

2019

Annual
Integrated
Report
2019

The number '2019' is rendered in a large, grey, rounded font. The '2' has three blue birds flying above it. The '0' contains the text 'Annual Integrated Report 2019' and features a sun icon with yellow rays and a green horizontal line. The '1' has a wind turbine icon on its top and a recycling symbol on its side. The '9' has a power plug icon on its top, a green tree on its left, and a power tower icon on its bottom. At the bottom left of the '1', there is a house with solar panels and a yellow zigzag line representing energy.

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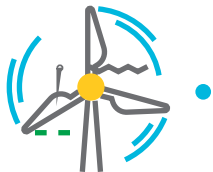
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ORIENTATION OF THIS ANNUAL INTEGRATED REPORT

102-32, 102-47



The contents of this Integrated Report are defined every year from the identification of relevant topics for Colbun based on their economic, environmental and social effects on the Company, or because they influence significantly in their stakeholders.

To identify these relevant or material topics (Colbun materiality), a wide spectrum of internal and external sources of information is consulted, including the topics and concerns raised by our stakeholders, such as investors, communities, suppliers, among others (see a description of the methodology in Chapter 6) This assessment allows the preparation of a “Materiality Matrix” that is reviewed and validated by senior management, headed by the Company’s CEO, Thomas Keller, and reviewed by the Board of Directors in the process of approval of the Report.

At present, Colbun’s materiality includes 73 subjects grouped into 15 general themes, all of which are located in a materiality matrix according to their degree of relevance to the Company and to stakeholders.

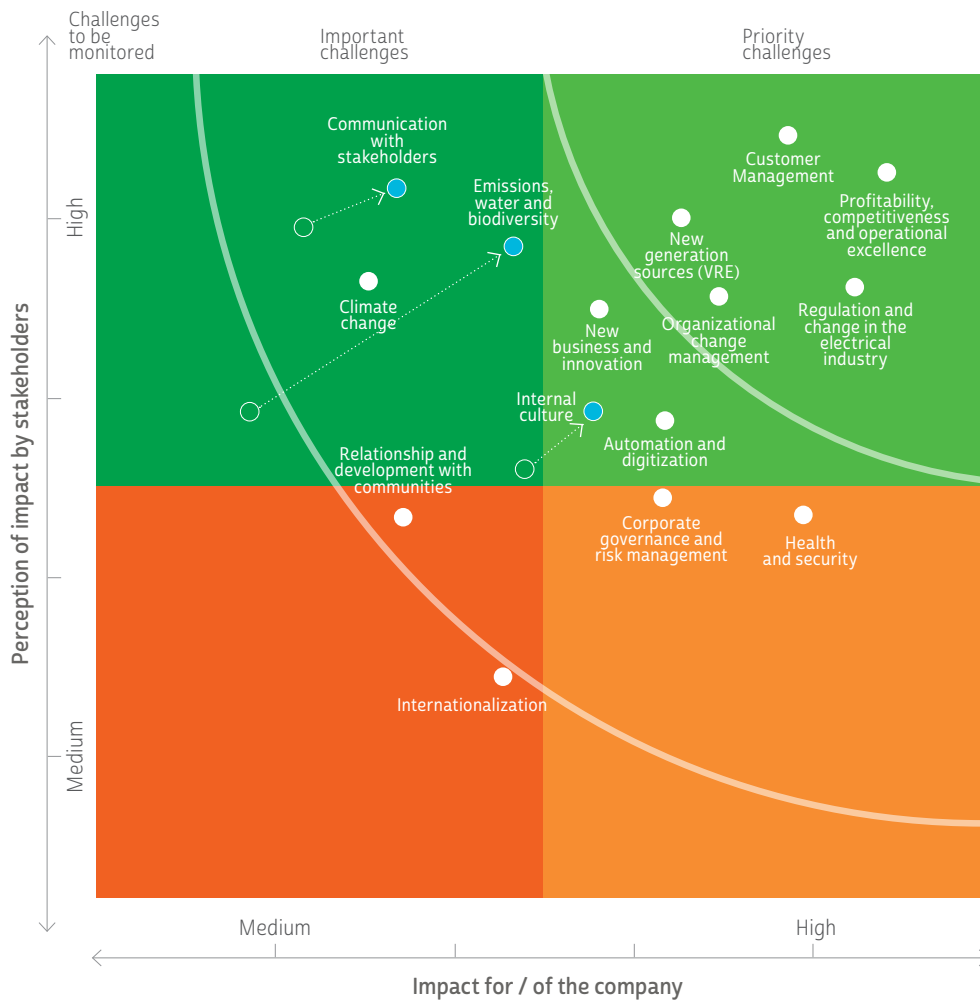
The materiality matrix for the year 2019 was based on the materiality assessment carried out in 2018, but was updated based on two new and significant events: the social crisis triggered since October 2019 and the great drought that affected Chile in 2019. These two thematic are transversal to the entire Integrated Report but they are addressed in detail in Chapters 4 and 5, finally adding 6 additional subjects to the 67 raised in 2018. For more details, see Chapter 6.

This report includes the 2019 performance of Colbun S.A and its affiliates, both in Chile and Peru.

The acronyms shown under some titles correspond to economic, environmental and social standards established by the Global Reporting Initiative (GRI). The “NCG” indicators are linked to the General Norm 386 of the Financial Market Commission. More details on these standards in Chapter 6, GRI Index.



COLBUN MATERIALITY MATRIX 2019



*The blue points represent those themes that had a relevant change in 2019

COLBUN IN FIGURES 2019

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

Consolidated figures

US\$
697

Million in EBITDA

US\$
202

Million in net profit



949

Workers in Chile

92

in Peru

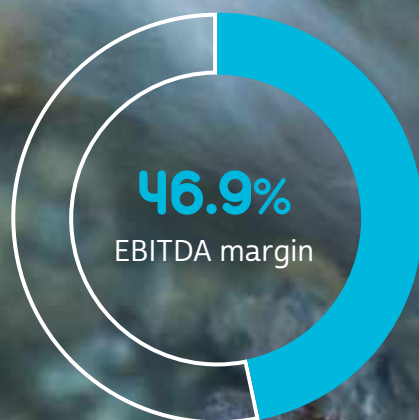
OWNERSHIP:

49.96 % Grupo Matte

9.58 % Antarchile S.A

19.33 % AFPs

21.13 % Others



Chile



13%

market share in the SEN (in MW)



942 Km

of transmission lines



15%

market share in the SEN in energy generation



2,639

contractor companies working with Colbun

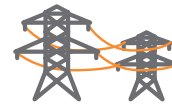


288

CLIENTS

19 clients are distribution companies

269 are unregulated clients supplied as of December 2019, of which 252 had supply at that date



9

transmission clients



3^{er}

Largest SEN generator



3,238 MW

of installed capacity 50.3% hydraulic and 49.5% thermal



11,645 GWH

market share in the NES in produced energy

Peru



3,767 GWH

thermal generation by Fenix 2019



7%

market share in the SEIN in energy generation



567 MW

of installed capacity (100% thermal)



16

CLIENTS

6 distribution companies

7 industries

3 power generation companies



2019 ACKNOWLEDGMENTS AND EVALUATIONS

FTSE4Good Index Series

In 2019 Colbun was included in the FTSE4Good Index Series -part of the London Stock Exchange Group-, a global index of sustainable investments designed to identify companies that demonstrate sound Environmental, Social and Governance (ESG) practices.

IndexAmericas

Index created by the Inter-American Development Bank that recognizes the 100 most sustainable companies operating in Latin America and the Caribbean. In 2019 Colbun was included for the second consecutive year in this index, being one of the two Chilean firms present in it.

ProPyme Seal

In 2019 Colbun renewed its certification, granted to companies that pay their suppliers in a period not exceeding 30 days. The Company has been certified since 2012 consecutively.

Chilean Power Generators

Machicura Reservoir Beach was awarded as the best sustainable practice. The initiative corresponds to the enablement of a public access beach located in the Machicura Reservoir, belonging to the Colbun Hydroelectric Complex.

Dow Jones Sustainability Index (DJSI)

In September 2019 Colbun S.A. was selected to list for the fourth consecutive year in the Dow Jones Chile Sustainability Index (DJSI Chile) and for the third year in the DJSI MILA, a measurement carried out by the Swiss consulting firm RobecoSAM that evaluates corporate performance in the economic, environmental and social fields.

Chile Footprint

Colbun received the Seal of Quantification, Reduction and Excellence for the year 2019. The distinction is delivered by the HuellaChile program of the Ministry of the Environment.



ISO AND OHSAS CERTIFICATIONS

Colbun and its affiliates have certifications that guarantee high standards in their management systems. The Company and its plants have the following certifications applicable:

ISO 14001

Is a voluntary standard that certifies the environmental management system. The last renewal was delivered in January 2020 and includes, in addition to Colbun S.A., the Colbun Complex, Candelaria Power Plant, Nehuenco Complex, Rucue Power Plant, Quilleco Power Plant, Angostura Power Plant, Carena Power Plant, Los Pinos Power Plant, Canutillar Power Plant, Aconcagua Complex and Santa Maria complex.

OHSAS 18001

Is a voluntary standard that certifies management systems in occupational health and safety. The last renewal was delivered in January 2020 and includes, in addition to Colbun S.A., the Colbun Complex, Candelaria Power Plant, Nehuenco Complex, Rucue Power Plant, Quilleco Power Plant, Angostura Power Plant, Carena Power Plant, Los Pinos Power Plant, Canutillar Power Plant, Aconcagua Complex and Santa Maria complex.

Sustainable Building Certification

In January 2019, the new offices of Angostura Power Plant received the Sustainable Building Certification (CES) granted by the Construction Institute in alliance with the Ministry of Public Works, the Chilean Chamber of Construction and the Chilean College of Architects.

Informe Reporta

Colbun was recognized during 2019 and for the second consecutive year as the leading company in reportability. The study, carried out by the financial communication agency Deva, evaluates reports and annual reports of all the IPSA (Selective Stock Price Index) companies.

Alas20

In 2019 Colbun was recognized in second place in the Alas20 Corporate Governance category, an initiative that assesses - in this category - the composition and operating rules of the Board, the audit and internal control systems, the respect of the rights of shareholders, including minority shareholders, among others.

