconocimiento del activo por impuesto diferido, producto de la pérdida tributaria esperada a partir del cese de actividades y cancelación del “Proyecto Hidroeléctrico HidroAysén” por US\$39,8 millones, en noviembre de 2017.

En términos acumulados, el gasto por impuesto a Dic17 ascendió a **US\$34,1 millones**, menor con respecto a los US\$66,9 millones presentados en Dic16, explicado principalmente por las mismas razones que en términos trimestrales.

4. ANÁLISIS DEL BALANCE GENERAL CONSOLIDADO

La Tabla 9 presenta un análisis de cuentas relevantes del Balance al 31 de diciembre de 2016 y al 31 de diciembre de 2017. Posteriormente serán analizadas las principales variaciones.

Tabla 9: Principales Partidas del Balance Consolidado (US\$ millones)

| | dic-16 | dic-17 | Var | Var % |
|--|----------------|----------------|-------------|-----------|
| Activos Corrientes | 947,6 | 1.147,2 | 199,5 | 21% |
| Activos no Corrientes | 5.875,0 | 5.775,4 | (99,6) | (2%) |
| Total Activos | 6.822,6 | 6.922,5 | 99,9 | 1% |
| Pasivos Corrientes | 360,1 | 360,1 | 0,0 | 0% |
| Pasivos no Corrientes | 2.672,7 | 2.617,0 | (55,7) | (2%) |
| Patrimonio Neto | 3.789,8 | 3.945,4 | 155,6 | 4% |
| Total Patrimonio Neto y Pasivos | 6.822,6 | 6.922,5 | 99,9 | 1% |

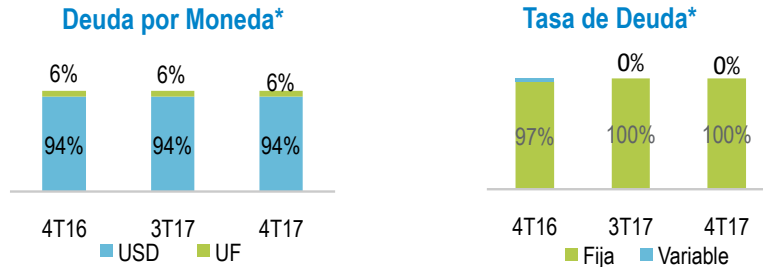
Activos Corrientes: Alcanzaron US\$1.147,2 millones, aumentando un 21% con respecto al cierre de Dic16, explicado principalmente por un aumento del Efectivo y Efectivo Equivalente producto del resultado operacional del ejercicio.

Activos No Corrientes: Registraron US\$5.775,4 millones al cierre de Dic17, disminuyendo un 2% con respecto al saldo existente a Dic16 explicado principalmente por la depreciación de activo fijo, compensado en parte por el capex del período.

Pasivos Corrientes: Totalizaron US\$354,8 millones al cierre de Dic17, en línea con el saldo registrado a Dic16.

Pasivos No Corrientes: Totalizaron US\$2.617,0 millones al cierre de Dic17, disminuyendo un 2% con respecto a Dic16, explicado principalmente por las amortizaciones de deuda financiera.

Patrimonio: La Compañía alcanzó un Patrimonio Neto de US\$3.950,7 millones, lo cual significó un aumento de un 4% en relación al cierre de Dic16. Este aumento se debe principalmente a la utilidad del período, por las razones explicadas anteriormente.



*Incluye los derivados asociados

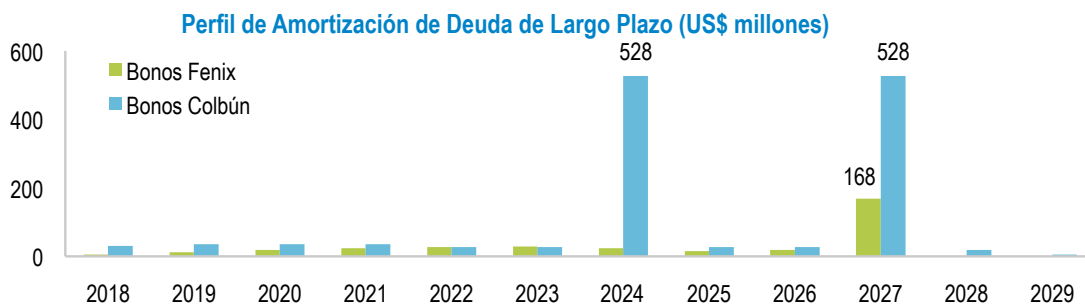


Tabla 10: Principales Partidas de Endeudamiento (US\$ millones)

| | dic-16 | dic-17 | Var | Var % |
|---------------------------|---------|---------|---------|-------|
| Deuda Financiera Bruta* | 1.710,0 | 1.659,5 | (50,6) | (3%) |
| Inversiones Financieras** | 667,0 | 810,2 | 143,2 | 21% |
| Deuda Neta | 1.043,0 | 849,2 | (193,8) | (19%) |
| EBITDA LTM | 601,8 | 692,1 | 90,4 | 15% |
| Deuda Neta/EBITDA LTM | 1,7 | 1,2 | (0,5) | (29%) |

(*) El monto incluye bono internacional de US\$340 millones y leasing financiero de US\$15,1 millones, ambos asociados a Fenix sin recurso a Colbún.

(**) La cuenta "Inversiones Financieras" aquí presentada, incluye el monto asociado a depósitos a plazo que por tener plazo de inversión superior a 90 días se encuentran registrados como "Otros Activos Financieros Corrientes" en los Estados Financieros.

Análisis de Deuda: La Deuda Financiera alcanzó US\$1.659,5 millones, disminuyendo levemente respecto a Dic16. Por su parte, las Inversiones Financieras totalizaron en US\$810,2 millones, aumentando un 21% en comparación a Dic16, explicado principalmente por los mayores flujos provenientes de actividades de operación del período. Dado lo anterior, la Deuda Neta totalizó en US\$849,3 millones. Por su parte, el EBITDA LTM (últimos 12 meses) aumentó un 15% con respecto al cierre del 2016.

El ratio Deuda Neta/EBITDA LTM se redujo desde 1,7 veces al cierre de Dic16 a 1,2 veces al cierre de Dic17.

La vida media de la Deuda Financiera de largo plazo es de 7,5 años.

La tasa promedio de la Deuda Financiera de largo plazo denominada en dólares es de 5,02%.

5. INDICADORES FINANCIEROS CONSOLIDADOS

A continuación se presenta un cuadro comparativo de ciertos índices financieros a nivel consolidado. Los indicadores financieros de balance son calculados a la fecha que se indica y los del estado de resultados consideran el resultado acumulado de los últimos doce meses a la fecha indicada.

Tabla 11: Índices Financieros

| | dic-16 | dic-17 | Var % |
|---|--------|--------|-------|
| Liquidez Corriente: | | | |
| Activo Corriente en operación / Pasivos Corrientes en operación | 2,63 | 3,19 | 21% |
| Razón Ácida: | | | |
| (Activo Corriente – Inventarios – Pagos Anticipados) / Pasivos Corriente en operación | 2,51 | 3,01 | 20% |
| Razón de Endeudamiento: | | | |
| (Pasivos Corrientes en Operación + Pasivos no Corrientes) / Total patrimonio neto | 0,80 | 0,75 | (6%) |
| Deuda Corto Plazo (%): | | | |
| Pasivos Corrientes en operación / (Pas. Corrientes en operación + Pas. No Corrientes) | 11,87% | 12,10% | 2% |
| Deuda Largo Plazo (%): | | | |
| Pasivos no Corrientes en operación / (Pas. Corrientes en operación + Pas. No Corrientes) | 88,13% | 87,90% | (0%) |
| Cobertura Gastos Financieros: | | | |
| (Ganancia (Pérd). Antes de Impuestos + Gastos Financieros) / Gastos Financieros | 3,63 | 4,80 | 32% |
| Rentabilidad Patrimonial (%): | | | |
| (Ganancia (Pérd). De actividades continuadas después de impuesto / Patrimonio Neto promedio | 5,49% | 7,46% | 36% |
| Rentabilidad del Activo (%): | | | |
| (Ganancia (Pérd). Controladora / Total Activo Promedio | 2,93% | 4,20% | 43% |
| Rendimiento Activos Operacionales (%): | | | |
| Resultado de Operación / Propiedades, Plantas y Equipos Neto (Promedio) | 6,61% | 8,39% | 27% |

Los indicadores de flujo corresponden a valores de los últimos 12 meses.

- Patrimonio promedio: Patrimonio trimestral actual más el patrimonio un año atrás dividido por dos.
 - Total activo promedio: Total activo trimestre actual más el total de activo de un año atrás dividido por dos.
 - Activos operacionales promedio: Total de propiedad, Plantas y Equipos trimestre actual más el total de Propiedad, Planta y Equipo un año atrás dividido por dos.
- La **Liquidez Corriente** y la **Razón Ácida** fueron de 3,23x y 3,06x a Dic17 respectivamente, aumentando con respecto a Dic16 un 23% y un 22% respectivamente, debido a: (1) un aumento en los activos corrientes explicado principalmente por un aumento del Efectivo y Efectivo equivalente producto de los flujos provenientes de actividades de operación, y (2) la disminución en los Pasivos corrientes en operación producto del pago de dividendos provisionados en diciembre de 2016 por US\$60,4 millones en enero del 2017.
 - La **Razón de Endeudamiento** alcanzó 0,75x a Dic17, comparado con el valor de 0,80x a Dic16. La disminución de 6% se explica principalmente por el aumento en el patrimonio neto producto de las utilidades del período, parcialmente compensado por el pago del dividendo definitivo por US\$53,2 millones en abril de 2017 y el pago de dividendos provisorios por US\$58,2 millones en diciembre del 2017.
 - El porcentaje de **Deuda de Corto Plazo** a Dic17 fue de 11,94%, en línea con el valor de 11,87% obtenido a Dic16.
 - El porcentaje de **Deuda de Largo Plazo** a Dic17 fue de 88,06%, en línea con el valor de 88,13% obtenido a Dic16.
 - La **Cobertura de Gastos Financieros** a Dic17 fue de 4,80x, mayor al valor de 3,63x obtenido a Dic16, producto de la mayor ganancia antes de impuestos registrada y porque durante el período se registraron menores gastos financieros, explicados principalmente por la menor deuda financiera vigente producto de los prepagos por ~US\$500 millones realizados durante el año 2016. La mayor ganancia del trimestre se explica principalmente por el mayor EBITDA a Dic17, compensado parcialmente por un aumento registrado en la línea "Otras Ganancias Pérdidas" producto del registro contable de provisiones por deterioro de activos individuales, anteriormente explicado.
 - La **Rentabilidad Patrimonial** y la **Rentabilidad del Activo** del año 2017 fueron de 7,46% y 4,20% respectivamente, aumentando ambas en relación a Dic16. El aumento en la rentabilidad patrimonial se debe principalmente a que la utilidad neta a Dic17 aumentó con respecto a Dic16. Por su parte, el aumento en la rentabilidad del activo se explica principalmente por el aumento en la utilidad neta y por la disminución del activo promedio mantenido durante el año, principalmente explicado por la disminución en el Efectivo y Equivalentes al Efectivo producto de los prepagos de deuda realizados durante el año 2016.
 - El **Rendimiento de Activos Operacionales** del año 2017 fue de 8,39%, mayor al rendimiento obtenido a Dic16. El aumento se explica principalmente debido al mayor resultado de la operación obtenido durante el año.

6. ANÁLISIS DE FLUJO DE EFECTIVO CONSOLIDADO

El comportamiento del flujo de efectivo de la sociedad se puede ver en la siguiente tabla:

Tabla 12: Resumen del Flujo de Efectivo Consolidado (US\$ millones)

| Cifras Acumuladas | | | Cifras trimestrales | | Var % | |
|-------------------|--------------|--|---------------------|--------------|---------------|--------------|
| dic-16 | dic-17 | | 4T16 | 4T17 | AcIAc | TIT |
| 1.080,8 | 667,0 | Efectivo Equivalente Inicial 1 | 620,2 | 775,8 | (38%) | 25% |
| 517,9 | 600,9 | Flujo Efectivo de la Operación | 150,1 | 194,1 | 16% | 29% |
| (741,0) | (338,4) | Flujo Efectivo de Financiamiento | (39,0) | (142,7) | (54%) | 266% |
| (198,1) | (129,1) | Flujo Efectivo de Inversión 2 | (62,3) | (23,8) | (35%) | (62%) |
| (421,3) | 133,5 | Flujo Neto del Período | 48,8 | 27,6 | (132%) | (43%) |
| 7,4 | 9,8 | Efecto de las variaciones en las tasas de cambio sobre efectivo y efectivo equivalente | (2,0) | 6,8 | 32% | (433%) |
| 667,0 | 810,2 | Efectivo Equivalente Final | 667,0 | 810,2 | 21% | 21% |

- (1) El "Efectivo y Equivalente al Efectivo" aquí presentado, incluye el monto asociado a depósitos a plazo que por tener plazo de inversión superior a 90 días se encuentran registrados como "Otros Activos Financieros Corrientes" en los Estados Financieros.
- (2) El "Flujo de Efectivo de Inversión" difiere del de los Estados Financieros, ya que incorpora el monto asociado a depósitos a plazo con vencimiento superior a 90 días.

Durante el 4T17, la Compañía presentó un **Flujo de Efectivo neto positivo de US\$27,6 millones**, comparado con el Flujo de Efectivo neto positivo de US\$48,8 millones del trimestre anterior.

Actividades de la operación: Durante el 4T17 se generó un flujo neto positivo de US\$194,1 millones, aumentando un 29% respecto al 4T16. El aumento se explica principalmente por el mayor resultado operacional del periodo.

En términos acumulados, se registró un flujo neto positivo de US\$600,9 millones a Dic17, aumentando un 16% respecto al flujo neto positivo de US\$517,9 millones a Dic16, explicado por las mismas razones que en términos trimestrales.

Actividades de financiamiento: Generaron un flujo neto negativo de US\$142,7 millones durante el 4T17, que se compara con el flujo neto negativo de US\$39,0 millones al 4T16. El mayor flujo neto negativo del 4T17 se explica principalmente por pago de dividendos provisorios por US\$58,2 millones en diciembre y a los gastos asociados a las emisiones de bonos y refinanciamiento de deuda en el mercado internacional.

En términos acumulados, se registró un flujo neto negativo de US\$338,4 millones a Dic17, menor que el flujo neto negativo de US\$741,0 millones a Dic16, explicado principalmente por los prepagos de deuda financiera por aproximadamente US\$500,0 millones durante al año 2016.

Actividades de inversión: Generaron un flujo neto negativo de US\$23,8 millones durante el 4T17, menor que los desembolsos por US\$62,3 millones al 4T16. El mayor flujo neto negativo del 4T16 estuvo principalmente asociado al Proyecto La Mina.

En términos acumulados, las actividades de inversión generaron un flujo neto negativo de US\$129,1 millones a Dic17, menores a los desembolsos por US\$198,1 millones a Dic16, explicado principalmente por las menores inversiones asociado al término de la construcción del Proyecto La Mina en abril del 2017.

7. ANÁLISIS DEL ENTORNO Y RIESGOS

Colbún S.A. es una empresa generadora cuyo parque de producción alcanza una potencia instalada de 3.847 MW conformada por 2.250 MW en unidades térmicas y 1.597 MW en unidades hidráulicas. Opera en el Sistema Interconectado Central (SIC) en Chile, donde representa cerca del 23% del mercado y también opera en el Sistema Eléctrico Interconectado Nacional (SEIN) en Perú, donde posee aproximadamente un 7% de participación de mercado. Ambas participaciones medidas en términos de energía producida.

A través de su política comercial, la Compañía busca ser un proveedor de energía competitiva, segura y sostenible con un volumen a comprometer a través de contratos que le permitan maximizar la rentabilidad a largo plazo de su base de activos, acotando la volatilidad de sus resultados. Estos presentan una variabilidad estructural, por cuanto dependen de condiciones exógenas como la hidrología y el precio de los combustibles (petróleo, gas natural y carbón). Para mitigar el efecto de dichas condiciones exógenas, la Compañía procura contratar en el largo plazo sus fuentes de generación (propias o adquiridas a terceros) con costos eficientes y eventualmente, en caso de existir déficit/superávit se puede recurrir a comprar/vender energía en el mercado spot a costo marginal.

7.1 Perspectiva de mediano plazo Chile

El año hidrológico iniciado en abril de 2017 ha presentado condiciones secas, mostrando precipitaciones menores respecto a un año normal, al 31 de diciembre la probabilidad de excedencia del SIC alcanzó un 82%. Dado lo anterior, la matriz energética ha continuado su operación con mayores fuentes termoelectricas. Cabe recordar, en cuanto al suministro de gas, la Compañía posee acuerdos de suministro con ERSa y con Metrogas para el periodo 2017-2019. Estos contratos permiten contar con gas natural para operar dos unidades de ciclo combinado durante gran parte del primer semestre, periodo del año en el cual generalmente se registra una menor disponibilidad de recurso hídrico. Además, existe la posibilidad de acceder a gas natural adicional vía compras spot permitiendo contar con respaldo eficiente en condiciones hidrológicas desfavorables en la segunda mitad del año.

Adicionalmente, el 24 de mayo de 2017, se suscribió con ERSa un nuevo contrato de suministro de gas natural con capacidad reservada de regasificación, que permitirá dar continuidad operativa al Complejo Nehuenco. El cual posteriormente fue modificado el día 26 de julio del 2017 por Colbún y ERSa, con la finalidad de adelantar su entrada en vigencia y ampliar los volúmenes de capacidad de regasificación originalmente pactados. Con la modificación suscrita, la entrada en vigencia de éste se adelanta un año, con lo cual comenzó a ser efectivo a contar del 1° de enero de 2018, extendiéndose su duración a un plazo de 13 años.

Respecto de la contratación de energía, en octubre de 2017 Colbún firmó un acuerdo de abastecimiento de energía eléctrica por 630 GWh anuales a 10 años plazo con CMPC para sus diversas actividades industriales y con Walmart por aproximadamente 300 GWh a 4 años plazo.

Con lo anterior, desde finales de 2016 Colbún ha suscrito contratos de suministro de mediano plazo con clientes libres por más de 1.700 GWh aproximadamente y se encuentra en negociaciones para concretar nuevos acuerdos.

Los resultados de la Compañía para los próximos meses estarán determinados principalmente por un nivel balanceado entre generación propia costo-eficiente y nivel de contratación. Dicha generación eficiente dependerá de la operación confiable que puedan tener nuestras centrales y de las condiciones hidrológicas.

7.2 Perspectiva de mediano plazo Perú

El cuarto trimestre del año 2017 se ha desarrollado con una condición hidrológica húmeda y con tasas de crecimiento de la demanda en línea con el mismo trimestre del año anterior (variación de 0,2%). El comportamiento futuro de los costos marginales estará supeditado principalmente al comportamiento de la demanda, a la hidrología y a la variación en los precios de los commodities.

7.3 Plan de crecimiento y acciones de largo plazo

La Compañía busca oportunidades de crecimiento en Chile y en países de la región, para mantener una posición relevante en la industria de generación eléctrica y para diversificar sus fuentes de ingresos en términos geográficos, condiciones hidrológicas, tecnologías de generación, acceso a combustibles y marcos regulatorios.

Colbún procura aumentar su capacidad instalada manteniendo una relevante participación hidráulica, con un complemento tanto térmico eficiente como proveniente de otras fuentes renovables que permita contar con una matriz de generación segura, competitiva y sustentable.

En Chile, Colbún tiene varios potenciales proyectos actualmente en distintas etapas de madurez, incluyendo proyectos hidroeléctricos, térmicos, fuentes variables y sus respectivas líneas de transmisión.

Proyectos en ejecución

Proyecto PMGD Ovejería (9 MW): Se trata de la construcción de una planta fotovoltaica del tipo PMGD que se ubica en la Región Metropolitana. La capacidad instalada será de 9 MW con una generación media anual aproximada de 22 GWh/año, energía que será entregada a través de una línea existente.

En julio del 2017, el Directorio autorizó realizar esta inversión con un plazo de inicio de operación hasta el segundo trimestre de 2018. En diciembre se dio inicio a la construcción.

Proyectos en desarrollo

Proyecto Hidroeléctrico San Pedro (170 MW): San Pedro se ubica a unos 25 km al nororiente de la comuna de Los Lagos, Región de Los Ríos, y considera utilizar las aguas del río homónimo mediante una central ubicada entre el desagüe del Lago Riñihue y el Puente Malihue. Considerando las adecuaciones contempladas en el proyecto, éste tendrá un caudal de diseño estimado de 460 m³/s (+10% con sobre apertura) y una capacidad instalada aproximada entre 160 MW - 170 MW para una generación anual de 950 GWh en condiciones hidrológicas normales. La operación de la central será tal que la cota del embalse permanecerá prácticamente constante, lo que significa que el caudal aguas abajo de la central no se verá alterado por su operación.

En junio de 2015 se hizo el ingreso del Estudio de Impacto Ambiental (EIA) por las modificaciones al proyecto, el cual fue admitido inicialmente a tramitación por parte del Servicio de Evaluación Ambiental (SEA) de Los Ríos. Sin embargo, en agosto de 2015, la autoridad terminó anticipadamente el proceso por falta de información esencial.

Sin perjuicio de lo anterior, la Compañía se encuentra preparando los antecedentes para realizar el reingreso del EIA y en paralelo, desarrollando un plan de acción con los municipios, servicios públicos, autoridades regionales, comunidades indígenas con el objeto de socializar el proyecto con estos actores.

El proyecto considera una Línea de Transmisión denominada LAT San Pedro-Ciruelos la cual permitirá evacuar la energía de la central al SIC mediante una línea de 220 kV y 47 km. de longitud, que se conectará en la subestación Ciruelos, ubicada a unos 40 km al nororiente de Valdivia.

Proyecto Guaiquivilo Melado (316 MW): El proyecto central hidroeléctrica Guaiquivilo Melado es un complejo hidroeléctrico ubicado en las cuencas de los ríos Guaiquivilo y Melado, en la comuna de Colbún, Provincia de Linares. Cuenta una potencia total de 316 MW y una generación anual promedio de aproximadamente 1.629 GWh. Para inyectar la energía al SIC se considera una LAT de 220 kV con una extensión total aproximada de 90 km desde la Central Guaiquivilo hasta su punto de conexión en la LAT Los Cóndores.

Durante el cuarto trimestre de 2017 continúa la preparación del Estudio de Impacto Ambiental y el desarrollo de ingeniería básica de las últimas adecuaciones al proyecto.

Proyecto Los Cuartos (93 MW): El proyecto hidroeléctrico Los Cuartos se ubica en el río Biobío, próximo a la localidad de San Carlos de Purén, a unos 5 km río arriba de la intersección con la Carretera Panamericana Sur. Esta central hidroeléctrica cuenta con derechos de agua que permiten alcanzar una potencia de 93 MW, con una generación media anual de aproximadamente 511 GWh. El proyecto también considera una línea de transmisión eléctrica de 10 km de longitud para conectar en la subestación Mulchén.

El proyecto se encuentra en evaluación para determinar si se procede con la etapa de ingeniería básica.

Proyecto El Médano (6 MW): El Médano es un proyecto hidroeléctrico, que se ubica a continuación del proyecto La Mina en el río Maule, en la comuna de San Clemente, aproximadamente 100 km al oriente de la ciudad de Talca. Este contempla una capacidad instalada de 6 MW y una generación media anual de 26 GWh, cuya energía generada se evacuará a través de la línea de transmisión de CH La Mina. El Médano está concebida como una obra compacta, es decir, en una misma estructura se concentra la captación, la casa de máquinas y la restitución al río.

Durante el cuarto trimestre de 2017 se continuó con el desarrollo de ingeniería básica y la tramitación de la DIA, ingreso que fue realizado en julio.

Proyecto Eólico Horizonte (607 MW): El proyecto Horizonte es un parque eólico ubicado a 70 km al noreste de Taltal y 170 km al suroeste de Antofagasta. Considera una potencia total de aproximadamente 607 MW y una generación anual promedio de aproximadamente 1.900 GWh.

Este proyecto se inicia a partir de la adjudicación de una licitación convocada por el Ministerio de Bienes Nacionales para el desarrollo, construcción y operación de un Parque Eólico mediante una concesión de uso oneroso por 30 años, en un sector de propiedad fiscal de cerca de 8 mil hectáreas.

Para su desarrollo se estiman 4 años para las etapas de estudios y permisos más 3 años para la construcción.

Durante el cuarto trimestre de 2017 se dio inicio a la etapa de factibilidad y estudios.

HidroAysén: El 17 de noviembre de 2017, la sociedad Hidroaysén S.A., de la cual Colbun S.A. posee el 49%, informó el cese de actividades y cancelación del "Proyecto Hidroeléctrico Hidroaysen" debido a que no es factible en términos económicos, en el contexto de la actual situación del mercado eléctrico y sus perspectivas futuras;

procediéndose a la disolución de la sociedad y liquidación de bienes, el desistimiento de las acciones judiciales pendientes y la renuncia a los derechos de agua del Proyecto.

De acuerdo a lo informado en el Hecho Esencial el día 17 de noviembre de 2017, en el cierre del ejercicio 2014, Colbún S.A. registró una provisión por el deterioro de su participación en Hidroaysén S.A. por un monto aproximado de US\$102 millones, por lo tanto, la disolución no tendrá efectos contables adversos que sean materiales.

7.4 Gestión de Riesgo

A. Política de gestión de riesgos

La estrategia de Gestión de Riesgo está orientada a resguardar los principios de estabilidad y sustentabilidad de la Compañía, identificando y gestionando las fuentes de incertidumbre que la afectan o puedan afectar.

Gestionar integralmente los riesgos supone identificar, medir, analizar, mitigar y controlar los distintos riesgos incurridos por las distintas gerencias de la Compañía, así como estimar el impacto en la posición consolidada de la misma, su seguimiento y control en el tiempo. En este proceso intervienen tanto la alta dirección de Colbún como las áreas tomadoras de riesgo.

Los límites de riesgo tolerables, las métricas para la medición del riesgo y la periodicidad de los análisis de riesgo son políticas normadas por el Directorio de la Compañía.

La función de gestión de riesgo es responsabilidad de la Gerencia General así como de cada división y gerencia de la Compañía, y cuenta con el apoyo de la Gerencia de Control de Gestión y Riesgos y la supervisión, seguimiento y coordinación del Comité de Riesgos y Sostenibilidad.

B. Factores de riesgo

Las actividades de la Compañía están expuestas a diversos riesgos que se han clasificado en riesgos del negocio eléctrico y riesgos financieros.

B.1 Riesgos del Negocio Eléctrico

B.1.1 Riesgo hidrológico

En Chile, el 48% de la capacidad instalada de Colbún es hidráulica, por lo que la Compañía está expuesta a las variables hidrológicas.

En condiciones hidrológicas secas, Colbún debe operar sus plantas térmicas de ciclo combinado con compras de gas natural o con diésel, o por defecto operar sus plantas térmicas de respaldo o bien recurrir al mercado spot. Esta situación podría encarecer los costos de Colbún, aumentando la variabilidad de sus resultados en función de las condiciones hidrológicas.

La exposición de la Compañía al riesgo hidrológico se encuentra razonablemente mitigada mediante una política comercial que tiene por objetivo mantener un equilibrio entre la generación competitiva (hidráulica en un año medio a seco, y generación térmica a carbón y a gas natural costo eficiente, otras energías renovables costo eficientes y debidamente complementadas por otras fuentes de generación dada su intermitencia y volatilidad) y los compromisos comerciales. En condiciones de extremas y repetidas sequías, una eventual falta de agua para refrigeración afectaría la capacidad generadora de los ciclos combinados. Con el objetivo de minimizar el uso del

agua y asegurar la disponibilidad operacional durante periodos de escasez hídrica, Colbún ha construido una Planta de Osmosis Inversa que permite reducir hasta en un 50% el agua utilizada en el proceso de enfriamiento de los ciclos combinados del Complejo Nehuenco. La planta terminó su construcción en mayo de 2017 y entró en operación durante el tercer trimestre del 2017.

En Perú, Colbún cuenta con una central de ciclo combinado y una política comercial orientada a comprometer a través de contratos de mediano y largo plazo, dicha energía de base. La exposición a hidrologías secas es acotada ya que sólo impactaría en caso de eventuales fallas operacionales que obliguen a recurrir al mercado spot. Adicionalmente el mercado eléctrico peruano presenta una oferta térmica eficiente y disponibilidad de gas natural local suficiente para respaldarla.

B.1.2 Riesgo de precios de combustibles

En Chile, en situaciones de bajos afluentes a las plantas hidráulicas, Colbún debe hacer uso principalmente de sus plantas térmicas o efectuar compras de energía en el mercado spot a costo marginal. Lo anterior genera un riesgo por las variaciones que puedan presentar los precios internacionales de los combustibles. Parte de este riesgo se mitiga con contratos cuyos precios de venta también se indexan con las variaciones de los precios de los combustibles. Adicionalmente, se llevan adelante programas de cobertura con diversos instrumentos derivados, tales como opciones call y opciones put, entre otras, para cubrir la porción remanente de esta exposición en caso de existir. En caso contrario, ante una hidrología abundante, la Compañía podría encontrarse en una posición excedentaria en el mercado spot cuyo precio estaría en parte determinado por el precio de los combustibles.

En Perú, el costo del gas natural tiene una menor dependencia de los precios internacionales, dada una importante oferta doméstica de este hidrocarburo, lo que permite acotar la exposición a este riesgo.

Al igual que en Chile, la proporción que queda expuesta a variaciones de precios internacionales es mitigada mediante fórmulas de indexación en contratos de venta de energía.

Por lo anteriormente expuesto, la exposición al riesgo de variaciones de precios de los combustibles se encuentra en parte mitigado.

B.1.3 Riesgos de suministro de combustibles

Respecto del suministro de combustibles líquidos, en Chile la Compañía mantiene acuerdos con proveedores y capacidad de almacenamiento propio que le permiten contar con una adecuada confiabilidad en la disponibilidad de este tipo de combustible.