Sustenta Award

Colbun receives the Tree Level Sustaining Award for its sustainable practices, which is awarded by the Metropolitan Technological University, sponsored by the Ministry of the Environment, the Ministry of Labor and Social Welfare and the Agency for Sustainability and Climate Change.

Blue Certificate

Fenix, a Peruvian affiliate of Colbun, received in 2019 the Blue Certificate from the National Water Authority (ANA) of Peru, in recognition of its efficient management of the resource and the promotion of a culture of water care.

LETTER FROM THE CHAIRMAN



102-14, 102-15, 103-2 y 103-3

Before referring to the Company's performance management over the past year and the progress of our strategic plan, I would first like to address the particular political and social context that Chile faced in 2019, as well as how Colbun is dealing with this situation.

Starting in October last year, our country faced a social and political phenomenon rarely seen. Demonstrations of different kinds and nature arose throughout the country. There is no doubt that several of the social demands raised are legitimate, and for this reason, the capacity of the political system -the organs of the State and the political parties in particular- to process them is crucial, allowing an institutional evolution that lays the foundations to build a better country. We believe that these solutions should go down the difficult path of combining technically sound, financially sustainable and politically consistent proposals with the most urgent needs facing Chile.

We need to articulate a new balance between the State and Society, and in this direction the greater involvement and interest of citizens in participating in political decisions appears as good news. However, there is deep concern about the violence that some sectors promote or justify as legitimate, because it reduces important degrees of freedom from political participation and decisions, and could become a heavy drag on the economic growth that Chile needs to finance the important social agenda that arose on the eve of the crisis. For the good of our country, we hope that this situation, which unfortunately continued in the first months of 2020, will end as soon as possible.

For Colbun's Board of Directors and administration, the social crisis has been an opportunity to identify our gaps and take solid steps to close them. Although the Company has sought in recent years to build relationships that generate value



with all its stakeholders, the circumstances we have experienced force us to think about how we can go further.

COMPANY ACTIONS

What has this process left us so far? What have we learned? Starting from the events that occurred in October, the Company's first focus was on the safety of its workers, adopting the necessary flexibility and establishing permanent communication with all our workers regarding daily contingencies, in order to reduce levels of uncertainty and anxiety. Special mobilization was also arranged and the security of the facilities was reinforced.

We also realized the need that our people had to connect and better understand what was happening in Chile, so we promoted different instances of dialogue, through conversations where the majority

of our workers participated, as well as a series of internal conferences on the constituent process. The need to create greater spaces for dialogue and connection within the company is one of the great lessons learned from this crisis. The Company also undertook a review of the working conditions of its workers and contractors. Although among our workers the salary floor more than doubles the minimum wage, we did detect that there was an opportunity for improvement among permanent contractors. Thus, at the end of the year, measures were established to improve their conditions and compare them to those that Colbun has for its own collaborators, establishing, for example, that no permanent contractor worker has a taxable remuneration of less than CL\$ 500 thousand as of January 1, 2020.

In the field of SMEs, work was done on two fronts. First, for those who are Colbun suppliers, it was decided to shorten the payment period for

invoices from 30 to 15 days, in order to help provide greater liquidity.

And secondly, we made an alliance with Desafío Levantemos Chile to implement an aid program for SMEs that were the object of looting or vandalism in some of the communes where the Company operates.

In more general terms, the Company participated actively in welcoming the proposal made by the Government as part of its social agenda to create a transitional mechanism for stabilizing electricity prices for clients subject to tariff regulation (known as Price Stabilized to Regulated Clients or PEC, whose purpose was to set the nominal price of electricity generation at the levels in force in the first half of 2019 and where the total recovery of balances will occur with a maximum term established for December 31, 2027, according to the established Law No. 21,185 promulgated on October 30 of last year.



In short, this has been an opportunity to better connect Colbun with the reality of the country and deepen our levels of empathy with our stakeholders. However, from a more global perspective, we have a look of concern for the degree of violence and polarization that is observed in different areas of national activity. We must all do our part to end violence and intolerance; only in an environment of dialogue and social peace we can build a better Chile, where - in its proper dimension - the importance of development and economic growth is also valued. The social agenda requires more and better growth, as well as a deep respect for the rule of law, a principle that is key to the country's progress.

OUR ECONOMIC PERFORMANCE IN 2019

In terms of financial and economic performance, 2019 was a good year for the Company, in line with the results of recent years.

Revenues during the year amounted to US \$ 1,487.4 million, decreasing 3% compared to December 2018. This decrease was mainly due to lower physical sales to regulated clients in Chile, an effect that was partially offset by higher physical sales to unregulated clients.

Despite this slight drop in sales, the company's consolidated EBITDA - which

measures its ability to generate profits before tax, depreciation, amortization and financial expenses - reached US\$ 697 million, 2% higher than in 2018.

The reasons for this variation are mainly found in the efficiency plan that the company is implementing, which last year allowed a 13% reduction in fixed expenses compared to 2018, mainly due to efficiencies in the area of operations.

At this point, I would like to emphasize that this operational performance was achieved despite the great drought that has been affecting the central-southern zone of Chile, with a hydrological year (April 2019-March 2020) that has presented historically low rainfall in the main basins of the National Electric System (SEN). Without going any further, in the Aconcagua river the statistics show that we face the driest year since we have a record. This fact caused a greater vulnerability of the system, which could be faced thanks to the greater availability of natural gas that existed during 2019.

Notwithstanding this better operational performance, the Company's net profit reached US\$ 202 million in 2019, 12% lower than the previous year, mainly due to higher provisions for impairment of individual assets, mainly from hydroelectric projects, to reflect the impact of lower energy supply prices projected over the book value of these projects.

An area where we have put special focus in recent years is on the availability and reliability of our plants, implementing

changes in the maintenance strategy and carrying out predictive tasks in order to operate with the best international standards. Even so, the average availability of the thermal units was 86.2% in 2019, a value lower than the previous year and that is mainly explained by failures in the Santa Maria steam turbine and in the compressor of one of the Fenix turbines in Peru.

In terms of occupational health and safety, the Company has been working for several years in a safety culture focused on zero fatality, with a special focus on high-potential accidents. Thus, in 2019 no accidents of this nature were recorded; However, we did have seven minor accidents, which forces us in 2020 to reinforce our standards with our own workers and contractors.

PROGRESS IN ENVIRONMENTAL MANAGEMENT

At the environmental level, in 2019 we had no relevant environmental incidents; in fact, none of our plants was subject to charges, fines or sanctions by the authority. Even so, aware that good environmental performance is a basic assumption for building trust with our stakeholders, the Company's teams are systematically reviewing the environmental standards of operations, looking for possible gaps and implementing plans that allow them to be addressed in the shortest possible time. One of the relevant steps of the year in environmental matters was the

connection of all the air quality monitoring stations of the Santa Maria Power Plant to the National Information System on Air Quality (SINCA), the official website of the Ministry of the Environment that provides this information is available to all citizens online and in real time. Additionally, after monitoring for almost two years 76 species that spontaneously colonized the Angostura Reservoir, last June we launched a Bird Watching project in the reservoir through the installation of remote high-definition cameras controlled from the Central Visitors Center, in addition to the adoption of backup protocols for the protection of birds.

From a long-term perspective, it seems relevant to point out that in the context of the roadmap that the Company has defined to deploy its new capacity for renewable solar and wind energy - and which involves building around 4,000 MW by 2030-, Colbun has a goal of lowering its greenhouse gas emission factor by about 47% during the current decade. To date, our roadmap presents significant progress, with projects environmentally approved or in the process of environmental assessment for more than 1,600 MW.



COMMUNITY WORK: RESERVOIRS AND TOURISM

In our community relations work, one of the relevant challenges of the year was to adequately manage the impact that the severe drought in the central area of the country is having on the communities where some of our operations are located, despite the fact that the hydroelectric plants return all the water that they use without altering its volume or quality, and therefore does not compete with human consumption or other uses.

One of the most affected basins was that of the Aconcagua River, an area where Colbun operates six run-of-the-river hydroelectric plants and in which the rainfall deficit as of December exceeded 80% compared to an average year. The complex situation of water led us to open fluid and permanent instances of communication and channels with the residents of the area, implement special programs to ensure water for the community without affecting our obligations, and execute special projects aimed at a more efficient use of water resources.

Another focus of our community work in 2019 links hydroelectricity with tourism, with the aim of taking advantage of reservoirs to generate opportunities for entrepreneurship and public spaces for a better quality of life in nearby communities. This line of work, which started in 2014 with Angostura, was extended last year to the Machicura

Reservoir, where in jointventure with Municipality of Colbun the Machicura Reservoir Beach project was developed, with very good results up to date. Under this same perspective, in 2019 Colbun supported the work of the Lake Chapo Tourism and Productive Development Board, an instance promoted by the neighborhood boards and local authorities that seeks to promote tourism in the Chapo area. This project has included training for local entrepreneurs, construction of infrastructure on the lake to generate a point of tourist interest and a future visitor center that will be enabled in the area.

DIVERSITY AND INCLUSION IN THE SPOTLIGHT

In terms of diversity and inclusion, after we established an Agenda for Gender Diversity in early 2019, during the year we made significant progress on several of the proposed goals. Thus, of the total number of people who joined the Company, 28% corresponded to women, which contributed to the total number of women hired in Colbun rising from 17.9% in December 2018 to 19.3% in the same month. In addition, regarding the presence of women in leadership positions, while the goal was to reach a presence of 16% (from 14% in 2018), the final figure reached last year was 17%. Although we still have undoubted challenges in this area, a company connected to society must be a reflection of it, therefore it requires diverse people, with different views and sensibilities. This

can only be achieved with diversity in the internal environment.

In summary, in the context of the management indicators described above and the milestones achieved during the year 2019, on behalf of the Board, I would like to acknowledge and congratulate each and every Colbun worker for this good performance and sustainable management of the business, especially valuable results considering the complex situation that the country lived in the last months of the year.

This global perspective on sustainable business management was reflected in the fact that Colbun was selected in 2019 for the fourth consecutive year in the Dow Jones Chile Sustainability Index (DJSI Chile) and for the third year in the DJSI MILA, a measurement that recognizes sustainability of companies in the economic, environmental and social fields.

FOCUSES OF THE STRATEGIC AGENDA

I would now like to refer to the progress of our strategic agenda in 2019, which is built on five pillars: 1) a commercial policy aimed at growing market share in the business of unregulated clients; 2) developing a competitive portfolio of renewable solar and wind energy projects; 3) the systematic introduction of digitization programs and automation of our operations; 4) the implementation of efficiencies in the Company's fixed cost structure, and 5) strengthening our transmission business.



Before going into detail on our commercial policy and the development of renewable projects - which by their nature merit a more extensive analysis - I would first like to address our progress in points 3, 4 and 5 of the aforementioned agenda.

In relation to Colbun Transmission, this affiliate had an EBITDA last year that reached US\$ 72.3 million, a figure 9% higher than in 2018, while the management focus was on completing the development of expansion and standardization projects of the Company's current transmission assets, with an investment of US\$ 50 million. Considering the strong momentum expected in the coming years in the construction of renewable projects, the transmission business will acquire increasing relevance in the development of a matrix that can transport clean energy from the generation poles to the consumption centers, which we expect to generate significant opportunities for the Company.

Regarding the fixed cost efficiency plan, and beyond the 2019 results already mentioned, it is worth noting that in the two years of implementation of this program, Colbun accumulates savings equivalent to 21% of 2017 fixed costs. This plan is complemented and in part is leveraged in the Colbun digitalization and automation activities program, which considers a thorough review of the Company's operational, administrative and maintenance processes, with the aim of simplifying them and increasing their efficiency and competitiveness.

During the year 2019, important advances were made in predictive techniques for plant maintenance, monitoring of online operational processes and remote surveillance coverage in our facilities. Additionally, the digitization and automation of the management of the Company's commercial cycle, and of the administrative processes in the areas of supply, contract management and travel management were deepened.

MILESTONES OF OUR COMMERCIAL MANAGEMENT

In the field of commercial management -first point on our strategic agenda-, the Company met relevant milestones in 2019. As has been commented on these same pages in the past, in recent years the electricity market entered into a strong competitive dynamic caused by the drop in the costs of developing solar and wind energy and the entry of new players in renewable projects who focused their efforts on tenders for regulated clients.

In this context, in 2016 the Company decided to focus its commercial effort on unregulated clients, where it saw a better risk-return ratio, greater growth opportunities and competitive advantages by being able to offer renewable energy continuously and safely.

From 2017 onwards, the unregulated clients market - made up of companies with a contracted power of over 500 kW, such as mining, industries, hotels,

large retailers, vineyards and universities, among many others - has grown significantly, closing in 2019 with a 5.5% increase in the volume of energy sold in the National Electric System, according to figures from the National Electric Coordinator (versus a 6% drop in sales to regulated clients).

To address this challenge, the Company has strengthened its structure, teams and value offer in the commercial area, developing new communication channels with clients, creating a renewable energy seal and making its billing processes more efficient, among others. Thus, in 2019 we had 288 generation clients (including awarded clients, but that haven't started to supply as of December 2019), a figure that contrasts with the 18 clients -unregulated and regulated - that Colbun had in 2016.

Even more important was the volume of new energy contracted during 2019, which reached more than 3,700 GWh per year, thus adding in the last three years (2017-2019) to 6,500 GWh per year.

A significant milestone in 2019 was the award to Colbun of a contract to supply BHP's operations in Chile with renewable energy for a volume of 3,000 GWh per year, starting in January 2022. With a term of 10 years, it is one of the largest renewable energy contracts tendered in Chile, whose supply will come from both the Company's new wind and solar sources, as well as the current renewable sources we operate.



A RENEWABLE FUTURE

To leverage our growth strategy in the unregulated client market, where demand for renewable energy is growing, Colbun has been developing in recent years a portfolio of solar and wind energy projects with the aim of building the most competitive initiatives (second item on the aforementioned strategic agenda). Our roadmap aims to double the size of the Company in the next 10 years based on solar and wind projects, which means developing nearly 4,000 MW in this type of initiatives.

To date, we have a portfolio of four solar projects and one wind project in feasibility development stages - either

environmentally approved or in the process of environmental assessment -, which total more than 1,600 MW, to this we can add three other projects per 1,000 MW in earlier stages of development. Among the advances of 2019, the environmental approval, in October 2019, of Diego de Almagro Sur, stands out, a photovoltaic project with a capacity of 200 MW located in the Atacama Region. Additionally, in December we submitted to the Environmental Assessment Service of Antofagasta Jardín Solar, a photovoltaic initiative of at least 450 MW of installed power located in the commune of Pozo Almonte, while in February 2020 the Inti Pacha Photovoltaic Solar Park project began its environmental assessment (430 MW).

Also in the field of solar generation, in October a DIA was entered to build the Machicura solar park (9 MW), on land adjacent to the hydroelectric plant of the same name, in the Maule Region. Regarding our wind projects, during 2019 the Company focused on preparing the Horizonte Environmental Impact Study, an initiative located approximately 130 kilometers from the town of Taltal on a property that is part of a reserve of fiscal land established by the State of Chile for renewable energy generation projects.

During the second semester of 2019 Colbun made an early approach with the surrounding communities, through a process of Anticipated Citizen Participation, in order to report on the main characteristics of the work, allowing to collect concerns and opportunities for collaboration. The EIA of this project was entered into the Environmental Impact Assessment System in January 2020. It will have a minimum power of 607 MW. In this program of renewable projects, we have placed special emphasis on achieving highly competitive development and operating costs, which, together with our hydroelectric assets, will leave us in a good position to offer renewable energy in a safe, continuous and cost-efficient manner.

REGULATORY CHALLENGES

This is in addition to the commitment we made last June when we supported the decarbonization program promoted by the Government. Although Colbun owns only one of the 28 power plants that operated in the system when this agreement was signed - also being one of the most modern and efficient units in the system -we believe that there is a real opportunity to move towards a low economy in carbon. However, to do so responsibly and without mortgaging our growth opportunities, boosting renewable energy requires some preconditions. Among them, promoting a timely expansion of the transmission system, as well as establishing the necessary price signals to promote investments that provide the system

with the necessary flexibility to cover the variability of solar and wind energy.

In this sense, the flexibility strategy that the Ministry of Energy announced in 2019 - and that could imply regulatory and legal changes - points in principle in the right direction, although the details of the proposals that will be made are still pending.

This is not the only regulatory challenge of the energy transition. There is a certain consensus in the industry that technological changes, greater demands for quality of services and the promotion of greater competition make it necessary to modernize the framework that governs the electricity distribution business, a reform that the government has announced will address in the so-called Long Distribution Law. But, as we have said on several occasions, for this new legal body to achieve the desired objectives, it is necessary for it to allow the field to be matched for all actors, reducing information asymmetries in the market and promoting better conditions of competition for the benefit of consumers.

COLBUN AND THE ENERGY TRANSITION

As it is possible to appreciate, the energy industry - not only in Chile, but in the world - is challenged by relevant transformation processes, which include society's marked preference for emissions-free energy and technological changes that are driving its digitization, decentralization and decarbonization.

Added to this are competitive pressures caused by the entry of new entrants and constantly evolving regulatory environments. Colbun is no stranger to these changes. The Company has defined a roadmap, expressed in a strategic agenda, to face this new scenario, including its technological, regulatory, competition and new business model challenges. This strategic agenda allows us to anchor the development of the Company to a medium and long-term vision. However, we are also aware that we need to be flexible to adapt to the changing conditions of this market, promoting an organizational culture that allows us to respond quickly to new challenges.



Our commitment, and that of all of us who belong to Colbun, is to work day by day to contribute to the sustainable development of this company and the future of our region.

As I finish writing this letter, we face precisely one of those unexpected scenarios that forces you to react quickly. The expansion registered by the Coronavirus until the last week of March exposed the world and Chile to a health crisis with few precedents, and whose horizon of completion, as well as the extent of its effects, is uncertain. On this matter, I would just like to convey to you that the Company has adopted all the necessary measures in order to achieve two objectives: protect the health of our workers and contractors, and guarantee the security and continuity of the energy

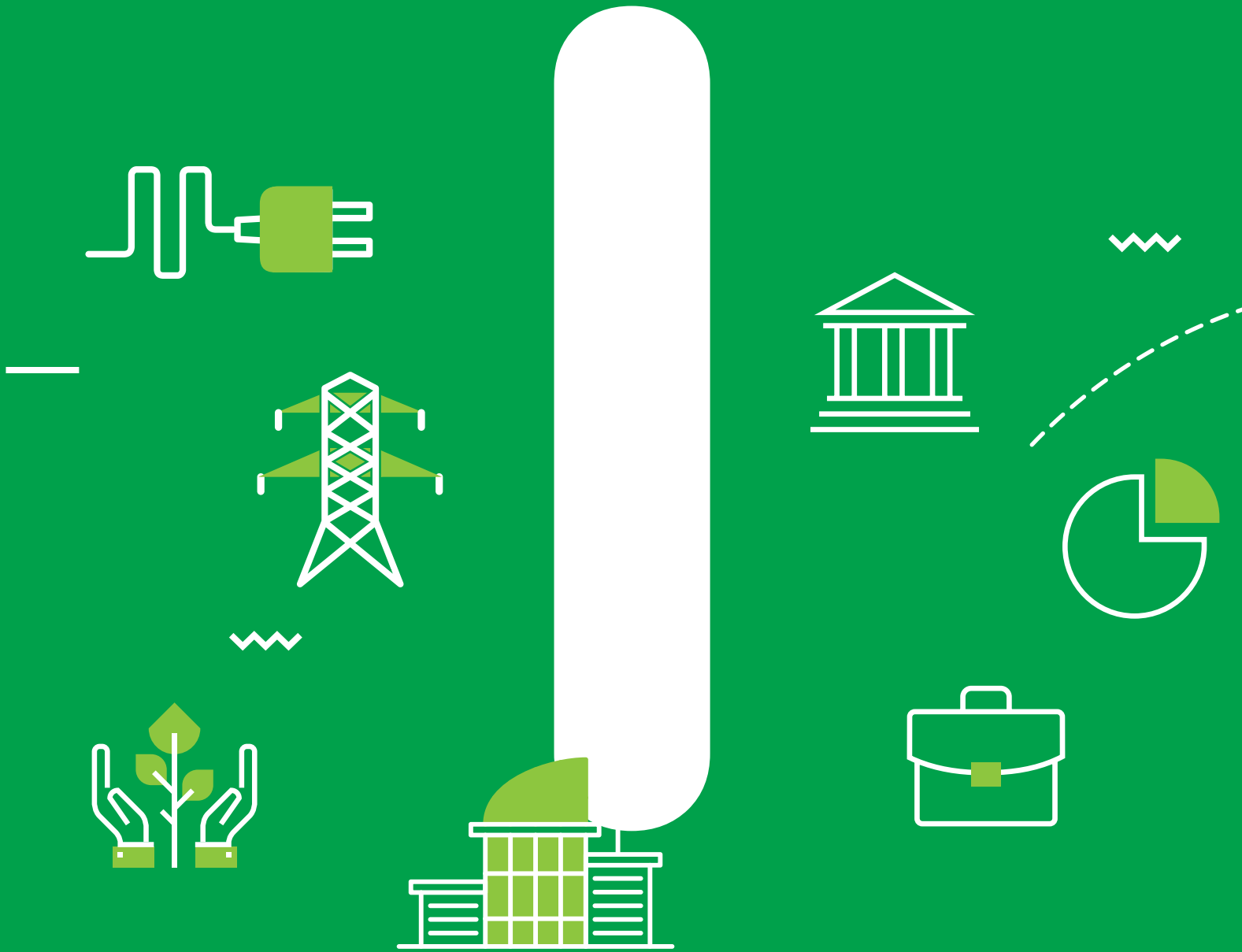
supply, of vital importance in the circumstances that the country lives. I hope that the reading of this 2019 Annual Integrated Report - which was prepared following the standards of the General Norm 386 of the Financial Market Commission, the Global Reporting Initiative (GRI) and the Principles of the United Nations Global Compact - allows an adequate understanding of the progress of the business and the progress and challenges we face.