Respecto al suministro de gas natural en Chile, Colbún mantiene contratos de mediano plazo con ERSA y Metrogas y para el largo plazo destaca el nuevo contrato con ERSA por opciones de suministro de gas natural licuado y capacidad reservada de regasificación -de fecha 24 de mayo y complementado el 26 de julio-, vigente desde el año 2018 al 2030 que permitirá a Colbún disponer de gas natural para el Complejo Nehuenco. Por su parte, en Perú, Fenix cuenta con contratos de largo plazo con el consorcio ECL88 (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol y Repsol) y acuerdos de transporte de gas con TGP.

En cuanto a las compras de carbón para la central térmica Santa María Unidad I, se realizan licitaciones (la última en agosto de 2017), invitando a importantes suministradores internacionales, adjudicando el suministro a

empresas competitivas y con respaldo. Lo anterior siguiendo una política de compra temprana y una política de gestión de inventario de modo de mitigar sustancialmente el riesgo de no contar con este combustible.

B.1.4 Riesgos de fallas en equipos y mantención

La disponibilidad y confiabilidad de las unidades de generación y de las instalaciones de transmisión de Colbún son fundamentales para el negocio. Es por esto que Colbún tiene como política realizar mantenimientos programados, preventivos y predictivos a sus equipos, acorde a las recomendaciones de sus proveedores, y mantiene una política de cobertura de este tipo de riesgos a través de seguros para sus bienes físicos, incluyendo cobertura por daño físico y perjuicio por paralización.

B.1.5 Riesgos de construcción de proyectos

El desarrollo de nuevos proyectos puede verse afectado por factores tales como: retrasos en la obtención de permisos, modificaciones al marco regulatorio, judicialización, aumento en el precio de los equipos o de la mano de obra, oposición de grupos de interés locales e internacionales, condiciones geográficas imprevistas, desastres naturales, accidentes u otros imprevistos.

La exposición de la Compañía a este tipo de riesgos se gestiona a través de una política comercial que considera los efectos de los eventuales atrasos de los proyectos. Además, se incorporan niveles de holgura en las estimaciones de plazo y costo de construcción. Adicionalmente, la exposición de la Compañía a este riesgo se encuentra parcialmente cubierta con la contratación de pólizas del tipo “Todo Riesgo de Construcción” que cubren tanto daño físico como pérdida de beneficio por efecto de atraso en la puesta en servicio producto de un siniestro, ambos con deducibles estándares para este tipo de seguros.

Las compañías del sector enfrentan un mercado eléctrico muy desafiante, con mucha activación de parte de diversos grupos de interés, principalmente de comunidades vecinas y ONGs, las cuales legítimamente están demandando más participación y protagonismo. Como parte de esta complejidad, los plazos de tramitación ambiental se han hecho más inciertos, los que en ocasiones son además seguidos por extensos procesos de judicialización. Lo anterior ha resultado en una menor construcción de proyectos de tamaños relevantes.

Colbún tiene como política integrar con excelencia las dimensiones sociales y ambientales al desarrollo de sus proyectos. Por su parte, la Compañía ha desarrollado un modelo de vinculación social que le permita trabajar junto a las comunidades vecinas y la sociedad en general, iniciando un proceso transparente de participación ciudadana y de generación de confianza en las etapas tempranas de los proyectos y durante todo el ciclo de vida de los mismos.

B.1.6 Riesgos Regulatorios

La estabilidad regulatoria es fundamental para el sector de generación, donde los proyectos de inversión tienen largos plazos de desarrollo, ejecución y retorno de la inversión. Colbún estima que los cambios regulatorios deben hacerse considerando las complejidades del sistema eléctrico y manteniendo los incentivos adecuados para la inversión. Es importante disponer de una regulación que entregue reglas claras y transparentes que consoliden la confianza de los agentes del sector.

En Chile, la agenda energética impulsada por el gobierno contempla diversos cambios regulatorios, los que dependiendo de la forma en que se implementen podrían representar una oportunidad o riesgo para la Compañía. Son de especial relevancia los cambios que actualmente se están discutiendo en el Congreso acerca

de (i) la reforma al Código de Aguas, (ii) la ley relativa al fortalecimiento de la regionalización del país, (iii) el proyecto de ley que crea el Ministerio de Pueblos Indígenas, (iv) el proyecto de ley que crea el Consejo Nacional y los Consejos de Pueblos Indígenas y (v) la Ley de Biodiversidad y Áreas Protegidas. Así también son importantes las iniciativas en el sector como (i) definición de los reglamentos necesarios para la correcta aplicación de la nueva Ley de Transmisión Eléctrica ya promulgada, (ii) la definición de la Política Energética a largo plazo para el país (2050) que ya se encuentra en su etapa de difusión, (iii) y el primer Plan de expansión anual de transmisión para el año 2017, entre otras.

En Perú, en el mes de diciembre de 2017, el Ministerio de Energías y Minas aprobó nuevas disposiciones normativas para la declaración del precio del gas (se declarará el precio del gas una vez al año y tiene ahora un precio mínimo de declaración) y solicitó reportar inflexibilidades operativas de las unidades generadoras.

De la calidad de estas nuevas regulaciones y de las señales que por ello entregue la autoridad, dependerá –en buena medida– el necesario y equilibrado desarrollo del mercado eléctrico en los próximos años, tanto en Chile como en Perú.

B.1.7 Riesgo de variación demanda/oferta y de precio de venta de la energía eléctrica

La proyección de demanda de consumo eléctrico futuro es una información muy relevante para la determinación del precio de mercado.

En Chile, un bajo crecimiento de la demanda, una baja en el precio de los combustibles y un aumento en el ingreso de proyectos de energías renovables variables solar y eólica determinaron durante los últimos años una baja en el precio de corto plazo de la energía (costo marginal).

Respecto de los valores de largo plazo, las licitaciones de suministro de clientes regulados concluidas en agosto de 2016 y octubre de 2017 se tradujeron en una baja importante en los precios presentados y adjudicados, reflejando la mayor dinámica competitiva que existe en este mercado y el impacto que está teniendo la irrupción de nuevas tecnologías -solar y eólica fundamentalmente- con una significativa reducción de costos producto de su masificación. Aunque se puede esperar que los factores que gatillan esta dinámica competitiva y tendencia en los precios se mantengan a futuro, es difícil determinar su alcance preciso en los valores de largo plazo de la energía.

Adicionalmente, y dada la diferencia de precios de la energía entre clientes libres y regulados, pudiese ocurrir que ciertos clientes regulados podrían acogerse a régimen de cliente libre. Lo anterior se puede producir dada la opción, contenida en la legislación eléctrica que permite que los clientes con potencia conectada entre 500 kW y 5.000 kW pueden ser categorizados como clientes regulados o libres. Colbún tiene uno de los parques de generación más eficientes del sistema chileno, por lo que tiene la capacidad de ofrecer condiciones competitivas.

En Perú, también se presenta un escenario de desbalance temporal entre oferta y demanda, generado principalmente por el aumento de oferta eficiente (centrales hidroeléctricas y a gas natural).

El crecimiento que se ha observado en el mercado chileno (y potencialmente en el peruano) de fuentes de generación renovables no convencionales como la generación solar y eólica, puede generar costos de integración y por lo tanto afectar las condiciones de operación del resto del sistema eléctrico, sobre todo en ausencia de un mercado de servicios complementarios que remunerare adecuadamente los servicios necesarios para gestionar la variabilidad de las fuentes de generación indicadas.

B.2 Riesgo Financieros

Son aquellos riesgos ligados a la imposibilidad de realizar transacciones o al incumplimiento de obligaciones procedentes de las actividades por falta de fondos, como también a las variaciones de tasas de interés, tipos de cambios, quiebra de contrapartes u otras variables financieras de mercado que puedan afectar patrimonialmente a Colbún.

B.2.1 Riesgo de tipo de cambio

El riesgo de tipo de cambio viene dado principalmente por fluctuaciones de monedas que provienen de dos fuentes. La primera fuente de exposición proviene de flujos correspondientes a ingresos, costos y desembolsos de inversión que están denominados en monedas distintas a la moneda funcional (dólar de los Estados Unidos).

La segunda fuente de riesgo corresponde al descalce contable que existe entre los activos y pasivos del Estado de Situación Financiera denominados en monedas distintas a la moneda funcional.

La exposición a flujos en monedas distintas al dólar se encuentra acotada por tener prácticamente la totalidad de las ventas de la Compañía denominada directamente o con indexación al dólar. Del mismo modo, los principales costos corresponden a compras de petróleo diésel, gas natural y carbón, los que incorporan fórmulas de fijación de precios basados en precios internacionales denominados en dólares. Respecto de los desembolsos en proyectos de inversión, la Compañía incorpora indexadores en sus contratos con proveedores y en ocasiones recurre al uso de derivados para fijar los egresos en monedas distintas al dólar.

La exposición al descalce de cuentas de Balance se encuentra mitigada mediante la aplicación de una Política de descalce máximo entre activos y pasivos para aquellas partidas estructurales denominadas en monedas distintas al dólar. Para efectos de lo anterior, Colbún mantiene una proporción relevante de sus excedentes de caja en dólares y adicionalmente recurre al uso de derivados, siendo los más utilizados swaps de moneda y forwards.

B.2.2 Riesgo de tasa de interés

Se refiere a las variaciones de las tasas de interés que afectan el valor de los flujos futuros referenciados a tasa de interés variable, y a las variaciones en el valor razonable de los activos y pasivos referenciados a tasa de interés fija que son contabilizados a valor razonable. Para mitigar este riesgo se utilizan swaps de tasa de interés fija.

La deuda financiera de la Compañía, incorporando el efecto de los derivados de tasa de interés contratados, presenta el siguiente perfil:

Tabla 13: Perfil de la Deuda Financiera

| Tasa de Interés | Dic-16 | Sep-17 | Dic-17 |
|-----------------|--------|--------|--------|
| Fija | 97% | 100% | 100% |
| Variable | 3% | 0% | 0% |
| Total | 100% | 100% | 100% |

Al 31 de diciembre de 2017, la deuda financiera de la Compañía se encuentra denominada en un 100% a tasa fija.

B.2.3 Riesgo de crédito

La Compañía se ve expuesta a este riesgo derivado de la posibilidad de que una contraparte falle en el cumplimiento de sus obligaciones contractuales y produzca una pérdida económica o financiera. Históricamente todas las contrapartes con las que Colbún ha mantenido compromisos de entrega de energía han hecho frente a los pagos correspondientes de manera correcta.

Con respecto a las colocaciones en Tesorería y derivados que se realizan, Colbún efectúa las transacciones con entidades de elevados ratings crediticios. Adicionalmente, la Compañía ha establecido límites de participación por contraparte, los que son aprobados por el Directorio y revisados periódicamente.

Al 31 de diciembre de 2017, las inversiones de excedentes de caja se encuentran invertidas en fondos mutuos (de filiales bancarias) y en depósitos a plazo en bancos locales e internacionales.

Los primeros corresponden a fondos mutuos de corto plazo, con duración menor a 90 días, conocidos como “money market”.

La información sobre rating crediticio de los clientes se encuentra revelada en la nota 11.b de los Estados Financieros.

B.2.4 Riesgo de liquidez

Este riesgo viene dado por las distintas necesidades de fondos para hacer frente a los compromisos de inversiones y gastos del negocio, vencimientos de deuda, entre otros. Los fondos necesarios para hacer frente a estas salidas de flujo de efectivo se obtienen de los propios recursos generados por la actividad ordinaria de Colbún y por la contratación de líneas de crédito que aseguren fondos suficientes para soportar las necesidades previstas por un período.

Al 31 de diciembre de 2017, Colbún cuenta con excedentes de caja por aproximadamente US\$810 millones, invertidos en Depósitos a Plazo con duración promedio de 97 días (se incluyen depósitos con duración superior a 90 días, estos últimos son registrados como “Otros Activos Financieros Corrientes” en los Estados Financieros Consolidados) y en fondos mutuos de corto plazo con duración menor a 90 días. Asimismo, la Compañía tiene disponibles como fuentes de liquidez adicional al día de hoy: (i) dos líneas de bonos inscritas en el mercado local por un monto conjunto de UF 7 millones, (ii) una línea de efectos de comercio inscrita en el mercado local por UF 2,5 millones y (iii) líneas bancarias no comprometidas por aproximadamente US\$150 millones.

En los próximos doce meses, la Compañía deberá desembolsar aproximadamente US\$139 millones por concepto de intereses y amortizaciones de deuda financiera. Éste remanente de intereses y amortizaciones menores se espera cubrir con la generación propia de flujos de caja.

Al 31 de diciembre de 2017, Colbún cuenta con clasificaciones de riesgo nacional AA- por Fitch Ratings y AA- por Standard & Poor's (S&P), ambas con perspectivas estables. A nivel internacional la clasificación de la Compañía es BBB por Fitch Ratings y BBB por S&P, ambas con perspectivas estables.

Por su parte, Fenix cuenta con clasificaciones de riesgo internacional Baa3 por Moody's, BBB- por Standard & Poor's (S&P) y BBB- por Fitch Ratings, todas con perspectivas estables.

Por lo anteriormente expuesto, se considera que el riesgo de liquidez de la Compañía actualmente es acotado.

Información sobre vencimientos contractuales de los principales pasivos financieros se encuentra revelada en la nota 22.c.1 de los Estados Financieros.

B.2.5 Medición del riesgo

La Compañía realiza periódicamente análisis y mediciones de su exposición a las distintas variables de riesgo, de acuerdo a lo presentado en párrafos anteriores. La gestión de riesgo es realizada por un Comité de Riesgos con el apoyo de la Gerencia de Riesgo Corporativo y en coordinación con las demás divisiones de la Compañía.

Con respecto a los riesgos del negocio, específicamente con aquellos relacionados a las variaciones en los precios de los commodities, Colbún ha implementado medidas mitigatorias consistentes en indexadores en contratos de venta de energía y coberturas con instrumentos derivados para cubrir una posible exposición remanente. Es por esta razón que no se presentan análisis de sensibilidad.

Para la mitigación de los riesgos de fallas en equipos o en la construcción de proyectos, la Compañía cuenta con seguros con cobertura para daño de sus bienes físicos, perjuicios por paralización y pérdida de beneficio por atraso en la puesta en servicio de un proyecto. Se considera que este riesgo está razonablemente acotado.

Con respecto a los riesgos financieros, para efectos de medir su exposición, Colbún elabora análisis de sensibilidad y valor en riesgo con el objetivo de monitorear las posibles pérdidas asumidas por la Compañía en caso que la exposición exista.

El riesgo de tipo de cambio se considera acotado por cuanto los principales flujos de la Compañía (ingresos, costos y desembolsos de proyectos) se encuentran denominada directamente o con indexación al dólar.

La exposición al descalce de cuentas contables se encuentra mitigada mediante la aplicación de una política de descalce máximo entre activos y pasivos para aquellas partidas estructurales denominadas en monedas distintas al dólar. En base a lo anterior, al 31 de diciembre de 2017 la exposición de la Compañía frente a este riesgo se traduce en un potencial impacto de aproximadamente US\$1,8 millones por diferencia de tipo de cambio, en términos trimestrales, en base a un análisis de sensibilidad al 95% de confianza.

No existe riesgo de variación de tasas de interés, ya que el 100% de la deuda financiera se encuentra contratada a tasa fija.

El riesgo de crédito se encuentra acotado por cuanto Colbún opera únicamente con contrapartes bancarias locales e internacionales de alto nivel crediticio y ha establecido políticas de exposición máxima por contraparte que limitan la concentración específica con estas instituciones. En el caso de los bancos, las instituciones locales tienen clasificación de riesgo local igual o superior a BBB+ y las entidades extranjeras tienen clasificación de riesgo internacional grado de inversión. Al cierre del período, la institución financiera que concentra la mayor participación de excedentes de caja alcanza un 24%. Respecto de los derivados existentes, las contrapartes

internacionales de la Compañía tienen riesgo equivalente a BBB+ o superior y las contrapartes nacionales tienen clasificación local BBB+ o superior. Cabe destacar que en derivados ninguna contraparte concentra más del 27% en términos de notional.

El riesgo de liquidez se considera bajo en virtud de la relevante posición de caja de la Compañía, la cuantía de obligaciones financieras en los próximos doce meses y el acceso a fuentes de financiamiento adicionales.

El riesgo de liquidez se considera bajo en virtud de la relevante posición de caja de la Compañía, la cuantía de obligaciones financieras en los próximos doce meses y el acceso a fuentes de financiamiento adicionales, entre las que se cuentan líneas comprometidas y no comprometidas de financiamiento.

Estados Financieros Resumidos Filiales

Colbún Transmisión S.A.

Termoeléctrica Antilhue S.A.

Empresa Eléctrica Industrial S.A.

Sociedad Hidroeléctrica Melocotón Ltda.

Termoeléctrica Nehuenco S.A.

Río Tranquilo S.A.

Inversiones Andinas SpA.

Inversiones SUD SpA.

Colbún Desarrollo SpA.

Colbún Perú S.A.

Fenix Power Perú S.A.

Inversiones las Canteras S.A.

COLBÚN TRANSMISIÓN S.A**ESTADO DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 632 | 112 |
| Otros activos no financieros, corrientes | 257 | 35 |
| Deudores comerciales y otras cuentas por cobrar, corrientes | 2.860 | 2.321 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 7 | 7 |
| Activos por impuesto corrientes | 673 | 673 |
| Activos corrientes totales | 4.429 | 3.148 |
| Activos no corrientes | | |
| Activos intangibles distintos de la plusvalía | 14.368 | 14.164 |
| Propiedades, planta y equipos | 107.260 | 82.567 |
| Total activos no corrientes | 121.628 | 96.731 |
| TOTAL DE ACTIVOS | 126.057 | 99.879 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 3.136 | 602 |
| Cuentas por pagar a entidades relacionadas, corrientes | 11.542 | 11.008 |
| Pasivos por impuestos, corrientes | 346 | 1.883 |
| Otros pasivos no financieros | 987 | 586 |
| Pasivos corrientes totales | 16.011 | 14.079 |
| Pasivos no corrientes | | |
| Pasivos por impuestos diferidos | 23.033 | 20.576 |
| Total pasivos no corrientes | 23.033 | 20.576 |
| Total pasivos | 39.044 | 34.655 |
| Patrimonio | | |
| Capital emitido | 28.891 | 20.503 |
| Ganancias (pérdidas) acumuladas | 726 | (7.821) |
| Otras reservas | 57.396 | 52.542 |
| Patrimonio Total | 87.013 | 65.224 |
| TOTAL PATRIMONIO Y PASIVOS | 126.057 | 99.879 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 29.546 | 25.562 |
| Materias primas y consumibles utilizados | (1.728) | (850) |
| Gastos por depreciación y amortización | (6.279) | (5.159) |
| Otros gastos, por naturaleza | (442) | (461) |
| Otras ganancias (pérdidas) | 61 | 5 |
| Ganancia (pérdida) de actividades operacionales | 21.158 | 19.097 |
| Costos financieros | (1) | (1) |
| Diferencias de cambio | 106 | 41 |
| Ganancia (pérdida) antes de impuesto | 21.263 | 19.138 |
| Gasto por impuesto a las ganancias | (5.708) | (4.241) |
| Ganancia (pérdida) de actividades continuadas | 15.555 | 14.897 |
| GANANCIA (PÉRDIDA) | 15.555 | 14.897 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 15.555 | 14.897 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - |
| Impuesto a las ganancias relacionado con componentes de otro resultado integral | - | - |
| Otro resultado integral total | - | - |
| RESULTADO INTEGRAL TOTAL | 15.555 | 14.897 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 35.160 | 30.671 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (1.656) | (1.141) |
| Otros pagos por actividades de operación | (3.943) | (4.448) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | 29.561 | 25.082 |
| Impuestos a las ganancias reembolsados (pagados) | (7.715) | (3.457) |
| Otras entradas (salidas) de efectivo | (1) | (2) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 21.845 | 21.623 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | | |
| Compras de propiedades, plantas y equipos | (10.334) | (454) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (10.334) | (454) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Importes precedentes en préstamos | | 24.363 |
| Préstamos de entidades relacionadas | - | 24.363 |
| Pagos de entidades relacionadas | - | - |
| Dividendos pagados | (11.000) | (45.462) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (11.000) | (21.099) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 511 | 70 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | - |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | 9 | 14 |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 520 | 84 |
| Efectivo y equivalentes al efectivo al principio del período | 112 | 28 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 632 | 112 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Otras Reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|--------------------------|-------------------------|--|---------------------------|
| Saldo inicial al 01/01/2017 | 20.503 | 52.542 | (7.821) | 65.224 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 15.555 | 15.555 |
| Otro resultado integral | | - | - | - |
| Emisiones de Patrimonio | - | | - | - |
| Dividendos | | | (11.000) | (11.000) |
| Incremento (disminución) por transferencias y otros cambios | 8.388 | 4.854 | 3.992 | 17.234 |
| Total de cambios en patrimonio | 8.388 | 4.854 | 8.547 | 21.789 |
| SALDO FINAL AL 31/12/2017 | 28.891 | 57.396 | 726 | 87.013 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Otras Reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|----------------------|---------------------------------------|------------------------|
| Saldo inicial al 01/01/2016 | 20.503 | | 72.684 | 93.187 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 14.897 | 14.897 |
| Otro resultado integral | | | - | - |
| Emisiones de Patrimonio | - | | - | - |
| Dividendos | | | (42.860) | (42.860) |
| Incremento (disminución) por transferencias y otros cambios | - | 52.542 | (52.542) | - |
| Total de cambios en patrimonio | - | | (27.963) | (27.963) |
| SALDO FINAL AL 31/12/2016 | 20.503 | | 44.721 | 65.224 |

Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|-------------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017MU S\$ | 31.12.2016MU S\$ |
| 76.293.900-2 | Río Tranquilo S.A | Chile | Grupo empresarial común | Pesos | 7 | 7 |
| Total | | | | Pesos | 7 | 7 |

Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017MU S\$ | 31.12.2016MU S\$ |
| 96.505.760-9 | Colbún S.A | Chile | Controlador | Pesos | 11.542 | 11.008 |
| Total | | | | Pesos | 11.542 | 11.008 |

Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|--------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Controlador | UF | Servicios recibidos | 333 | (280) | 247 | (208) |
| | | | | | Arriendos | 266 | (224) | 832 | 699 |
| | | | | Pesos | Venta peajes | 10.474 | 8.802 | 8.014 | 6.734 |
| | | | | | Compra peajes | 114 | (101) | 457 | (384) |
| | | | | Dólares | Aporte capital | 8.388 | - | - | - |
| | | | | | Dividendos | 11.000 | - | 42.860 | - |
| 97.080.000-k | Banco Bice | Chile | Director Común | Pesos | Gastos por servicios recibidos | - | - | 28 | (24) |

TERMOELÉCTRICA ANTILHUE S.A**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--------------------------------------|---|---|
| Activos corrientes | | |
| Activos por impuesto | 253 | 164 |
| Activos corrientes totales | 253 | 164 |
| Activos no corrientes | | |
| Propiedad, planta y equipos | 32.976 | 41.048 |
| Activos no corrientes totales | 32.976 | 41.048 |
| TOTAL DE ACTIVOS | 33.229 | 41.212 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 2 | 1 |
| Otras provisiones, corrientes | 3.063 | 1.224 |
| Otros pasivos no financieros | 152 | 93 |
| Pasivos corrientes totales | 3.217 | 1.318 |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 9.029 | 10.484 |
| Otras provisiones, no corrientes | 959 | - |
| Pasivos por impuestos diferidos | 6.316 | 8.396 |
| Total pasivos no corrientes | 16.304 | 18.880 |
| Total pasivos | 19.521 | 20.198 |
| Patrimonio | | |
| Capital emitido | 3.332 | 3.332 |
| Ganancias (pérdidas) acumuladas | 10.329 | 17.635 |
| Otras reservas | 47 | 47 |
| Patrimonio Total | 13.708 | 21.014 |
| TOTAL PATRIMONIO Y PASIVOS | 33.229 | 41.212 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|--------------------------|-----------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 4.400 | 4.800 |
| Materias primas y consumibles utilizados | (114) | (109) |
| Gastos por depreciación y amortización | (9.031) | (2.408) |
| Otros gastos, por naturaleza | (21) | (14) |
| Ingresos financieros | (4.766) | 2.269 |
| Diferencias de cambio | (19) | 7 |
| Ganancia (pérdida) antes de impuesto | (4.785) | 2.276 |
| Gasto por impuesto a las ganancias | (520) | (873) |
| Ganancia (pérdida) de actividades continuadas | (5.305) | 1.403 |
| GANANCIA (PÉRDIDA) | (5.305) | 1.403 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | (5.305) | 1.403 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - |
| RESULTADO INTEGRAL TOTAL | (5.305) | 1.403 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 5.236 | 5.712 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (28) | (35) |
| Otros pagos por actividades de operación | (831) | (896) |
| Dividendos recibidos | - | - |
| Impuestos a las ganancias reembolsados (pagados) | (871) | (1.540) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | 3.506 | 3.241 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Préstamos a entidades relacionadas | - | - |
| Otras entradas (salidas) de efectivo | - | 118 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | 118 |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | - | 775 |
| Pagos de entidades relacionadas | (1.506) | |
| Dividendos pagados | (2.000) | (4.134) |
| Flujos de efectivo neto procedentes de (utilizados en) actividades de financiación | (3.506) | (3.359) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | - |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | - |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | - |
| Efectivo y equivalentes al efectivo al principio del período | - | - |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | - | - |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|--------------------------|----------------------------------|--|------------------------------|
| | | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2017 | 3.332 | 47 | 17.635 | 21.014 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | (5.305) | (5.305) |
| Otro resultado integral | | | | - |
| Dividendos | | | (2.001) | (2.001) |
| Incremento (disminución) por transferencias y otros cambios | - | - | - | - |
| Total de cambios en patrimonio | | | (7.306) | (7.306) |
| SALDO FINAL AL 31/12/2017 | 3.332 | 47 | 10.329 | 13.708 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|----------------------------|---------------------------------------|------------------------|
| | | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2016 | 3.332 | 47 | 20.366 | 23.745 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 1.403 | 1.403 |
| Otro resultado integral | | | | - |
| Dividendos | | | (4.134) | (4.134) |
| Incremento (disminución) por transferencias y otros cambios | - | - | - | - |
| Total de cambios en patrimonio | | | (2.731) | (2.731) |
| SALDO FINAL AL 31/12/2016 | 3.332 | 47 | 17.635 | 21.014 |

Transacciones entre partes relacionadas

a) Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | No Corriente | |
|--------------|------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | Pesos | 9.029 | 10.484 |
| Total | | | | Pesos | 9.029 | 10.484 |

b) Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|---|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | UF | Servicios de Administración (Back Office) | (118) | (99) | (111) | (93) |
| | | | | | Arriendo de terreno | (8) | (8) | (4) | (4) |
| | | | | Dólar | Arrendamiento de Central Antihue | 5.236 | 4.400 | 5.712 | 4.800 |
| | | | | | Dividendo Declarado | 2.000 | - | 4.134 | - |

EMPRESA ELÉCTRICA INDUSTRIAL S.A.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 7 | 37 |
| Otros activos no financieros | 63 | 98 |
| Deudores comerciales y otras cuentas por cobrar | 285 | 6 |
| Inventarios | 853 | 585 |
| Activos por impuesto | 394 | 85 |
| Activos corrientes totales | 1.602 | 811 |
| Activos no corrientes | | |
| Cuentas por cobrar a entidades relacionadas | 246 | 263 |
| Inversiones contabilizadas utilizando el método de la participación | 9 | 6 |
| Activos intangibles distintos de la plusvalía | 2 | 2 |
| Propiedades, planta y equipos | 17.744 | 14.590 |
| Total activos no corrientes | 18.001 | 14.861 |
| TOTAL DE ACTIVOS | 19.603 | 15.672 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 815 | 585 |
| Cuentas por pagar a entidades relacionadas | - | 5 |
| Otras provisiones | 200 | 2.703 |
| Pasivos por impuestos, corrientes | - | 129 |
| Provisiones por beneficios a los empleados, corrientes | 238 | 179 |
| Otros pasivos no financieros | 98 | 84 |
| Pasivos corrientes totales | 1.351 | 3.685 |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 11.601 | 7.880 |
| Pasivos por impuestos diferidos | 405 | 383 |
| Provisiones por beneficios a los empleados, no corrientes | 699 | 570 |
| Total pasivos no corrientes | 12.705 | 8.833 |
| Total pasivos | 14.056 | 12.518 |
| Capital emitido | 3680 | 3.680 |
| Ganancias (pérdidas) acumuladas | 2.757 | 364 |
| Otras reservas | (890) | (890) |
| Patrimonio Total | 5.547 | 3.154 |
| TOTAL PATRIMONIO Y PASIVOS | 19.603 | 15.672 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 5.615 | 6.077 |
| Materias primas y consumibles utilizados | (1.884) | (1.493) |
| Gastos por beneficios a los empleados | (1.484) | (1.319) |
| Gastos por depreciación y amortización | (751) | (414) |
| Otros gastos, por naturaleza | (221) | (17) |
| Otras ganancias (pérdidas) | 307 | (9) |
| Ganancia (pérdida) de actividades operacionales | 1.582 | 2.825 |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación | 3 | 2 |
| Diferencias de cambio | (74) | (135) |
| Ganancia (pérdida) antes de impuesto | 1.511 | 2.692 |
| Gasto por impuesto a las ganancias | 924 | (1.389) |
| Ganancia (pérdida) de actividades continuadas | 2.435 | 1.303 |
| GANANCIA (PÉRDIDA) | 2.435 | 1.303 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 2.435 | 1.303 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) actuariales por planes de beneficios definidos | (58) | (60) |
| Otros componentes de otro resultado integral, antes de impuestos | (58) | (60) |
| Impuesto a las ganancias relacionado con componentes de otro resultado integral | | |
| Impuesto a las ganancias relacionado con planes de beneficios definidos | 16 | 16 |
| Resultado integral | (42) | (44) |
| RESULTADO INTEGRAL TOTAL | 2.393 | 1.259 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|-------------------------------------|-------------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 6.682 | 7.231 |
| Otros cobros por actividades de operación | 180 | - |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (2.371) | (1.396) |
| Pagos a y por cuenta de los empleados | (1.417) | (1.257) |
| Otros pagos por actividades de operación | (154) | (565) |
| Impuestos a las ganancias reembolsados (pagados) | (1.658) | (979) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | 1.262 | 3.034 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Compras de propiedades, plantas y equipos | (4.453) | (2.723) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (4.453) | (2.723) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | 3.157 | (293) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | 3.157 | (293) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | (34) | 18 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | 4 | 2 |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | (30) | 20 |
| Efectivo y equivalentes al efectivo al principio del período | 37 | 17 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 7 | 37 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Cambios en otras reservas | | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|----------------------------------|--|--|---------------------------------------|--|-------------------------------|
| | Capital emitido MUS\$ | Otras reservas varias MUS\$ | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2017 | 3.680 | (890) | - | (890) | 364 | 3.154 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 2.435 | 2.435 |
| Otro resultado integral | | - | (42) | (42) | | (42) |
| Dividendos | | | | | - | - |
| Incremento (disminución) por transferencias y otros cambios | | | 42 | 42 | (42) | - |
| Total de cambios en patrimonio | - | - | - | - | 2.393 | 2.393 |
| SALDO FINAL AL 31/12/2017 | 3.680 | (890) | - | (890) | 2.757 | 5.547 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Cambios en otras reservas | | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|---------------------------|-----------------------------|---|----------------------------|---------------------------------------|------------------------|
| | Capital emitido MUS\$ | Otras reservas varias MUS\$ | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2016 | 3.680 | (890) | - | (890) | (895) | 1.895 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 1.303 | 1.303 |
| Otro resultado integral | | - | (44) | (44) | | (44) |
| Dividendos | | | | | - | - |
| Incremento (disminución) por transferencias y otros cambios | | | 44 | 44 | (44) | - |
| Total de cambios en patrimonio | - | - | - | - | 1.259 | 1.259 |
| SALDO FINAL AL 31/12/2016 | 3.680 | (890) | - | (890) | 364 | 3.154 |