Thank you

HERNÁN RODRÍGUEZ W.
Chairman of the Board of Directors
Colbun S.A.

March 2020







COUNTRY CONTEXT AND THE ENERGY INDUSTRY

This chapter includes the evolution of the political, social, economic and regulatory environment in which the Company operates in Chile and Peru.



Materiality Analysis

103-1, 103-2 y 103-3

Based on the Materiality Study carried out to compile the Annual Integrated Report, one relevant material topic was identified related to the topics addressed in Chapter 1.



MATERIAL TOPIC:

Regulation and Change of the Electricity Industry

Boundary:

- Electricity market regulation
- Regulatory management
- Flexibility, Distribution and Water Code
- Change of the electrical industry
- Decentralization

Riesgos asociados:

- Cambios regulatorios

Why it is material for Colbun:

The change in the electricity industry associated with the energy transition also demands regulatory changes. These changes, which in Chile focus on flexibility and the distribution business, and which in Peru focus on subsidies for renewables and the price of gas, may influence the development of the industry, including Colbun, and have also a high technical component.

How we manage it:

Colbun actively participates in trade associations linked to the industry, through which the vision of regulatory changes is raised. Added to this are the instances of direct participation that the authority has fostered. In addition, we have a Regulatory Committee that regularly monitors changes in this area.

GENERAL CONTEXT

103-2, 103-3, Colbun-7. EC

Chile

NEW SOCIAL AND POLITICAL CONTEXT

October 18:

Since October 2019, Chile experienced the greatest social mobilization since the return of democracy. The immediate cause was a rise in the Metro passage that went into effect on October 6, which led to the start of protests by students. The situation quickly escalated, until on Friday, October 18 and the morning of Saturday, 19, Metro stations were vandalized and burned and different parts of the capital were subject to protests, attacks and looting. A few hours later, the government decreed a State of Emergency and issued a curfew in Santiago, taking the Army out onto the streets. In the following days, however, the escalation of protests continued to grow and spread to most of the country's cities.

An important part of these mobilizations was mixed or derived in acts of violence, with damage to public and private infrastructure, while accusations of violation of human rights by the Police Force arose. In the course of this process, on October 25, more than one million

people gathered to protest around Plaza Italia, the nerve center of Santiago, the largest concentration of citizens in 30 years.

Characteristics and causes:

One of the characteristics of this movement is that it had no visible leaders; another, that catalyzed a wide variety of causes and discomforts in Chilean society, mixing social demands with acts of vandalism and extreme violence. The visible causes of the protests included low wages and pensions, rising cost of living, a shortage of medicines, difficult access to health, and education, among other matters. A common element that different analysts identified in these mobilizations was discomfort for what is considered excessive inequality in Chilean society.

Constitutional Process:

In the midst of increasing mobilization and violence, on November 15 a total of ten government and opposition political parties signed a commitment called "Agreement for Peace and the New

Constitution”, which established criteria so that in April 2020 the citizenry decides, in a plebiscite, whether to reject or approve the elaboration of a new constitution, which date was later postponed until October 25, 2020 due to the Coronavirus epidemic. On that same occasion, it must choose the mechanism to define the body in charge of preparing the new text. In case the “approve” option succeeds, it is estimated that the constitutional process will last up to twelve months, after which a new plebiscite will be conducted to approve or reject the proposed text.

New social agenda:

Also in the context of the crisis, the Government made a relevant change in the ministerial team, encompassing, among others, the Interior and Finance ministries, and launched a social agenda with new proposals regarding the increase in the minimum income, pension reform and tax reform, among others. Except for this last law (which seeks to increase tax collection by US\$ 2.2 billion), most of the projects were in parliamentary process at the time of writing this Report. The introduction of this agenda meant an important change in the perspective on the future evolution of fiscal spending, increasing in the immediate future the deficit and the level of State indebtedness.

PERFORMANCE OF THE ECONOMY

Impact on GDP:

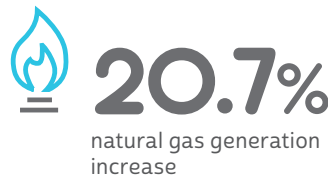
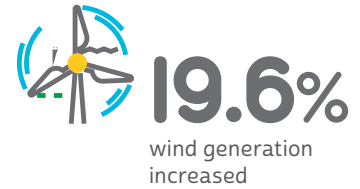
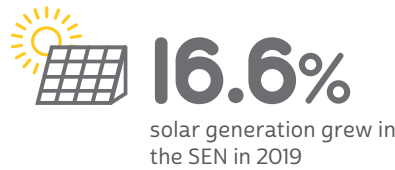
As a consequence of the crisis experienced by the country, the economy

faced a significant brake from October, when the Monthly Economic Activity Index (Imacec) contracted 3.4%, followed later by a drop of 3.3% in November, these being the worst figures in more than 10 years. In this way, the year 2019 ended with a growth of only 1.1% (measured by the Imacec), which contrasts with the 4.0% increase that GDP had had only one year earlier, also being the lowest rate in ten years. The reduced activity was felt in all sectors, but with particular force in the areas of commerce, services and tourism. While the economy had not yet recovered from this shock, in mid-March the Coronavirus epidemic struck the production chain once more, with repercussions that until the closing of this report were difficult to project.

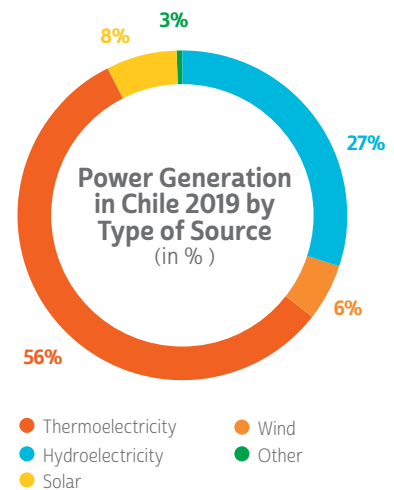
Evolution of the electricity sector:

The poor performance of the economy in 2019 had an immediate impact on energy demand. Gross electricity generation in the National Electric System (SEN) experienced an increase of only 0.8% in 2019 according to figures from the National Electric Coordinator, which

SEN FIGURES IN 2019



contrasts with the expansion of 3.1% in 2018. Sales of energy, meanwhile, grew only 0.8%, with a disparate trend between regulated clients (-5.9%) and sales to unregulated clients (+ 5.9%). At the generation matrix level, in 2019 the drought had a marked effect on hydraulic generation, which fell 10.3%, while an increase in wind (19.6%), solar (16.6%) and natural gas (20.7%) energy was observed.



Source: CEN

Peru

POLITICAL PROCESS AND ECONOMIC ADJUSTMENT

Government-Congress Conflict:

In political matters, the most significant event of the year was generated by the decision of the President of the Republic, Martín Vizcarra, to decree on September 30 the closing of Congress through a Supreme Decree, thus culminating a growing conflict between the Government and a Legislative Branch dominated by Fujimori and its allies. The constitutional closure occurred after Congress challenged Vizcarra and elected a new member of the Constitutional Court without analyzing the question of trust presented by the Executive to stop said process. After new legislative elections were held in January 2020, Fujimori supporters lost strength in a parliament that was much more fragmented.

After Congress closed, the government relied on emergency decrees to legislate on different matters and urgencies. Legislation regarding public indebtedness was legislated to reschedule the payments of social security contributions, extraordinary measures were established to prioritize projects of the Infrastructure Plan, among other emergency decrees.

Evolution of the economy:

Peru had an economic growth of 2.2% in 2019, almost half that of 2018 (4.0%). Although the Andean country was

the one that registered the highest expansion rate among the economies of the Pacific Alliance (Chile, Mexico, Colombia and Peru), 2019 was a complex year, with high global uncertainty.

The expansion figure was adjusting downwards with the passing of the months. At the beginning of 2019 the Ministry of Economy and Finance estimated an expansion for the year of 4.2%; in August, the authority had already reduced its projections to 3.0%. The reduction in growth was due to supply shocks - lower private and public investment - and an unfavorable external context.