Transacciones entre partes relacionadas

a. Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | No Corriente | |
|--------------|-------------------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.853.150-6 | Papeles Cordillera S.A. | Chile | Grupo empresarial común | Pesos | 246 | 263 |
| Total | | | | | 246 | 263 |

b. Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | | No Corriente | |
|--------------|-------------------------------|----------------|---------------------------|----------------|------------------|------------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Pesos | - | - | 11.601 | 7.880 |
| 96.565.580-8 | Cía. Leasing Tatterasall S.A. | Chile | Director Común | Pesos | - | 5 | - | - |
| Total | | | | | - | 5 | 11.601 | 7.880 |

c. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|---|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | UF | Servicios de Administración (Back Office) | 298 | (250) | 280 | (235) |
| | | | | Pesos | Venta de energía potencia y peajes | 6.682 | 5.615 | 7.232 | 6.077 |
| | | | | Pesos | Arriendo terreno y uso instalaciones | 42 | (35) | 42 | (35) |

SOCIEDAD HIDROELÉCTRICA MELOCOTÓN LTDA.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalente al efectivo | 3 | 3 |
| Deudores comerciales y otras cuentas por cobrar, corrientes | 743 | 682 |
| Activos corrientes totales | 746 | 685 |
| Activos no corrientes | | |
| Otros activos no financieros | 541 | 1.333 |
| Cuentas por cobrar a entidades relacionadas, no corrientes | 5.568 | 2.225 |
| Activos intangibles distintos de la plusvalía | 2.482 | 2.482 |
| Total activos no corrientes | 8.591 | 6.040 |
| TOTAL DE ACTIVOS | 9.337 | 6.725 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 1 | 1 |
| Pasivos por impuestos, corrientes | 47 | 90 |
| Otros pasivos no financieros, corrientes | - | 57 |
| Pasivos corrientes totales | 48 | 148 |
| Pasivos no corrientes | | |
| Pasivos por impuestos diferidos | 144 | 146 |
| Total pasivos no corrientes | 144 | 146 |
| Total pasivos | 192 | 294 |
| Patrimonio | | |
| Capital emitido | 1.114 | 1.114 |
| Ganancias (pérdidas) acumuladas | 6.426 | 3.712 |
| Otras reservas | 1.605 | 1.605 |
| Patrimonio Total | 9.145 | 6.431 |
| TOTAL PATRIMONIO Y PASIVOS | 9.337 | 6.725 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|--------------------------|-----------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 3.504 | 3.212 |
| Otros gastos, por naturaleza | (5) | (4) |
| Otras ganancias (pérdidas) | - | (57) |
| Ganancia (pérdida) de actividades operacionales | 3.499 | 3.151 |
| Diferencias de cambio | 136 | 150 |
| Ganancia (pérdida) antes de impuesto | 3.635 | 3.301 |
| Gasto por impuesto a las ganancias | (921) | (808) |
| Ganancia (pérdida) de actividades continuadas | 2.714 | 2.493 |
| GANANCIA (PÉRDIDA) | 2.714 | 2.493 |
| Ganancia (pérdida) atribuible a | | |
| GANANCIA (PÉRDIDA) | 2.714 | 2.493 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 2.714 | 2.493 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - |
| RESULTADO INTEGRAL TOTAL | 2.714 | 2.493 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2016 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 3.504 | 3.212 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (76) | (4) |
| Impuestos a las ganancias reembolsados (pagados) | (86) | (424) |
| Otras entradas (salidas) de efectivo | - | (688) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 3.342 | 2.096 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | (3.342) | (2.096) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (3.342) | (2.096) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | 3 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | (3) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | - |
| Efectivo y equivalentes al efectivo al principio del período | 3 | 3 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 3 | 3 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | | Patrimonio total MUS\$ |
|-------------------------------------|--------------------------|--------------------------------|---|---------------------------|
| | | Otras reservas varias MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | |
| Saldo inicial al 01/01/2017 | 1.114 | 1.605 | 3.712 | 6.431 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 2.714 | 2.714 |
| Total de cambios en patrimonio | - | - | 2.714 | 2.714 |
| SALDO FINAL AL 31/12/2017 | 1.114 | 1.605 | 6.426 | 9.145 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | | Patrimonio total MUS\$ |
|-------------------------------------|-----------------------|-----------------------------|---------------------------------------|------------------------|
| | | Otras reservas varias MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | |
| Saldo inicial al 01/01/2016 | 1.114 | 1.605 | 1.219 | 3.938 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 2.493 | 2.493 |
| Total de cambios en patrimonio | - | - | 2.493 | 2.493 |
| SALDO FINAL AL 31/12/2016 | 1.114 | 1.605 | 3.712 | 6.431 |

Transacciones entre partes relacionadas

a. Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | No Corriente | |
|--------------|------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | Pesos | 5.568 | 2.225 |
| Total | | | | | 5.568 | 2.225 |

b. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|--------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | UF | Arrendamiento derechos de agua | 3.504 | 3.504 | 3.212 | 3.212 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 2.714 | 2.493 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - |
| RESULTADO INTEGRAL TOTAL | 2.714 | 2.493 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2016 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 3.504 | 3.212 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (76) | (4) |
| Impuestos a las ganancias reembolsados (pagados) | (86) | (424) |
| Otras entradas (salidas) de efectivo | - | (688) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 3.342 | 2.096 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | (3.342) | (2.096) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (3.342) | (2.096) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | 3 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | (3) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | - |
| Efectivo y equivalentes al efectivo al principio del período | 3 | 3 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 3 | 3 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | | Patrimonio total MUS\$ |
|-------------------------------------|--------------------------|--------------------------------|---|---------------------------|
| | | Otras reservas varias MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | |
| Saldo inicial al 01/01/2017 | 1.114 | 1.605 | 3.712 | 6.431 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 2.714 | 2.714 |
| Total de cambios en patrimonio | - | - | 2.714 | 2.714 |
| SALDO FINAL AL 31/12/2017 | 1.114 | 1.605 | 6.426 | 9.145 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|---------------------------|-----------------------------|---------------------------------------|------------------------|
| | Capital emitido MUS\$ | Otras reservas varias MUS\$ | | |
| Saldo inicial al 01/01/2016 | 1.114 | 1.605 | 1.219 | 3.938 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 2.493 | 2.493 |
| Total de cambios en patrimonio | - | - | 2.493 | 2.493 |
| SALDO FINAL AL 31/12/2016 | 1.114 | 1.605 | 3.712 | 6.431 |

Transacciones entre partes relacionadas

a. Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | No Corriente | |
|--------------|------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | Pesos | 5.568 | 2.225 |
| Total | | | | | 5.568 | 2.225 |

b. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|--------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | UF | Arrendamiento derechos de agua | 3.504 | 3.504 | 3.212 | 3.212 |

TERMOELÉCTRICA NEHUENCO S.A.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| Activos | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 7 | 13 |
| Otros activos no financieros, corrientes | - | 3 |
| Deudores comerciales y otras cuentas por cobrar | 123 | 89 |
| Inventarios | 132 | 155 |
| Activos por impuestos corrientes | 5 | 5 |
| Activos corrientes totales | 267 | 265 |
| Activos no corrientes | | |
| Activos por impuestos diferidos | 3.992 | 4.345 |
| Total activos no corrientes | 3.992 | 4.345 |
| TOTAL DE ACTIVOS | 4.259 | 4.610 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 326 | 792 |
| Cuentas por pagar a entidades relacionadas | - | 13 |
| Provisiones por beneficios a los empleados, corrientes | 1.058 | 920 |
| Otros pasivos no financieros | 236 | 278 |
| Pasivos corrientes totales | 1.620 | 2.003 |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 15.709 | 16.990 |
| Provisiones por beneficios a los empleados, no corrientes | 3.319 | 3.012 |
| Total pasivos no corrientes | 19.028 | 20.002 |
| Total pasivos | 20.648 | 22.005 |
| Patrimonio | | |
| Capital emitido | 212 | 212 |
| Ganancias (pérdidas) acumuladas | (16.469) | (17.475) |
| Otras reservas | (132) | (132) |
| Patrimonio Total | (16.389) | (17.395) |
| TOTAL PATRIMONIO Y PASIVOS | 4.259 | 4.610 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 8.311 | 8.278 |
| Materias primas y consumibles utilizados | (1.060) | (1.701) |
| Gastos por beneficio a los empleados | (5.612) | (5.810) |
| Otros gastos, por naturaleza | (5) | (4) |
| Otras ganancias (pérdidas) | (5) | 8 |
| Ganancia (pérdida) de actividades operacionales | 1.629 | 771 |
| Diferencias de cambio | (397) | (152) |
| Ganancia (pérdida) antes de impuesto | 1.232 | 619 |
| Gasto por impuesto a las ganancias | (319) | (187) |
| Ganancia (pérdida) de actividades continuadas | 913 | 432 |
| GANANCIA (PÉRDIDA) | 913 | 432 |
| Ganancia (pérdida) atribuible a | | |
| GANANCIA (PÉRDIDA) | 913 | 432 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 913 | 432 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) actuariales por planes de beneficios definidos | 128 | (306) |
| Otros componentes de otro resultado integral, antes de impuestos | 128 | (306) |
| Impuesto a las ganancias relativos a componentes de Otro Resultado Integral | | |
| Impuesto a las ganancias relacionado con planes de beneficios definidos | (35) | 83 |
| Resultado integral total | 93 | (223) |
| RESULTADO INTEGRAL TOTAL | 1.006 | 209 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 9.890 | 9.850 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (1.366) | (1.607) |
| Pagos a y por cuenta de los empleados | (5.290) | (5.345) |
| Otros pagos por actividades de operación | (1.725) | (1.441) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 1.509 | 1.457 |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | (1.502) | (1.444) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (1.502) | (1.444) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 7 | 13 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 7 | 13 |
| Efectivo y equivalentes al efectivo al principio del período | - | - |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 7 | 13 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO NETO | Capital emitido MUS\$ | Cambios en otras reservas | | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|-----------------------------|----------|---|----------------------------|---------------------------------------|------------------------|
| | | Otras reservas varias MUS\$ | | | | | |
| Saldo inicial al 01/01/2017 | 212 | (132) | - | - | (132) | (17.475) | (17.395) |
| Cambios en patrimonio | | | | | | | |
| Resultado integral | | | | | | | |
| Ganancia (pérdida) | | | | | | 913 | 913 |
| Otro resultado integral | | - | 93 | 93 | 93 | | 93 |
| Incremento (disminución) por transferencias y otros cambios | - | - | (93) | (93) | (93) | 93 | - |
| Total de cambios en patrimonio | - | - | - | - | - | 1.006 | 1.006 |
| SALDO FINAL AL 31/12/2017 | 212 | (132) | - | - | (132) | (16.469) | (16.389) |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO NETO | Capital emitido MUS\$ | Cambios en otras reservas | | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|-----------------------------|----------|---|----------------------------|---------------------------------------|------------------------|
| | | Otras reservas varias MUS\$ | | | | | |
| Saldo inicial al 01/01/2016 | 212 | (132) | - | - | (132) | (17.684) | (17.604) |
| Cambios en patrimonio | | | | | | | |
| Resultado integral | | | | | | | |
| Ganancia (pérdida) | | | | | | 432 | 432 |
| Otro resultado integral | | - | (223) | (223) | (223) | | (223) |
| Incremento (disminución) por transferencias y otros cambios | - | - | 223 | 223 | 223 | (223) | - |
| Total de cambios en patrimonio | - | - | - | - | - | 209 | 209 |
| SALDO FINAL AL 31/12/2016 | 212 | (132) | - | - | (132) | (17.475) | (17.395) |

Transacciones entre partes relacionadas

c. Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | | No Corriente | |
|--------------|-------------------------------|----------------|---------------------------|----------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.565.580-8 | Cía. Leasing Tatterasall S.A. | Chile | Director Común | Pesos | - | 13 | - | - |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | Pesos | - | - | 15.709 | 16.990 |
| Total | | | | | - | 13 | 15.709 | 16.990 |

d. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|-------------|----------------|---------------------------|----------------|---|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | UF | Servicios de Administración (Back Office) | 251 | (250) | 278 | (234) |
| | | | | | Servicio de Administración Mantenimiento y Operación Central Nehuenco | 9.889 | 8.311 | 9.850 | 8.277 |

RIO TRANQUILO S.A.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| Activos | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes a efectivo | 2 | 2 |
| Otros activos no financieros | 277 | 256 |
| Deudores comerciales y otras cuentas por cobrar | 21 | - |
| Inventarios | 1.360 | 1.331 |
| Activos por impuestos corrientes | 558 | - |
| Activos corrientes totales | 2.218 | 1.589 |
| Activos no corrientes | | |
| Activos intangibles distintos a la plusvalía | 82 | 82 |
| Propiedades, plantas y equipos | 46.819 | 46.921 |
| Activos no corrientes totales | 46.901 | 47.003 |
| TOTAL DE ACTIVOS | 49.119 | 48.592 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 359 | 221 |
| Cuentas por pagar a entidades relacionadas | 7 | 7 |
| Pasivos por impuestos | - | 1.430 |
| Otros pasivos no financieros | 697 | 1.339 |
| Pasivos corrientes totales | 1.063 | 2.997 |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas, no corrientes | 8.915 | 4.997 |
| Otras provisiones, no corrientes | 253 | - |
| Pasivos por impuestos diferidos | 10.642 | 10.162 |
| Pasivos no corrientes totales | 19.810 | 15.159 |
| Total pasivos | 20.873 | 18.156 |
| Patrimonio | | |
| Capital emitido | 64 | 64 |
| Ganancias (pérdidas) acumuladas | 28.166 | 30.356 |
| Otras reservas | 16 | 16 |
| Patrimonio Total | 28.246 | 30.436 |
| TOTAL PATRIMONIO Y PASIVOS | 49.119 | 48.592 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 16.760 | 21.330 |
| Materias primas y consumibles utilizados | (1.857) | (1.606) |
| Gastos por depreciación y amortización | (1.110) | (5.240) |
| Otros gastos, por naturaleza | (20) | (19) |
| Otras ganancias (pérdidas) | 155 | 30 |
| Ganancia (pérdida) de actividades operacionales | 13.928 | 14.495 |
| Diferencias de cambio | (26) | 17 |
| Ganancia (pérdida) antes de impuesto | 13.902 | 14.512 |
| Gasto por impuesto a las ganancias | (4.092) | (2.985) |
| Ganancia (pérdida) de actividades continuadas | 9.810 | 11.527 |
| GANANCIA (PÉRDIDA) | 9.810 | 11.527 |
| Ganancia (pérdida) atribuible a | | |
| GANANCIA (PÉRDIDA) | 9.810 | 11.527 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 9.810 | 11.527 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - |
| Resultado integral total | 9.810 | 11.527 |
| RESULTADO INTEGRAL TOTAL | 9.810 | 11.527 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|--------------------------------|
| | Flujos de efectivo procedentes de (utilizados en) actividades de operación | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 19.945 | 25.383 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (1.196) | (1.222) |
| Otros pagos por actividades de operación | (2.933) | (3.631) |
| Impuestos a las ganancias reembolsados (pagados) | (4.239) | (4.953) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 11.577 | 15.577 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Compras de propiedades, plantas y equipos | (751) | (849) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (751) | (849) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Préstamos de entidades relacionadas | 1.174 | 10.883 |
| Dividendos pagados | (12.000) | (25.610) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (10.826) | (14.727) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | 1 |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | (1) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | - |
| Efectivo y equivalentes al efectivo al principio del período | 2 | 2 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 2 | 2 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | otras reservas | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|---|---------------------------------------|------------------------|
| | | Reservas por diferencias de cambio por conversión MUS\$ | | |
| Saldo inicial al 01/01/2017 | 64 | 16 | 30.356 | 30.436 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 9.810 | 9.810 |
| Dividendos | | | (12.000) | (12.000) |
| Incremento (disminución) por transferencias y otros cambios | - | - | - | - |
| Total de cambios en patrimonio | - | - | (2.190) | (2.190) |
| SALDO FINAL AL 31/12/2017 | 64 | 16 | 28.166 | 28.246 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Cambios en otras reservas | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|---|---------------------------------------|------------------------|
| | | Reservas por diferencias de cambio por conversión MUS\$ | | |
| Saldo inicial al 01/01/2016 | 64 | 16 | 44.439 | 44.519 |
| Cambios en patrimonio | | | | |
| Resultado integral | | | | |
| Ganancia (pérdida) | | | 11.527 | 11.527 |
| Dividendos | | | (25.610) | (25.610) |
| Incremento (disminución) por transferencias y otros cambios | - | - | - | - |
| Total de cambios en patrimonio | - | - | (14.083) | (14.083) |
| SALDO FINAL AL 31/12/2016 | 64 | 16 | 30.356 | 30.436 |

Transacciones entre empresas relacionadas

a. Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | | No Corriente | |
|--------------|-------------------------|----------------|---------------------------|----------------|------------------|------------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 76.218.856-2 | Colbún Transmisión S.A. | Chile | Matriz común | Pesos | 7 | 7 | - | - |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Pesos | - | - | 8.915 | 4.997 |
| Total | | | | | 7 | 7 | 8.915 | 4.997 |

b. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|------------|----------------|---------------------------|----------------|--|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A | Chile | Matriz | UF | Servicios de Administración (Back Office) | 299 | 251 | 278 | (234) |
| | | | | UF | Servicio de Supervisión y Operación Central Hornitos | 118 | 99 | 114 | (96) |
| | | | | Pesos | Venta de Energía, Potencia y Peajes | 19.945 | 16.761 | 25.383 | 21.330 |
| | | | | Dólar | Dividendo declarado | 12.000 | - | 25.610 | - |

INVERSIONES ANDINAS SPA**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Cuentas por cobrar entidades relacionadas | 10 | 10 |
| Activos corrientes totales | 10 | 10 |
| TOTAL DE ACTIVOS | 10 | 10 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|-----------------------------------|---|---|
| Capital emitido | 10 | 10 |
| Patrimonio Total | 10 | 10 |
| TOTAL PATRIMONIO Y PASIVOS | 10 | 10 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | - | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Préstamos a entidades relacionadas | - | (10) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | (10) |
| Importes procedentes de la emisión de acciones | - | 10 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | - | 10 |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | - |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | - |
| Efectivo y equivalente al efectivo al principio del período | - | - |
| EFFECTIVO Y EQUIVALENTE AL EFFECTIVO AL FINAL DEL PERÍODO | - | - |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|----------------------------------|--|-----------------------------------|
| Saldo inicial al 01/01/2017 | 10 | - | 10 |
| Cambios en patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | | |
| Total de cambios en patrimonio | | | |
| SALDO FINAL AL 31/12/2017 | 10 | - | 10 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|-----------------------|---------------------------------------|------------------------|
| Saldo inicial al 01/01/2016 | 10 | - | 10 |
| Cambios en patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | | |
| Total de cambios en patrimonio | | | |
| SALDO FINAL AL 31/12/2016 | 10 | - | 10 |

Transacciones entre partes relacionadas

a. Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|-------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | USD | 10 | 10 |
| Total | | | | | 10 | 10 |

b. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|-------------|----------------|---------------------------|----------------|--------------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Dólar | Venta emisión acciones de patrimonio | - | - | 10 | - |

INVERSIONES SUD SPA**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 41 | - |
| Otros Activos no financieros, corrientes | 5.360 | - |
| Deudores comerciales y otras cuentas por cobrar, corrientes | 348 | - |
| Cuentas por cobrar entidades relacionadas | - | 10 |
| Activos corrientes totales | 5.749 | 10 |
| Activos no corrientes | | |
| Propiedades, planta y equipos | 2.173 | - |
| Total activos no corrientes | 2.173 | - |
| TOTAL DE ACTIVOS | 7.922 | 10 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | 1.174 | - |
| Pasivos por impuestos | 13 | - |
| Pasivos corrientes totales | 1.187 | - |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 6.686 | - |
| Pasivos no corrientes totales | 6.686 | - |
| Total pasivos | 7.873 | - |
| Patrimonio | | |
| Capital emitido | 10 | 10 |
| Ganancias (pérdidas) acumuladas | 39 | - |
| Patrimonio Total | 49 | 10 |
| TOTAL PATRIMONIO Y PASIVOS | 7.922 | 10 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero – Diciembre | |
|--|--------------------------|-----------------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Costos financieros | (1) | - |
| Diferencias de cambio | 53 | - |
| Ganancia (pérdida) antes de impuesto | 52 | - |
| Gasto por impuesto a las ganancias | (13) | - |
| Ganancia (pérdida) de actividades continuadas | 39 | - |
| GANANCIA (PÉRDIDA) | 39 | - |
| Ganancia (pérdida) atribuible a | 39 | - |
| GANANCIA (PÉRDIDA) | 39 | - |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero – Diciembre | |
|---|-------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Resultado integral atribuible a | 39 | - |
| Resultado integral atribuible a los propietarios de la controladora | 39 | - |
| RESULTADO INTEGRAL TOTAL | 39 | - |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | - |
| Clases de pago | | - |
| Otras entradas (salidas) de efectivo | (4) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | (4) | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | - |
| Compras de propiedades, plantas y equipos | (6.651) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (6.651) | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | - |
| Préstamos de entidades relacionadas | 6.696 | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | 6.696 | - |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 41 | - |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | - |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 41 | - |
| Efectivo y equivalentes al efectivo al principio del período | - | - |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 41 | - |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|--------------------------|---|---------------------------|
| Saldo inicial al 01/01/2017 | 10 | - | 10 |
| Cambios en patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | 39 | 39 |
| Total de cambios en patrimonio | | 39 | 39 |
| SALDO FINAL AL 31/12/2017 | 10 | 39 | 49 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|--------------------------|---|---------------------------|
| Saldo inicial al 01/01/2016 | 10 | - | 10 |
| Cambios en patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | | |
| Total de cambios en patrimonio | | | |
| SALDO FINAL AL 31/12/2016 | 10 | - | 10 |

Transacciones entre partes relacionadas**a. Cuentas por cobrar a entidades relacionadas**

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|-------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Dólar | - | 10 |
| Total | | | | | - | 10 |

b. Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|-------------|----------------|---------------------------|----------------|------------------|------------------|
| | | | | | 31.12.2017 MUS\$ | 31.12.2016 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Dólar | 6.686 | - |
| Total | | | | | 6.686 | - |

c. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|-------------|----------------|---------------------------|----------------|-------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Dólar | Aporte de Capital | - | - | 10 | - |
| | | | | | Préstamo | 6.686 | - | - | - |

COLBÚN DESARROLLO SPA

ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|--------------------------------|--------------------------------|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 10 | 160 |
| Activos corrientes totales | 10 | 160 |
| Activos no corrientes | | |
| Cuentas por cobrar a entidades relacionadas | 150 | - |
| Total activos no corrientes | 150 | - |
| TOTAL DE ACTIVOS | 160 | 160 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|-----------------------------------|--------------------------------|--------------------------------|
| Capital emitido | 160 | 160 |
| Patrimonio Total | 160 | 160 |
| TOTAL PATRIMONIO Y PASIVOS | 160 | 160 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | - | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Préstamos a entidades relacionadas | (150) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (150) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | - | - |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | (150) | - |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | (150) | - |
| Efectivo y equivalente al efectivo al principio del período | 160 | 160 |
| Efectivo y equivalente al efectivo al final del período | 10 | 160 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|--------------------------|---|---------------------------|
| Saldo inicial al 01/01/2017 | 160 | - | 160 |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | | |
| Total de cambios en patrimonio | | | |
| SALDO FINAL AL 31/12/2017 | 160 | - | 160 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|-------------------------------------|-----------------------|---------------------------------------|------------------------|
| Saldo inicial al 01/01/2016 | 160 | - | 160 |
| Resultado integral | | | |
| Emisión de patrimonio | | | |
| Ganancia (pérdida) | | | |
| Total de cambios en patrimonio | | | |
| SALDO FINAL AL 31/12/2016 | 160 | - | 160 |

COLBÚN PERÚ S.A. Y FILIALES

ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|--------------------------------|--------------------------------|
| Activos corrientes | | |
| Efectivo y equivalente al efectivo | 56.488 | 22.609 |
| Otros activos no financieros, corrientes | 1.451 | 980 |
| Deudores comerciales y otras cuentas por cobrar, corrientes | 42.219 | 64.084 |
| Inventarios | 7.720 | 4.832 |
| Activos por impuestos | 6.066 | 4.436 |
| Activos corrientes totales | 113.944 | 96.941 |
| Activos no corrientes | | |
| Otros activos financieros, no corrientes | - | 5.153 |
| Otros activos no financieros, no corrientes | 3.614 | 4.086 |
| Activos intangibles distintos de la plusvalía | 3.324 | 3.863 |
| Plusvalía | - | 4.000 |
| Propiedades, planta y equipos | 697.833 | 722.650 |
| Activos por impuestos diferidos | 34.369 | 2.659 |
| Total activos no corrientes | 739.140 | 742.411 |
| TOTAL DE ACTIVOS | 853.084 | 839.352 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Pasivos corrientes | | |
| Otros pasivos financieros, corrientes | 9.587 | 3.945 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 21.539 | 19.626 |
| Cuentas por pagar a entidades relacionadas | 59 | - |
| Otras provisiones | - | 2.232 |
| Pasivos por impuestos | - | 112 |
| Provisiones por beneficios a los empleados, corrientes | 1.250 | 1.605 |
| Otros pasivos no financieros, corrientes | 774 | 473 |
| Total pasivos corrientes | 33.209 | 27.993 |
| Pasivos no corrientes | | |
| Otros pasivos financieros, no corrientes | 344.438 | 358.939 |
| Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes | 9.614 | 15.743 |
| Pasivos por impuestos diferidos | 815 | 860 |
| Total pasivos no corrientes | 354.867 | 375.542 |
| Total pasivos | 388.076 | 403.535 |
| Patrimonio | | |
| Capital emitido | 219.635 | 219.635 |
| Ganancias (pérdidas) acumuladas | 19.198 | 882 |
| Otras reservas | - | 1.853 |
| Patrimonio atribuible a los propietarios de la controladora | 238.833 | 222.370 |
| Participaciones no controladoras | 226.175 | 213.447 |
| Patrimonio Total | 465.008 | 435.817 |
| TOTAL PATRIMONIO Y PASIVOS | 853.084 | 839.352 |

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Enero- Diciembre | |
|---|------------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ingresos de actividades ordinarias | 192.837 | 216.727 |
| Materias primas y consumibles utilizados | (141.394) | (144.341) |
| Gastos por beneficio a los empleados | (5.848) | (5.894) |
| Gastos por depreciación y amortización | (32.509) | (32.165) |
| Otros gastos, por naturaleza | 7.460 | (10.559) |
| Otras ganancias (pérdidas) | 23.712 | (4.006) |
| Ganancia (pérdida) de actividades operacionales | 44.258 | 19.762 |
| Ingresos financieros | 637 | 575 |
| Costos financieros | (14.774) | (14.663) |
| Diferencias de cambio | 2.273 | 1.327 |
| Ganancia (pérdida) antes de impuesto | 32.394 | 7.001 |
| Gasto por impuesto a las ganancias | 3.539 | (261) |
| Ganancia (pérdida) de actividades continuadas | 35.933 | 6.740 |
| GANANCIA (PÉRDIDA) | 35.933 | 6.740 |
| Ganancia atribuible a | | |
| Ganancia atribuible a los propietarios de la controladora | 18.316 | 3.429 |
| Ganancia atribuible a participaciones no controladoras | 17.617 | 3.311 |
| GANANCIA (PÉRDIDA) | 35.933 | 6.740 |