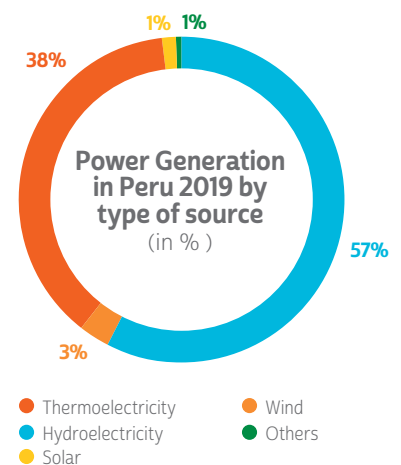
However, Peru's fiscal deficit showed a favorable evolution, going from 2.3% of Gross Domestic Product (GDP) in 2018 to 1.6% of GDP in 2019, the lowest since 2014, according to Bank of Central Reserve (BCR). This was mainly due to higher current income (0.5 percentage points of GDP) and lower non-financial expenses (0.1 percentage points of GDP).

Evolution of the electricity market:

The greater growth of the product had its counterpart in the electricity market. Demand in the National Interconnected Electric System (SEIN) grew 1.9% in 2019, less than the growth of the previous year (3.7%). Marginal costs decreased

17% compared to 2018, due to the oversupply of generation and the scheme of declaration of the variable costs of natural gas for priority in the energy delivery.

In terms of generation by energy source, as of December 2019, solar had an annual increase in 2019 of 1% and wind decreased 7%, both compared to December of the previous year. However, its weight in the matrix is still modest, adding between the two 5% of the total. In terms of weight in the matrix, hydraulic generation continues to be the most relevant in Peru, with 66% of the total, followed by natural gas, which contributes about 29%.



Source: COES

✓ **1.2%**

was the economic growth of Chile according to Imacec, as a consequence of the social crisis.

✓ **0.8%**

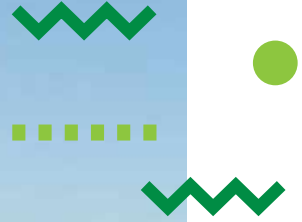
was the increase in gross electric generation in the SEN.

✓ **2.2%**

was the economic growth of Peru.

✓ **1.9%**

was the demand in the SEIN



1.2 REGULATORY FRAMEWORK

103-2, 103-3, Colbun-7, EC

Chile

The regulatory framework that governs the Chilean electricity sector and Colbun’s operations is mainly made up of the General Electric Services Law, the General Environmental Bases Law and the Water Code.

There are seven main entities that ensure the application and compliance with the laws and regulations of the electricity sector.

ENTITIES WITH COMPETENCES IN THE ENERGY SECTOR IN CHILE

| | | | |
|---|---|---|---|
| <p>General Water Directorate</p> | <ul style="list-style-type: none"> · Water Rights / Projects Approval · Control and Oversight · Measurement and Control of Water Resources · Surveillance of the operation of Water User Associations | <p>National Electric Coordinator</p> | <ul style="list-style-type: none"> · Coordinates the system’s operation · Economic Dispatch · Competition monitoring |
| <p>Ministry of the Environment</p> | <ul style="list-style-type: none"> · Design and Application of Public and Sectorial Policies · Advisor to the Government · SEA: environmental Approval · SMA: Oversees Legal Compliance | <p>Ministry of Energy</p> | <ul style="list-style-type: none"> · Public and Sectorial Policies · Advisor to Government · Long-term Planning |
| <p>Expert Panel</p> | <ul style="list-style-type: none"> · Dispute settlement | <p>Superintendence of Electricity and Fuel (SEC)</p> | <ul style="list-style-type: none"> · Oversees Legal Compliance |
| | | <p>National Energy Commission (CNE)</p> | <ul style="list-style-type: none"> · Rates · Regulatory function · Expansion Plans |

FROM DECARBONIZATION TO THE FREEZING OF RATES

COAL-FIRED POWER PLANTS DECOMMISSIONING

One of the relevant milestones of the year was the agreements signed between the Ministry of Energy and the companies Aes Gener, Colbun, Enel and Engie in June 2019 to promote the decarbonization of the electrical matrix. The plan contemplates, in a first stage, that by the year 2024 the eight oldest coal-fired thermoelectric plants in the country will end operations (none of which belongs to Colbun). A commitment was also established to set up working groups every five years to allow the establishment of new closure schedules, with a view to a total withdrawal of this type of units by 2040. The agreement included the creation of an operational state of “strategic reserve” (ERE) that will allow these plants -within a period- to eventually return to operation if there is a serious structural emergency.

Even though Colbun operates only one of the country’s 28 coal-based plants - and one of the newest - the Company supported the government’s decarbonization plan. However, we also relieve the need to give regulatory and market signals so that the decarbonization of the matrix is done

without affecting the security and efficiency of the system. In this context, the Company announced the goal of an early closure of the Santa Maria Power Plant subject to existing contractual long-term commitments associated with that unit.

Additionally, within the framework of the COP25 held in Madrid in December 2019, the Ministry of Energy announced that four coal-fired power plants, totaling 700 MW of power, would advance their exit from the system with respect to the original program that contemplated their decommissioning on year 2024.

ELECTRIC RATES STABILIZATION

As part of the social agenda announced by the government after the social crisis of October 2019, the Executive promoted measures to avoid increases in the electricity rate paid by regulated clients in the three business segments: Generation, Distribution and Transmission.

Generation: In November 2019, Law No. 21,185 was published in the Official Gazette creating a transitional mechanism for stabilizing electricity

prices for clients subject to tariff regulation, the purpose of which is to stabilize the price of electricity generation in levels in force in the first half of 2019.

Distribution: As for the discussion of the so-called “Short Distribution Law”, Law No. 21,194 was published in December, which lowered the profitability of distribution companies from 10% before taxes to a band of between 6% and 8% after taxes and perfected the electricity distribution tariff process.

Transmission: Finally, the transmission segment was stabilized on December 26, 2019, with a resolution of the National Energy Commission (CNE) on the Single Transmission Charge that should apply from January 2020. In this resolution, the Transmission charges - in force from July 2019, until the publication of the new decree for the valorization of transmission facilities for the four-year period 2020-2023, which according to CNE estimates would be published in July 2022.

For more details on legal and regulatory changes in Chile in 2019, see Annex Chapter 1.



LEGISLATIVE CHALLENGES 2020

There are two bills announced by the government - but not yet presented to Congress - that could be released in 2020 and whose effect on the electricity market would be relevant.



NEW LAW ON ELECTRICAL DISTRIBUTION

One of the challenges assumed by the current Minister of Energy, Juan Carlos Jobet, in June 2019, when he replaced former Minister Susana Jiménez in office, was to continue with the legal modernization that regulates the electricity distribution business.

After a series of studies and workshops carried out in 2019, the Ministry presented a conceptual proposal for a new Distribution Law (Long Law) that has three objectives:

- 1.- Better address the technological and market advances that have occurred and that are anticipated for the future
- 2.- Promote investment and competition
- 3.- Improve the quality of service to end users.

According to the analyzes commissioned by the Ministry, technological changes at the level of distribution networks require the creation of conditions for the emergence of new actors. These include demand aggregators, which interact with the system operator and consumers; marketers, which are a competitive business separated from the regulated planning business; the operation and maintenance of the distribution network infrastructure, and energy service companies, among others.

In 2019, Colbun was invited by the Ministry to participate in two technical tables on this matter. In these instances, we set forth the principles that, in the opinion of the Company, should take precedence in the reform and which are summarized in:

- (i) promotion of free competition, to address problems and practices that may be present for energy supply to unregulated clients and

eliminate information asymmetries among agents that compete in commercialization;

- (ii) effective separation of economic activities, so that the commercialization activity is carried out by a legal, functional, accounting and patrimonially separate entity with respect to the "pure" distribution activity (network operation);
- (iii) safeguard the guarantees required from the marketer, in order to guarantee the payments chain in the wholesale energy market; and
- (iv) gradual implementation of modifications, as we believe that the limit of eligibility to become a unregulated client should be gradually reduced, taking into account that sufficient conditions of free competition arise.

It is expected that in the first months of 2020, the Government will present a bill on this matter.

FLEXIBILITY STRATEGY

The Ministry of Energy announced in October 2018 the elaboration of a law that would address the flexibility required by the Chilean electricity system so that it continues to operate safely and efficiently in the context of the increasing participation of renewable energies of variable sources, such as solar and wind.

In 2019, after the change of holder in the Energy portfolio, the Ministry decided to first work on a Flexibility Strategy, for which a work process was carried out between the Ministry, the CNE, the National Electric Coordinator and an Advisory Committee composed

of academic experts, consultants and researchers.

The proposal released in December by the Ministry consists of three lines of action that group 12 measures:

Focus 1: Market design for the development of a flexible system

Focus 2: Regulatory framework for storage systems

Focus 3: Flexible system operation

From Colbun's perspective - and as we have stated publicly - the regulation should caution that the expansion of the system - led by renewable energies of variable sources - is carried out

preserving the principles of safety and efficiency, which implies having price signals that avoid distortions and recognize one of the main attributes that the electricity system should have in the future: greater flexibility. In short, an adequate design is needed to have the backup capacity that accompanies the variability of intermittent renewable energy. This is not a problem that, for now, puts the quality and security of supply at risk, but it will be as the renewables mentioned increase their participation in the generation matrix.

For more details on current legal changes in Chile, see Annex Chapter 1.



STUDIES FOR PUBLIC DEBATE

In 2019 Colbun commissioned two studies from Valgesta on flexibility, in order to contribute to the public debate on the subject. The first involved a modeling that would allow quantifying the demands for flexibility that the National Electric System will require in different future scenarios for penetration of solar and wind energy; the second, showed the possible role of storage in the development and expansion of the electrical system in the next 10 years. Both were released and discussed in the context of a regulatory seminar in August last year.



Peru

The organization of the electricity sector consists of the following institutions in Peru:

ENTITIES WITH COMPETENCES IN THE ENERGY SECTOR IN PERU

| | | | |
|--|---|---|--|
| <p><i>Ministry of Energy and Mines</i></p> | <ul style="list-style-type: none"> • Sectoral Policies • Housing rights • Standards and Regulations | <p><i>Environmental Assessment and Regulatory Agency (OEFA)</i></p> | <ul style="list-style-type: none"> • Compliance with the law • Supervision |
| <p><i>Energy and Mining Regulatory Agency (OSINERGMIN)</i></p> | <ul style="list-style-type: none"> • Rates • Regulatory and Standard Setting • Function • Dispute Settlement • Complaints Answer | <p><i>Economic Operation Center for the National Interconnected Electricity System (COES)</i></p> | <ul style="list-style-type: none"> • Transmission Plan and SEIN Procedures • Coordination of the SEIN Operation • Economic Dispatch |
| | | <p><i>National Institute for the Defense of Free Competition and Intellectual Rights (INDECOPI)</i></p> | <ul style="list-style-type: none"> • Free and fair competition • Ex-ante control of concentration |

REGULATORY CHANGES

There are three main regulatory aspects that were discussed in the Peruvian electricity sector in 2019.