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Enero- Diciembre | |
|--|------------------|----------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Ganancia (pérdida) | 35.933 | 6.740 |
| Componentes de otro resultado integral que se reclasificarán al resultado del periodo, antes de impuestos | | |
| Ganancias (pérdidas) por coberturas de flujos de efectivo | (5.153) | 5.153 |
| Otro resultado integral que se reclasificará al resultado del periodo, antes de impuestos | (5.153) | 5.153 |
| Otros componentes de otro resultado integral, antes de impuestos | (5.153) | 5.153 |
| Impuesto a las ganancias relativos a componentes de otro resultado integral que se reclasificará al resultado del periodo | | |
| Impuesto a las ganancias relacionado con coberturas de flujo de efectivo | 1.520 | (1.520) |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | 1.520 | (1.520) |
| Otro resultado integral total | (3.633) | 3.633 |
| Resultado integral total | 32.300 | 10.373 |
| Resultado integral atribuible a | | |
| Resultado integral atribuible a los propietarios de la controladora | 16.463 | 5.282 |
| Resultado integral atribuible a participaciones no controladoras | 15.837 | 5.090 |
| RESULTADO INTEGRAL TOTAL | 32.300 | 10.372 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 245.714 | 239.810 |
| Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas | 350 | |
| Otros cobros por actividades de operación | 15.930 | 1.115 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (173.083) | (197.207) |
| Pagos a y por cuenta de los empleados | (6.794) | (3.834) |
| Pagos procedentes de primas y prestaciones, anualidades y otras obligaciones derivadas de las pólizas suscritas | (452) | (5.506) |
| Otros pagos por actividades de operación | (4.171) | - |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | 77.494 | 34.378 |
| Intereses recibidos | 604 | - |
| Impuestos a las ganancias reembolsados (pagados) | (449) | (5.546) |
| Otras entradas (salidas) de efectivo | (966) | (5.390) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 76.683 | 23.442 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Para obtener el control de subsidiarias u otros negocios | - | (5.428) |
| Compras de propiedades, plantas y equipos | (9.741) | (3.650) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (9.741) | (9.078) |
| Importes procedentes de préstamos de largo plazo | 340.000 | 365.700 |
| Pagos de préstamos | (348.106) | (380.000) |
| Dividendos pagados | (2.953) | - |
| Intereses pagados | (12.567) | (13.328) |
| Aportes de capital | - | 6.035 |
| Otras entradas (salidas) de efectivo | (6.960) | (13.554) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (30.586) | (35.147) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 36.356 | (20.783) |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | (2.477) | (528) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 33.879 | (21.311) |
| Efectivo y equivalentes al efectivo al principio del período | 22.609 | 43.920 |
| EFFECTIVO Y EQUIVALENTES AL EFECTIVO AL FINAL DEL PERÍODO | 56.488 | 22.609 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | | |
|--|---|---|----------------------------|---------------------------------------|---|--|------------------------|
| | Capital emitido MUS\$ | Cambios en otras reservas Reserva de coberturas de flujo de efectivo MUS\$ | Total otras reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio atribuible a los propietarios de la controladora MUS\$ | Participaciones no controladoras MUS\$ | Patrimonio total MUS\$ |
| Saldo inicial al 01/01/2017 | 219.635 | 1.853 | 1.853 | 882 | 222.370 | 213.447 | 435.817 |
| Cambios en patrimonio | | | | | | | |
| Resultado integral | | | | | | | |
| Ganancia (pérdida) | | | | 18.316 | 18.316 | 17.617 | 35.933 |
| Otro resultado integral | | (1.853) | (1.853) | | (1.853) | (1.780) | (3.633) |
| Dividendos | | | | - | - | (3.109) | (3.109) |
| Incremento (disminución) por otros cambios | - | - | - | - | - | - | - |
| Total de cambios en patrimonio | - | (1.853) | (1.853) | 18.316 | 16.463 | 12.728 | 29.191 |
| SALDO FINAL AL 31/12/2017 | 219.635 | - | - | 19.198 | 238.833 | 226.175 | 465.008 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | | |
|--|---|---|----------------------------|---------------------------------------|---|--|------------------------|
| | Capital emitido MUS\$ | Cambios en otras reservas Reserva de coberturas de flujo de efectivo MUS\$ | Total otras reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio atribuible a los propietarios de la controladora MUS\$ | Participaciones no controladoras MUS\$ | Patrimonio total MUS\$ |
| Saldo inicial al 01/01/2016 | 213.600 | - | - | (2.547) | 211.053 | 202.758 | 413.811 |
| Cambios en patrimonio | | | | | | | |
| Resultado integral | | | | | | | |
| Ganancia (pérdida) | | | | 3.429 | 3.429 | 3.311 | 6.740 |
| Otro resultado integral | | 1.853 | 1.853 | | 1.853 | 1.779 | 3.632 |
| Dividendos | | | | - | - | | - |
| Incremento (disminución) por otros cambios | 6.035 | - | - | - | 6.035 | 5.599 | 11.634 |
| Total de cambios en patrimonio | 6.035 | 1.853 | 1.853 | 3.429 | 11.317 | 10.689 | 22.006 |
| SALDO FINAL AL 31/12/2016 | 219.635 | 1.853 | 1.853 | 882 | 222.370 | 213.447 | 435.817 |

FENIX POWER PERÚ S.A.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 52.868 | 22.032 |
| Otros activos no financieros, corrientes | 1.450 | 980 |
| Deudores comerciales y otras cuentas por cobrar | 42.219 | 64.084 |
| Inventarios | 7.720 | 4.832 |
| Activos por impuestos | 6.066 | 4.436 |
| Total activos, corrientes | 110.323 | 96.364 |
| Activos no corrientes | | |
| Otros activos financieros, no corrientes | - | 5.152 |
| Otros activos no financieros, no corrientes | 3.615 | 4.087 |
| Activos intangibles distintos de la plusvalía | 561 | 823 |
| Propiedades, planta y equipos | 697.833 | 722.651 |
| Activos por impuestos diferidos | 34.369 | 30.290 |
| Total activos, no corrientes | 736.378 | 763.003 |
| TOTAL ACTIVOS | 846.701 | 859.367 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Pasivos corrientes | | |
| Otros pasivos financieros, corrientes | 9.587 | 3.944 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 21.538 | 19.624 |
| Cuentas por pagar a entidades relacionadas | 59 | - |
| Otras provisiones | - | 2.232 |
| Pasivos por impuestos | - | 112 |
| Provisiones por beneficios a los empleados, corrientes | 1.250 | 1.606 |
| Otros pasivos no financieros, corrientes | 774 | 473 |
| Total pasivos corrientes | 33.208 | 27.991 |
| Pasivos no corrientes | | |
| Otros pasivos financieros, no corrientes | 344.438 | 358.940 |
| Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes | 9.614 | 15.743 |
| Total pasivos no corrientes | 354.052 | 374.683 |
| Total pasivos | 387.760 | 402.674 |
| Patrimonio | | |
| Capital emitido | 445.637 | 620.268 |
| Ganancias (pérdidas) acumuladas | 13.062 | (167.208) |
| Otras reservas | 742 | 3.633 |
| Patrimonio atribuible a los propietarios de la controladora | 459.441 | 456.693 |
| Participaciones no controladoras | - | - |
| Patrimonio Total | 459.441 | 456.693 |
| TOTAL PATRIMONIO Y PASIVOS | 846.701 | 859.367 |

| ESTADOS DE RESULTADOS POR NATURALEZA | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Ingresos de actividades ordinarias | 192.837 | 216.727 |
| Materias primas y consumibles utilizados | (141.394) | (144.341) |
| Gastos por beneficios a los empleados | (5.848) | (5.894) |
| Gastos por depreciación y amortización | (32.232) | (31.888) |
| Otros gastos, por naturaleza | 7.990 | (10.453) |
| Otras ganancias (pérdidas) | 66 | (4.006) |
| Ganancia (pérdida) de actividades operacionales | 21.419 | 20.145 |
| Ingresos financieros | 633 | 575 |
| Costos financieros | (14.770) | (14.659) |
| Diferencias de cambio | 2.273 | 1.327 |
| Ganancia (pérdida) antes de impuesto | 9.555 | 7.388 |
| Gasto (ingreso) por impuesto a las ganancias | 3.507 | 36 |
| Ganancia (pérdida) de actividades continuadas | 13.062 | 7.424 |
| Ganancia (pérdida) | 13.062 | 7.424 |
| Ganancia atribuible a propietarios de la controladora | 13.062 | 7.424 |
| GANANCIA (PÉRDIDA) | 13.062 | 7.424 |

| ESTADOS DE OTROS RESULTADOS INTEGRAL | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Ganancia (pérdida) | 13.062 | 7.424 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) por coberturas de flujos de efectivo, antes de impuestos | (5.153) | 5.153 |
| Otro resultado integral que no se reclasificará al resultado del período, antes de impuestos | (5.153) | 5.153 |
| Otros componentes de otro resultado integral, antes de impuestos | (5.153) | 5.153 |
| Impuesto a las ganancias relacionado con coberturas de flujo de efectivo | 1.520 | (1.520) |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | 1.520 | (1.520) |
| Otro resultado integral total | (3.633) | 3.633 |
| RESULTADO INTEGRAL TOTAL | 9.429 | 11.057 |

| ESTADOS DE FLUJO DIRECTO | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de cobros por actividades de la operación | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | 245.714 | 239.810 |
| Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas | 350 | |
| Otros cobros por actividades de operación | 15.930 | 3.524 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | (173.084) | (200.895) |
| Pagos a y por cuenta de los empleados | (6.794) | (3.834) |
| Pagos procedentes de primas y prestaciones, anualidades y otras obligaciones derivadas de las pólizas suscritas | (452) | - |
| Otros pagos por actividades de operación | (4.017) | (22.185) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | 77.647 | 16.420 |
| Intereses recibidos | 604 | - |
| Impuestos a las ganancias reembolsados (pagados) | (449) | (566) |
| Otras entradas (salidas) de efectivo | (680) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | 77.122 | 15.854 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | |
| Préstamos de entidades relacionadas | 245 | - |
| Compras de propiedades, plantas y equipos | (9.741) | (3.651) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | (9.496) | (3.651) |
| Importes procedentes de préstamos de largo plazo | 340.000 | 360.957 |
| Pagos de préstamos | 348.108 | (380.000) |
| Dividendos pagados | (6.681) | - |
| Intereses pagados | (12.567) | (13.328) |
| Otras entradas (salidas) de efectivo | (6.961) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (34.317) | (32.371) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 33.309 | (20.168) |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | (2.473) | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 30.836 | (20.168) |
| Efectivo y equivalentes al efectivo al principio del período | 22.032 | 42.200 |
| EFFECTIVO Y EQUIVALENTES AL EFFECTIVO AL FINAL DEL PERÍODO | 52.868 | 22.032 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | |
|--|---|--|-----------------------------|----------------------------|---------------------------------------|---|
| | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio atribuible a los propietarios de la controladora MUS\$ |
| | | Reserva de coberturas de flujo de efectivo MUS\$ | Otras reservas varias MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2017 | 620.268 | 3.633 | | 3.633 | (167.208) | 456.693 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 13.062 | 13.062 |
| Otro resultado integral | | (3.633) | - | (3.633) | | (3.633) |
| Dividendos | | | | - | (6.681) | (6.681) |
| Incremento (disminución) por otros cambios | (174.631) | - | 742 | 742 | 174.631 | - |
| Total de cambios en patrimonio | (174.631) | (3.633) | 742 | | 167.208 | (6.681) |
| SALDO FINAL AL 31/12/2017 | 445.637 | - | 742 | 742 | 13.062 | 459.441 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | |
|--|---|--|-----------------------------|----------------------------|---------------------------------------|---|
| | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio atribuible a los propietarios de la controladora MUS\$ |
| | | Reserva de coberturas de flujo de efectivo MUS\$ | Otras reservas varias MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2016 | 620.268 | - | | 45.056 | (174.132) | 445.636 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 7.424 | 7.424 |
| Otro resultado integral | | 3.633 | - | - | | 3.633 |
| Dividendos | | | | | - | - |
| Incremento (disminución) por otros cambios | - | | | | | |
| Total de cambios en patrimonio | - | 3.633 | | 3.633 | 7.424 | 11.057 |
| SALDO FINAL AL 31/12/2016 | 620.268 | 3.633 | - | 3.633 | - | 456.693 |

INVERSIONES LAS CANTERAS S.A. Y FILIALES**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 53.070 | 22.421 |
| Otros activos no financieros, corrientes | 1.450 | 979 |
| Deudores comerciales y otras cuentas por cobrar | 42.219 | 64.084 |
| Inventarios | 7.720 | 4.832 |
| Activos por impuestos | 6.066 | 4.436 |
| Total activos, corrientes | 110.525 | 96.752 |
| Activos no corrientes | | |
| Otros activos financieros, no corrientes | - | 5.153 |
| Otros activos no financieros, no corrientes | 3.615 | 4.087 |
| Activos intangibles distintos de la plusvalía | 3.324 | 3.863 |
| Propiedades, planta y equipos | 697.833 | 722.650 |
| Activos por impuestos diferidos | 34.369 | 30.291 |
| Total activos, no corrientes | 739.141 | 766.044 |
| TOTAL ACTIVOS | 849.666 | 862.796 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Pasivos corrientes | | |
| Otros pasivos financieros, corrientes | 9.587 | 3.945 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 21.538 | 19.625 |
| Cuentas por pagar a entidades relacionadas | 69 | 10 |
| Otras provisiones | - | 2.232 |
| Pasivos por impuestos | - | 113 |
| Provisiones por beneficios a los empleados, corrientes | 1.250 | 1.605 |
| Otros pasivos no financieros, corrientes | 774 | 473 |
| Total pasivos corrientes | 33.218 | 28.003 |
| Pasivos no corrientes | | |
| Otros pasivos financieros, no corrientes | 344.438 | 358.939 |
| Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes | 9.614 | 15.743 |
| Pasivo por impuesto diferido | 817 | 860 |
| Total pasivos no corrientes | 354.869 | 375.542 |
| Total pasivos | 388.087 | 403.545 |
| Patrimonio | | |
| Capital emitido | 432.100 | 432.100 |
| Ganancias (pérdidas) acumuladas | 27.127 | 23.518 |
| Otras reservas | 2.352 | 3.633 |
| Patrimonio atribuible a los propietarios de la controladora | 461.579 | 459.251 |
| Patrimonio Total | 461.579 | 459.251 |
| TOTAL PATRIMONIO Y PASIVOS | 849.666 | 862.796 |

| ESTADOS DE RESULTADOS POR NATURALEZA | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|--------------------------------|--------------------------------|
| Ingresos de actividades ordinarias | 192.837 | 216.727 |
| Materias primas y consumibles utilizados | (141.394) | (144.341) |
| Gastos por beneficios a los empleados | (5.848) | (5.894) |
| Gastos por depreciación y amortización | (32.508) | (32.165) |
| Otros gastos, por naturaleza | 7.469 | (10.535) |
| Otras ganancias (pérdidas) | 66 | (3.713) |
| Ganancia (pérdida) de actividades operacionales | 20.622 | 20.079 |
| Ingresos financieros | 633 | 575 |
| Costos financieros | (14.773) | (14.661) |
| Diferencias de cambio | 2.273 | 1.327 |
| Ganancia (pérdida) antes de impuesto | 8.755 | 7.320 |
| Gasto (ingreso) por impuesto a las ganancias | 3.552 | (269) |
| Ganancia (pérdida) de actividades continuadas | 12.307 | 7.051 |
| Ganancia (pérdida) | 12.307 | 7.051 |
| Ganancia (pérdida) atribuible a | | |
| Ganancia (pérdida) atribuible a los propietarios de la controladora | 12.307 | 7.051 |
| Ganancia (pérdida) atribuible a participaciones no controladoras | - | - |
| GANANCIA (PÉRDIDA) | 12.307 | 7.051 |

| ESTADOS DE OTROS RESULTADOS INTEGRAL | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|--------------------------------|--------------------------------|
| Ganancia (pérdida) | 12.307 | 7.051 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) por diferencias de cambio de conversión, antes de impuestos | (5.153) | 5.153 |
| Ganancias (pérdidas) por coberturas de flujos de efectivo, antes de impuestos | (5.153) | 5.153 |
| Otros componentes de otro resultado integral, antes de impuestos | (5.153) | 5.153 |
| Impuesto a las ganancias relacionado con coberturas de efectivo | 1.520 | (1.520) |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | 1.520 | (1.520) |
| Otro resultado integral total | (3.633) | 3.633 |
| Resultado integral total | 8.674 | 10.684 |
| Resultado integral atribuible a | | |
| Resultado integral atribuible a los propietarios de la controladora | 8.674 | 10.684 |
| Ganancias (pérdida) atribuible a participaciones no controladoras | - | - |
| RESULTADO INTEGRAL TOTAL | 8.674 | 10.684 |

| ESTADOS DE FLUJOS DE EFECTIVO DIRECTOS RESUMIDOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|--------------------------------|--------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | 77.122 | 23.466 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | (9.741) | (14.677) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | (34.072) | (29.746) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | 33.309 | (20.957) |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | (2.473) | (527) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 30.836 | (21.484) |
| Efectivo y equivalentes al efectivo al principio del período | 22.421 | 43.905 |
| EFFECTIVO Y EQUIVALENTES AL EFECTIVO AL FINAL DEL PERÍODO | 53.257 | 22.421 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | |
|--|---|--|-----------------------------|----------------------------|---------------------------------------|---|
| | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio atribuible a los propietarios de la controladora MUS\$ |
| | | Reserva de coberturas de flujo de efectivo MUS\$ | Otras reservas varias MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2017 | 432.100 | 3.633 | | 3.633 | 23.518 | 459.251 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 12.307 | 12.307 |
| Otro resultado integral | | (3.633) | | (3.633) | | (3.633) |
| Dividendos | | | | | (6.346) | (6.346) |
| Incremento (disminución) por otros cambios | | 2.352 | | 2.352 | (2.352) | - |
| Total de cambios en patrimonio | - | (1.281) | | (1.281) | 3.609 | 2.328 |
| SALDO FINAL AL 31/12/2017 | 432.100 | 2.352 | | 2.352 | 27.127 | 461.579 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO | Patrimonio atribuible a los propietarios de la Controladora | | | | | |
|--|---|--|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
| | | Reserva de coberturas de flujo de efectivo MUS\$ | Otras reservas varias MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01/01/2016 | 420.674 | - | - | | 16.467 | 437.174 |
| Cambios en patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 7.051 | 7.051 |
| Otro resultado integral | | 3.633 | 3.633 | 3.633 | | 3.633 |
| Dividendos | | | | | - | - |
| Incremento (disminución) por otros cambios | 11.426 | - | - | - | - | 11.426 |
| Total de cambios en patrimonio | 11.426 | 3.633 | 3.633 | 3.633 | 7.051 | 22.110 |
| SALDO FINAL AL 31/12/2016 | 432.100 | 3.633 | 3.633 | 3.633 | 23.518 | 459.251 |

Estados Financieros Resumidos Coligadas

Transmisora Eléctrica de Quillota Ltda
Centrales Hidroeléctricas de Aysén S.A.
Electrogas S.A

TRANSMISORA ELÉCTRICA DE QUILLOTA LTDA.**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|------------------------------|---------------------------------------|---------------------------------------|
| Total activos, corrientes | 7.764.851 | 6.549.671 |
| Total activos, no corrientes | 12.065.127 | 12.064.587 |
| TOTAL ACTIVOS | 19.829.978 | 18.614.258 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Total pasivos corrientes | 440.501 | 390.788 |
| Total pasivos no corrientes | 1.751.963 | 1.777.984 |
| Patrimonio total | 17.637.514 | 16.445.522 |
| TOTAL PATRIMONIO Y PASIVOS | 19.829.978 | 18.614.258 |

| ESTADOS DE RESULTADOS POR NATURALEZA | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Ingresos de actividades ordinarias | 2.813.493 | 2.795.456 |
| Gastos por depreciación y amortización | (782.321) | (773.094) |
| Otros gastos varios de operación | (691.142) | (676.272) |
| Otras ganancias (pérdidas) | (95) | (3.531) |
| Ganancia (pérdida) de actividades operacionales | 1.339.935 | 1.342.649 |
| Ingresos financieros | 162.930 | 134.995 |
| Costos financieros | (113) | - |
| Resultados por unidades de reajuste | 2.949 | 4.584 |
| Ganancia (pérdida) antes de impuesto | 1.505.701 | 1.482.228 |
| Gasto (ingreso) por impuesto a las ganancias | (313.709) | (290.437) |
| Ganancia (pérdida) de actividades continuadas | 1.191.992 | 1.191.791 |
| GANANCIA (PÉRDIDA) | 1.191.992 | 1.191.791 |

| ESTADOS DE OTROS RESULTADOS INTEGRAL | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|---|---------------------------------------|---------------------------------------|
| Ganancia (pérdida) | 1.191.992 | 1.191.791 |
| Resultado integral total | 1.191.992 | 1.191.791 |
| RESULTADO INTEGRAL TOTAL | 1.191.992 | 1.191.791 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO RESUMIDOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Capital emitido | 4.404.446 | 4.404.446 |
| Total otras reservas | (849.946) | (849.946) |
| Ganancias (pérdidas) acumuladas | 14.083.014 | 12.891.022 |
| TOTAL PATRIMONIO, NETO | 17.637.514 | 16.445.522 |

| ESTADOS DE FLUJOS DE EFECTIVO DIRECTOS RESUMIDOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|---|------------------------------|------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | 2.157.290 | 1.624.329 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | (783.947) | (659.120) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | 1.373.343 | 965.209 |
| Efectivo y equivalentes al efectivo al principio del período | 5.937.028 | 4.971.819 |
| EFFECTIVO Y EQUIVALENTES AL EFECTIVO AL FINAL DEL PERÍODO | 7.310.371 | 5.937.028 |

Cuentas por cobrar a entidades relacionadas

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|----------------------------|-------------|---------------------------|----------------|------------------------------|------------------------------|
| | | | | | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Socio | Pesos | 130.390 | 124.129 |
| 78.932.860-9 | Gasatacama S.A. | Chile | Socio | Pesos | 72.965 | 250.438 |
| 91.081.000-6 | Enel Generación Chile S.A. | Chile | Relacionado por socio | Pesos | 83.873 | 84.732 |
| Total | | | | | 287.228 | 459.299 |

Transacciones con partes relacionadas

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|----------------------------|-------------|---------------------------|----------------|-------------------------------|-------------------|--|-----------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto M\$ | Efecto en resultados (cargo) abono M\$ | Monto M\$ | Efecto en resultados (cargo) abono M\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Socio | Pesos | Peaje uso de instalaciones | 1.572.604 | 1.321.516 | 1.562.807 | 1.313.283 |
| 78.932.860-9 | GasAtacama S.A. | Chile | Socio | Pesos | Peaje uso de instalaciones | 713.489 | 599.571 | 708.953 | 595.759 |
| 91.081.000-6 | Enel Generación Chile S.A. | Chile | Relacionado por socio | Pesos | Peaje uso de instalaciones | 1.011.846 | 850.290 | 1.005.836 | 845.240 |

CENTRALES HIDROELÉCTRICA DE AYSÉN S.A. Y FILIALES**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|------------------------------|---------------------------------------|---------------------------------------|
| Total activos, corrientes | 355.835 | 863.962 |
| Total activos, no corrientes | 11.556.351 | 15.159.321 |
| TOTAL ACTIVOS | 11.912.186 | 16.023.283 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Total pasivos, corrientes | 138.766 | 3.324.208 |
| Total pasivos, no corrientes | - | 68.081 |
| Patrimonio atribuible a los propietarios de controladora | 11.773.934 | 12.631.425 |
| Participaciones no controladoras | (514) | (431) |
| TOTAL PATRIMONIO Y PASIVOS | 11.912.186 | 16.023.283 |

| ESTADOS DE RESULTADOS POR NATURALEZA | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Gastos por beneficios a los empleados | (213.763) | (199.687) |
| Gastos por depreciación y amortización | (12.240) | (44.922) |
| Pérdidas por deterioro de valor (reversiones de pérdidas por deterioro de valor) reconocidas en el resultado del período | (191.261) | (473.280) |
| Otros gastos, por naturaleza | (7.941.353) | (3.844.993) |
| Ganancia (pérdida) de actividades operacionales | (8.358.617) | (4.562.882) |
| Otras ganancias (pérdidas) | 3.526.176 | 22.677 |
| Ingresos financieros | 24.829 | 19.369 |
| Diferencias de cambio | (348) | (318) |
| Resultados por unidades de reajuste | 142.912 | 244.095 |
| Ganancia (pérdida) antes de impuesto | (4.667.045) | (4.277.059) |
| Gasto (ingreso) por impuesto a las ganancias | (2.446) | (7.070) |
| Ganancia (pérdida) de actividades continuadas | (4.667.491) | (4.284.129) |
| Ganancia (pérdida) atribuible a | | |
| Ganancia (pérdida) atribuible a los propietarios de la controladora | (4.667.574) | (4.284.192) |
| Ganancia (pérdida) atribuible a participaciones no controladoras | 83 | 63 |
| GANANCIA (PÉRDIDA) | (4.667.491) | (4.284.129) |

| ESTADOS DE OTROS RESULTADOS INTEGRAL | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Ganancia (pérdida) | (4.667.491) | (4.284.129) |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) por diferencias de cambio de conversión, antes de impuestos | | |
| Ganancias (pérdidas) por coberturas de flujos de efectivo, antes de impuestos | | |
| Otros componentes de otro resultado integral, antes de impuestos | | |
| Resultado integral total | (4.667.491) | (4.284.129) |
| Resultado integral atribuible a | | |
| Resultado integral atribuible a los propietarios de la controladora | (4.667.574) | (4.284.192) |
| Ganancias (pérdida) atribuible a participaciones no controladoras | 83 | 63 |
| RESULTADO INTEGRAL TOTAL | (4.667.491) | (4.284.129) |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO RESUMIDOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Capital emitido | 188.855.665 | 185.045.665 |
| Ganancia (pérdidas) acumuladas | (177.081.731) | (172.414.240) |
| Participaciones no controladoras | (514) | (431) |
| TOTAL PATRIMONIO, NETO | 11.773.420 | 12.630.994 |

| ESTADOS DE FLUJOS DE EFECTIVO DIRECTOS RESUMIDOS | Diciembre 31, 2017 M\$ | Diciembre 31, 2016 M\$ |
|--|---------------------------------------|---------------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | (4.293.658) | (3.972.545) |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | (21.267) | (194.858) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | 3.810.000 | 4.600.000 |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | (504.925) | 432.597 |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | (348) | (318) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | (505.273) | 432.279 |
| Efectivo y equivalentes al efectivo al principio del período | 860.719 | 428.440 |
| EFFECTIVO Y EQUIVALENTES AL EFECTIVO AL FINAL DEL PERÍODO | 355.446 | 860.719 |

INVERSIONES ELECTROGAS S.A. Y FILIALES**ESTADOS DE SITUACIÓN FINANCIERA RESUMIDOS**

| ACTIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|------------------------------|---|---|
| Total activos, corrientes | 7.742 | 13.934 |
| Total activos, no corrientes | 56.095 | 60.928 |
| TOTAL ACTIVOS | 63.837 | 74.862 |

| PATRIMONIO NETO Y PASIVOS | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Total pasivos corrientes | 7.468 | 14.100 |
| Total pasivos no corrientes | 15.855 | 20.649 |
| Patrimonio atribuible a los propietarios de controladora | 40.514 | 40.113 |
| TOTAL PATRIMONIO Y PASIVOS | 63.837 | 74.862 |

| ESTADOS DE RESULTADOS POR NATURALEZA | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|---|---|---|
| Ingresos de actividades ordinarias | 36.152 | 35.679 |
| Costo de ventas | (9.065) | (1.501) |
| Otros ingresos | 68 | 371 |
| Gastos de administración | (901) | (845) |
| Otros gastos | (5) | (35) |
| Ganancia (pérdida) de actividades operacionales | 26.250 | 25.757 |
| Ingresos financieros | 200 | 163 |
| Costos financieros | (267) | (428) |
| Diferencias de cambio | 1.050 | 518 |
| Ganancia (pérdida) antes de impuesto | 27.232 | 26.010 |
| Gasto (ingreso) por impuesto a las ganancias | (7.969) | (8.033) |
| Ganancia (pérdida) de actividades continuadas | 19.264 | 17.977 |
| GANANCIA (PÉRDIDA) | 19.264 | 17.977 |
| Ganancia (pérdida) atribuible a | | |
| Ganancia (pérdida) atribuible a los propietarios de la controladora | 19.264 | 17.977 |
| GANANCIA (PÉRDIDA) | 19.264 | 17.977 |

| ESTADOS DE OTROS RESULTADOS INTEGRAL | Diciembre 31, 2017 MUS\$ | Diciembre 31, 2016 MUS\$ |
|--|---|---|
| Ganancia (pérdida) | 19.264 | 17.977 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) por coberturas de flujos de efectivo, antes de impuestos | 1.543 | (1.771) |
| Impuesto a las ganancias relacionado con componentes de otro resultado integral | | |
| Impuesto a las ganancias relacionado con coberturas de flujo de efectivo | (393) | (478) |
| Resultado integral total | 20.413 | 15.728 |
| Resultado integral atribuible a | | |
| Resultado integral atribuible a los propietarios de la controladora | 20.413 | 15.728 |
| RESULTADO INTEGRAL TOTAL | 20.413 | 15.728 |

| ESTADOS DE CAMBIOS EN EL PATRIMONIO RESUMIDOS | Diciembre 31, | Diciembre 31, |
|---|---------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Capital emitido | 21.266 | 21.266 |
| Total otras reservas | (315) | (520) |
| Ganancia (pérdidas) acumuladas | 19.563 | 19.367 |
| TOTAL PATRIMONIO, NETO | 40.514 | 40.113 |

| ESTADOS DE FLUJOS DE EFECTIVO DIRECTOS RESUMIDOS | Diciembre 31, | Diciembre 31, |
|---|----------------|---------------|
| | 2017 MUS\$ | 2016 MUS\$ |
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | 23.839 | 27.122 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | (421) | (1.170) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | (30.022) | (23.921) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | (6.604) | 2.031 |
| Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente | - | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | (6.604) | 2.031 |
| Efectivo y equivalentes al efectivo al principio del período | 10.566 | 8.534 |
| EFECTIVO Y EQUIVALENTES AL EFECTIVO AL FINAL DEL PERÍODO | 3.962 | 10.565 |

Transacciones con partes relacionadas

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la transacción | Enero - Diciembre | | | |
|--------------|-----------------|-------------|---------------------------|----------------|----------------------------------|-------------------|--|-------------|--|
| | | | | | | 2017 | | 2016 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| 96.806.130-5 | Electrogas S.A. | Chile | Asociada | Dólar | Servicio de transporte de gas | 9.483 | (7.969) | 9.167 | (7.703) |
| | | | | Dólar | Servicio de transporte de diésel | 815 | (685) | 1.094 | (919) |
| | | | | Dólar | Dividendo declarado | - | - | 2.380 | - |
| | | | | Dólar | Dividendo recibido | 10.484 | - | 8.682 | - |