OVER-CONTRACTING OF DISTRIBUTION COMPANIES

In recent years, the energy supply in the National Interconnected Electric System (SEIN) has increased significantly, while demand has not grown at the rates projected in the Tender processes. In addition, there has been a significant migration from regulated to unregulated clients. This has generated over-contracting by distribution companies.

For this reason, the Ministry of Energy and Mines (MINEM) issued a decree in 2018 to allow generators to renegotiate their contracts with distributors. At the end of December 2018, it was defined that the discounts on firm capacity and the transfers of Contracted Capacity agreed between the generators and the distributors have the same conditions.

Thus, Fenix - a Colbun affiliate in Peru - modified its contracts with distributors through a mechanism where Fenix extends the contract with them, and all the power that was not used with respect to the original

contract will be paid in the form of a credit note or a purchase future option in the period in which the contract was extended.

GAS PRICE STATEMENT

Since 2000, Peruvian regulations have empowered natural gas generation units to declare their variable costs on their own and not to present them audited, as happens for other types of generation. This situation opens the possibility that they may offer prices that are below the real variable cost of generation, being able to create upward or downward pressure on the marginal cost depending on the commercial positions of these

companies, which in turn respond to the structure and regulation of the natural gas market (regardless of the electricity market).

The government has been announcing for several years a possible revision of the gas price declaration system. In 2019, it included the topic as part of the agenda of a Multisectoral Commission created by the Ministry of Energy and Mines to promote a reform of the electricity sector. The Commission is committed to showing progress in the following areas:

- Declaration of natural gas prices.
- Promotion of renewable energy.
- Rural electrification.
- Discount rate review.
- Improvement in bidding processes for long-term contracts.
- Disaggregation of capacity and associated energy.
- Implementation of a new regime to promote transmission projects.
- Gas contracts treatment.

Regarding the declaration of natural gas prices, the Ministry delivered its first reform proposal in December 2019, which replaces the price declaration by the presentation of the contracts by the thermal generators, so that the Committee of Economic Operation of the Interconnected System (COES) determine from them, the fixed and variable components for fixing the marginal cost.

Furthermore, in September 2019 a regulation that recognizes firm capacity to RER (Renewable Energy Resources) power plants that have capacity in peak hours was issued.

See context on the evolution of the regulatory framework in Peru in Annex Chapter 1.



1.3 OPERATION AND MARKETING MODEL (CHILE AND PERU)

OPERATION

Principle and institutionality: The operation of the sector in Chile and Peru is based on a marginal cost scheme (cost incurred by the system to supply an additional unit of demand), which includes, in turn, the criteria of efficiency and safety in the allocation of resources.

In order to meet the “efficiency objective”, the generating companies coordinate their operations, in the case of Chile, through the CEN (National Electric Coordinator) since January 2017 and, in the case of Peru, through the COES (Committee of Economic Operation of the National Interconnected System). The coordinator seeks to minimize the costs of operation and failure of the electrical system, in addition to ensuring the quality and safety of the service provided by generation and transmission companies.

The main objective of the dispatch system is to ensure that the demand for electricity is served by the most efficient units available at all times.

ROLE OF MARGINAL COST:

The respective coordinating entity dispatches the plants in ascending order of their respective declared variable costs of production, starting with the lowest declared cost plants. The declared variable cost of the most expensive unit operating represents the marginal cost of the system and determines the price of energy in the current spot market and is measured in US\$ / MWh. In Peru, from 2008 to October 2017, an Idealized Marginal Cost was applied, which established that for the purpose of calculating the spot price of energy, a system without restriction of production or transportation of natural gas or transmission of electricity should be considered, also, the spot price could not be higher than a limit value defined by the Authority. With the end of the application of the Idealized Marginal Cost, the calculation of the spot prices should include all the inflections of the system, for which transitory mechanisms were established until the entry into force of the Wholesale

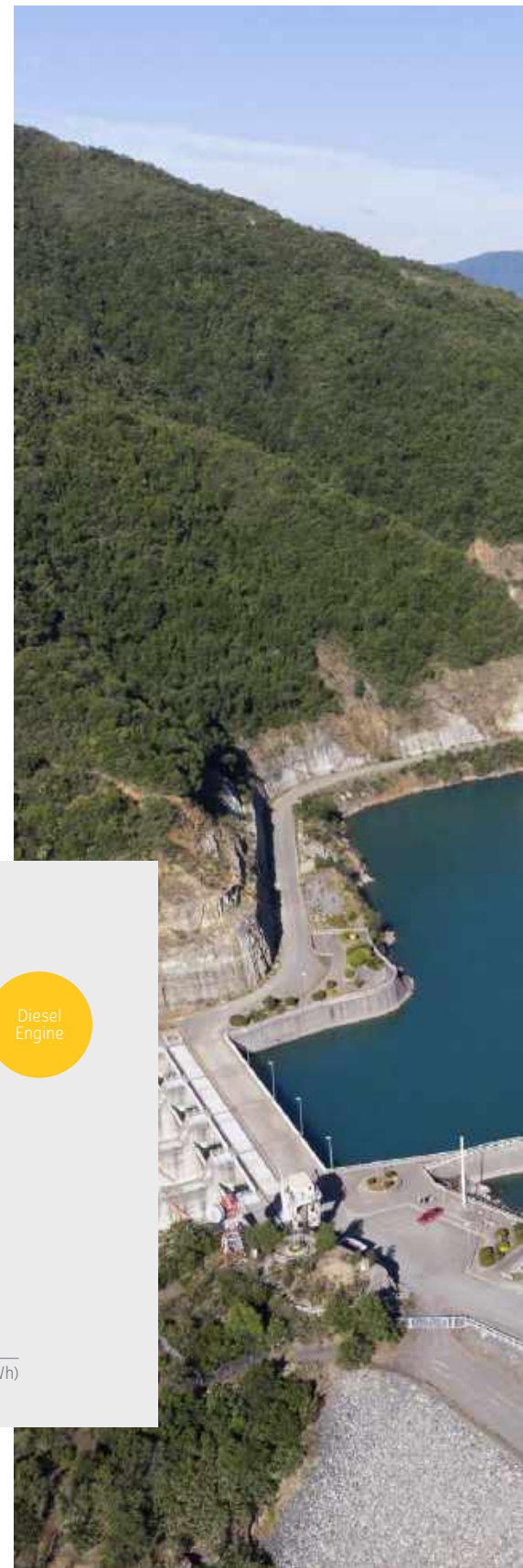
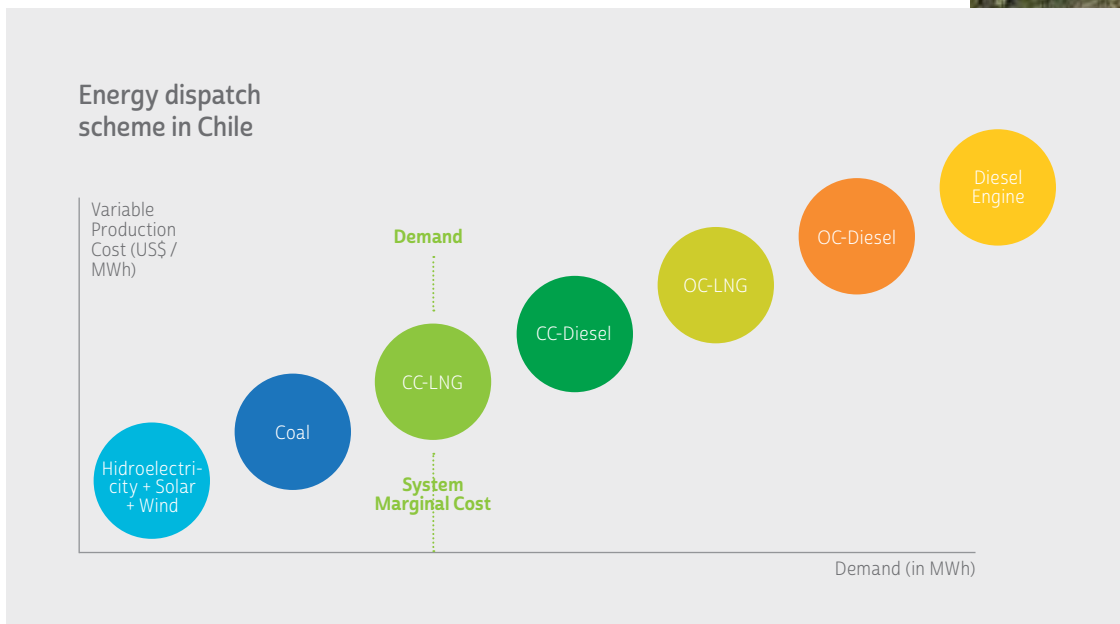
Market Regulation in January 2018. In Chile, the costs declared by each company that owns a plant are subject to audit and are carried out on a weekly basis. In Peru, the declared costs for thermal units that operate with liquid (petroleum) or solid (coal) fuels are audited monthly; the units that operate with natural gas, on the other hand, are free to declare their operating costs, having as a maximum limit their real cost of operation and as a minimum limit a price related to the take or pay of gas supply.

Plants with variable costs lower than the spot price earn a margin for the production delivered to the system. On the other hand, the plant that is dispatched and that has a variable cost equal to the spot price, can only recover variable production costs. At

all times, the generating companies meet their contractual sales commitments with dispatched electricity, either produced by themselves or purchased from other generating companies through the spot market.

SAFETY AND CAPACITY CHARGE:

In order to meet the objective of “security and continuity of electricity supply”, the pricing model also contemplates a “power charge” that corresponds to additional remuneration for generators that keep their plants available and that seeks to give incentives to have backup capacity in the system. Such remuneration is measured in US\$ / KW-month.



PRODUCTION AND COMMERCIALIZATION

Generation companies in both Chile and Peru can choose between:

- (i) Commit to selling energy to clients through contracts (short / medium / long term);
- (ii) Sell their energy production to other generation companies with deficit in the spot market;
- (iii) A combination of both. Generators can sign contracts with three types of clients: regulated clients (distribution companies), unregulated clients (industrial companies, mining companies, etc.) or other generators.

Market Share by Business Group in the SEN (Chile) in 2019

(by energy generated, in %)

| | |
|-----------------|-------------|
| Enel Generación | 23% |
| AES Gener | 14% |
| Colbún | 15% |
| Engie | 5% |
| Others | 42% |
| TOTAL | 100% |

Source: CEN

Market Share by Business Group in the SEIN (Peru) as of Dec. 2019

(by energy generated, in %)

| | |
|--------------|-------------|
| Electroperú | 14% |
| Engie | 12% |
| Ener Perú | 18% |
| Kalipa | 15% |
| Fenix | 7% |
| Others | 31% |
| TOTAL | 100% |

Source: COES

TYPE OF CLIENTS AND CONTRACTS

CHILE **500 kW**
Regulated (Distributors)

Option to choose between **Unregulated or Regulated** Between 500 KW and 5,000 KW they can choose the condition, as long as they remain for a minimum period of 4 years under that scheme.

5,000 kW
Unregulated

PERU **200 kW**
Regulated (Distributors)

Option to choose between **Unregulated or Regulated** Between 200 KW and 2,500 KW you can choose your condition.

2,500 kW
Unregulated

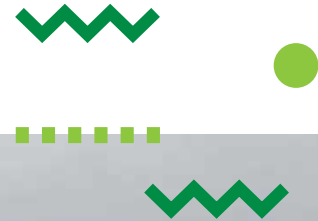


In Chile, Colbun has a 15% market share in terms of energy generated in the National Electric System (SEN) during 2019 and 13% measured by installed capacity. The electricity market is a competitive market where there are more than 340 companies that participate. This competitive dynamic has intensified in recent years in the context of the entry of new players and the impact that the irruption of solar and wind energy is having, the cost of which has been reduced significantly as a result of its massification.

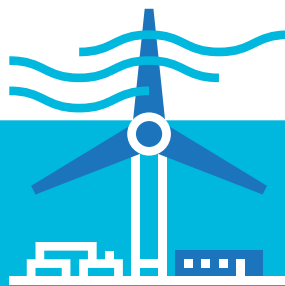
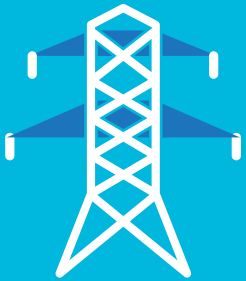
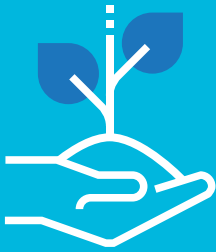
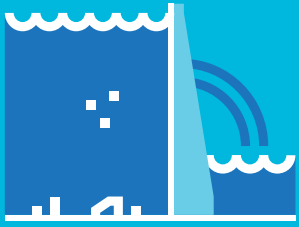
This largely explains the increasing participation of these technologies in the generation mix, a trend that is expected to continue in the future.

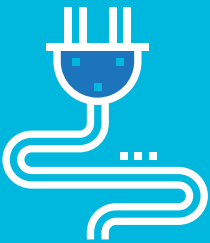
Colbun believes that this change in the electricity industry opens an opportunity for expansion and future value creation for the Company, thus, it has prepared a roadmap that involves doubling the size of the Company based on renewable solar and wind energy projects. In the next 10 years, adding nearly 4,000 MW of installed capacity.

Currently, we have solar and wind projects already environmentally approved or in the process of environmental assessment for more than 1,600 MW, to which are added three other projects in early stages of development for 1,000 MW. This, together with our reservoir hydroelectric plants, allows us to count with a continuous and safe renewable energy offer for our clients and the country.



2





WHO WE ARE AND WHAT WE DO

This chapter contains information on the Company's history, milestones, assets, corporate governance, business model, strategic vision and sustainability management.

Materiality Analysis

103-1, 103-2 y 103-3

Based on the Materiality Study carried out to compile the Annual Integrated Report, four relevant material topics were identified related to the topics addressed in Chapter 2.



MATERIAL TOPIC: New Business and Innovation

Boundary:

- Business strategy, which places the customer at the center of the Company's activities.
- New business and market opportunities
- Research and Development

Related risks:

- New competitors
- Technological obsolescence
- Loss of competitiveness

How we manage it:

In 2019 the Company defined a new Innovation Strategy, with six focuses of work: superior value services; use of data for process optimization; operational flexibility; competitiveness in new investment projects; new forms of energy; circular economy development. In addition, an innovation observatory was launched, alliances were created with external entities, and a portfolio of innovation projects was defined. Everything, putting the customer at the center of the business.

Why it is material for Colbun:

The energy industry is undergoing a very relevant transformation, along with technological innovations, which is changing the business: the way it is managed, the energy supply, the profile of electricity demand and the future development of the sector. This translates into the emergence of new actors, the obsolescence of certain technologies, and new parameters of competitiveness.



MATERIAL TOPIC: Automation and Digitization

Boundary:

- Technology
- Automation
- Digitization

Related risks:

- Loss of competitiveness
- Technological obsolescence

How we manage it:

In 2018 Colbun articulated a Digital Transformation Plan that includes different initiatives, some that were already underway and others that were new. This plan includes about 20 initiatives, several of which during 2019 progressed in their implementation in a transversal manner, always aiming to have a more efficient operation and adding value to the business. In addition, together with new technological platforms, a change management program was launched to adapt Colbun's internal culture to the requirements derived from this transformation.

Why it is material for Colbun:

The use of tools and the automation of processes and operations is spreading to all sectors, and the energy industry is no exception. Well designed and implemented, these tools make it possible to gain significant efficiencies, thereby improving companies' competitive position.



MATERIAL TOPIC:

Corporate Governance and Risk Management

Boundary:

- Corporate governance and ethical conduct
- Board structure
- Transparency
- Integrity
- Conflict of interest
- Risk management

Related risks:

- Reputational damage
- Legal breach
- Loss of confidence

How we manage it:

Colbun has multiple documents and regulatory action plans: Information Management Handbook of Interest to the Market, Code of Ethics, Information Management Policy, Policy on Contracting Goods and Services Provided by Politically Exposed Persons, Policy and Procedure of the Board and Policy of Delegation of Authority of the Board of Directors. Periodically, training in these subjects is also carried out, as well as certification processes. In 2019, the Integrity Plan was continued, the Code of Ethics was updated and an internal campaign was carried out to spread anti-corruption practices.

Why is it material for Colbun:

Good Corporate Governance is an essential part of a company's trust and relationship with its stakeholders, and reputational problems can affect business development and value creation. For this reason, it is essential to ensure transparency, regulatory compliance of excellence, the ethical behavior of all staff and high standards in the management of conflicts of interest.



MATERIAL TOPIC:

Communication with stakeholders

Boundary:

- External communication
- Stakeholders management
- Prosumer Citizens
- Supplier management
- Payment to SME suppliers after social outbreak
- Working conditions of permanent contractors

Related risks:

- Conflicts with stakeholders
- Legal actions
- Reputational damage
- Stoppages of operations

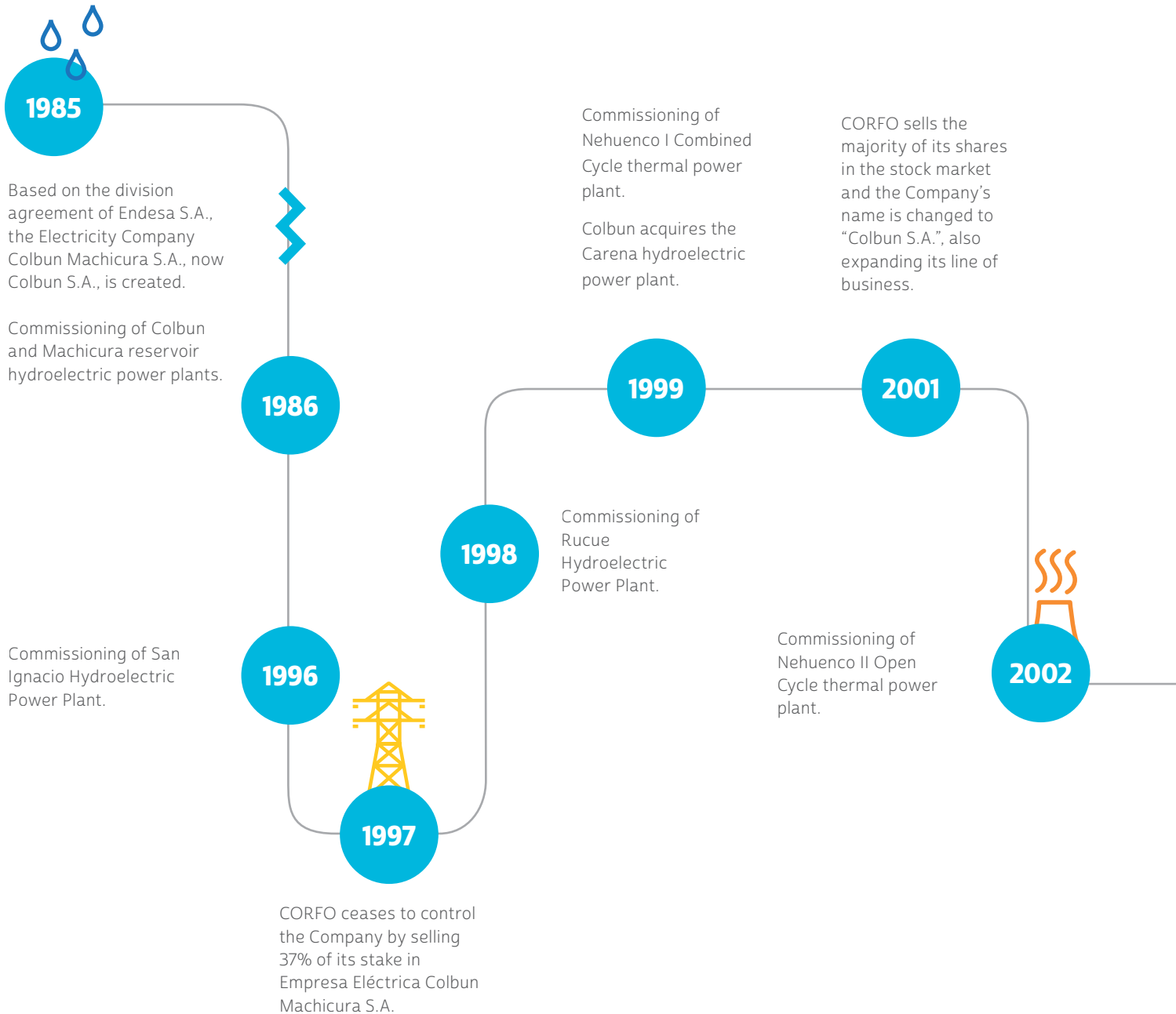
How we manage it:

At the regulatory level, Colbun has different guidelines regarding how to manage its relationship with the main stakeholders: Investor Relations Policy, People Management Policy, External Communications Policy, Community Relations Policy, etc. In 2019, as a result of the social crisis, we reinforced the instances of dialogue with workers, suppliers and permanent contractors, and various measures were adopted to take charge of certain gaps in our relationship with some of these groups.

Why it is material for Colbun:

The involvement and engagement of its stakeholders is essential for the proper development of Colbun's business, in all its dimensions: workers, investors, suppliers, communities and clients. To fulfill this purpose, it is very relevant to have a permanent and fluid dialogue and communication with them, which allows detecting opportunities and managing risks.

2.1 OUR HISTORY



Commissioning of Candelaria Open Cycle thermal power plant.

Minera Valparaíso S.A., owned by the Matte Group, becomes the controller of Colbun S.A. after the merger with Hidroeléctrica Cenelca S.A.

The merger includes the Chacabuquito, Los Quilos, Blanco, Juncal, Juncalito plants (all run-of-the-river hydroelectric power plants), the Canutillar Hydroelectric power plant, and the Antilhue thermoelectric power plant.

2005

2004

Commissioning of Nehuenco II Combined Cycle Thermal Power Plant.

2006

Tractebel sells its stake in Colbun. In this sale Antarchile S.A. (Angelini Group), acquires 9.53% of Colbun.

HidroAysén is created, with Colbun contributing 49% of the capital and Endesa the remaining 51%.

2007

Commissioning of Quilleco and Chiburgo run-of-the-river hydroelectric power plants. The latter is the first plant of the Company built under the NCRE Law.

Registered with the Clean Development Mechanism (CDM) Chacabuquito run-of-river Hydroelectric Power Plant is the first hydroelectric plant in the world to trade carbon credits.

Colbun is awarded supply contracts with terms of 10 to 15 years, with CGED, SAESA and Chilectra.

2008

Commissioning of the Hornitos Hydroelectric Power Plant.

The Hornitos and Quilleco run-of-the-river hydroelectric plants are registered with the Clean Development Mechanism (CDM).

2009

Colbun adopts the US dollar as its functional currency.

Commissioning of Los Pinos Open Cycle Thermoelectric Power Plant.

2010

Commissioning of San Clemente Hydroelectric Power Plant. Issuance of the first bond in the International financial market for US\$ 500 million for a 10 year term.

Definition of Colbun's Sustainability Strategy.

2011



Commissioning of San Clemente run-of-the-river Hydroelectric Power Plant (Maule Region) and is registered under the Clean Development Mechanism (CDM).

2012

Commissioning of Santa María plant (Biobío Region), the first and only Colbun coal-fired thermal power plant.

Publication of our first Sustainability Report, under the Global Reporting Initiative (GRI) methodology.
The affiliate Colbun Transmission S.A. is created.

2014

Commissioning of Angostura Hydroelectric Power Plant.

Opening of the Angostura Park, a tourism project associated with the same plant.

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

2015



51% of the shares of Fenix Power Peru S.A., a Peruvian company that owns a natural gas combined cycle thermoelectric plant, located in Chilca, Peru, are acquired.

2016

Publication of the Company's first Annual Integrated Report, it gathers in in a single document the Annual Report and the Sustainability Report.

Colbun introduces a new corporate image with a logo that reflects the modernization and diversification of the Company in renewable energies.

Colbun is awarded a concession to develop the Horizonte Wind Farm (Antofagasta Region). The Company is selected to enter the Dow Jones Sustainability Index (DJSI) of Chile and Emerging Marktes. The Company issues two bonds in the international market:

- Fenix made its first issue, for US\$ 340 million.
- Colbun issued a new series of bonds for US\$ 500 million, using the funds to refinance the bonds that were due in 2020.

A decision is reported not to proceed with Unit 2 of the Santa María Complex.

Hidroaysén S.A. reports halting of activity and cancellation of its hydroelectric project.

2017



Commissioning of La Mina Hydroelectric Power Plant (Maule Region) Commissioning of Ovejería Solar Plant (Metropolitan Region)

2018

2019



The Machicura Reservoir Beach is inaugurated, a tourism initiative associated with the Machicura reservoir jointly promoted by Colbun S.A. and the municipality of Colbun. This received first place in the "Best Practices Contest for a More Sustainable Electric Future" from Generadoras de Chile.

Some renewable energy contracts signed in 2019:

- Walmart for 223 GWh / year.
- Ripley for 90 GWh / year.
- BHP for 3,000 GWH / year from 2022, for a term of 10 years.

Diego de Almagro Sur solar project is approved

The Environmental Assessment Service approved the RCA (environmental qualification resolution - Chilean environmental permit) of the 200 MW Diego de Almagro Sur solar photo-voltaic project.

2.2 OUR MILESTONES 2019

January

The Machicura Reservoir Beach opens

A 150-meter beach, barbecue areas, bathrooms, commercial premises, foodtrucks, children's games and a pier are some of the spaces and services of the Machicura Reservoir Beach, a project launched by the Municipality of Colbun and the company Colbun S.A. at the Machicura Reservoir.



February

Tourist project in El Chapo

The Lake Chapo Tourism Board, where Colbun participates, presented the project to enable two viewpoints and informative signs with the main natural attractions in the area, including the Calbuco Volcano, Lake Chapo, the Llanquihue Natural Reserve and the Alerce Andino National Park.



March

Colbun presents 2019 Gender Agenda

In consideration of International Women's Day, the Company presented an action plan on gender issues, with four strategic focuses: professional development, recruitment and selection, conciliation and co-responsibility and socialization. Medium and long term goals were set in this matter.

Change Management and Digital Transformation Project

The Company launches an initiative aimed at promoting a corporate culture consistent with the transformations that are taking place in the energy industry, promoting a

April

International Transparency Study

Colbun was ranked as the best evaluated company in reportability of corporate information, according to the latest version of the Transparency Reporting on Anticorruption (TRAC) study that produces the Chilean chapter of International Transparency, Chile Transparente.

Renewable energy agreement with Walmart

Contract with Walmart allows certifying that 223 GWh of the total energy supplied by Colbun to the supermarket company comes from renewable sources. This is equivalent to withdrawing some 33,000 vehicles a year from circulation between the years 2018 and 2021.





flexible, horizontal organization, open to change and incorporating digital tools for greater efficiency and productivity.

Cerro La Virgen viewpoint in Coronel

Through the Social Development Fund that Colbun has promoted with 13 neighborhood councils for 10 years, in 2019 this participatory project was executed and inaugurated, which included new furniture, murals, lighting and three binoculars for the sanctuary that exists in Cerro The Virgin in Colonel.

May

Renewable energy contract with Ripley

Colbun signs a renewable energy supply contract for 27 Ripley stores across the country. The agreement considers a supply of approximately 90 GWh / year.

LED luminaires for the southern sector of Quillota

The Municipality of Quillota and Colbun installed more than 600 LED luminaires, a project that benefits 20 towns in the commune of Valparaíso Region.



June

Colbun Agrees on Decarbonization Plan

In the context of the objectives assumed by Chile to move towards a low carbon economy, Colbun signed an agreement with the Ministry of Energy supporting the Decarbonization Plan, stating that it considers the closure of the Santa María Power Plant by 2040, subject

to the contractual commitments in force of the power plant. It is the only coal-fired plant, and the agreement is part of a commitment that involved the other three companies that own the remaining 27 plants that operated in the country as of that date.



July

Bird Watching Project in Angostura

Colbun launched the Bird Watching Project in the Angostura Reservoir, which considers monitoring and safeguarding the area, belonging to Central Angostura, where a spontaneous colonization of birds arrived. In addition, high-resolution cameras were installed in the Visitor Center that can be used by visitors to observe birds.

Ovejeria Solar Park Certification

The Colbun Ovejería Photovoltaic Solar Park was certified under the international Verified Carbon Standard (VCS) to issue carbon credits that offset CO2 emissions and thus contribute to the reduction of greenhouse gases. It is the sixth Colbun plant to be accredited for the issuance of these bonds and the first for solar energy.



August

Fitch confirms Colbun risk rating, improving its outlook

The rating agency Fitch Ratings affirmed Colbun's international debt rating at the 'BBB' level and improved the Company's outlook from stable to positive. This change in outlook is based on the Company's improved capital structure, solid operating performance, strong EBITDA generation in the medium term and a solid liquidity position.

Investor Day

Colbun holds Investor Day, a day where the Company's senior management met with the main investment agents and the stock market to communicate their vision of the business and the projects that Colbun is promoting to capture new business opportunities in this industry.

September

Colbun listed in DJSI Chile and DJSI of the Pacific Alliance

Colbun was selected to list for the fourth consecutive year in the Dow Jones Chile Sustainability Index (DJSI Chile) and for the third year in the DJSI MILA, a measurement carried out by the Swiss consultancy RobecoSAM that evaluates corporate performance in the economic, environmental and social fields.





October

Machicura Reservoir Beach is awarded

The Machicura Reservoir Beach, an initiative jointly promoted by Colbun S.A. and the municipality of Colbun, received the first place in the “Best Practices Competition for a More Sustainable Electric Future” from Generadoras de Chile.

Emissions from corporate offices are neutralized

For the eighth consecutive year, Colbun neutralized the Greenhouse Gas (GHG) emissions associated with the operation of its corporate offices, mainly related to the consumption of electricity and fuel, staff transfers, business trips and waste disposal.

Diego de Almagro Sur solar project approved

The Environmental Assessment Service of the Atacama Region approved the RCA of the Diego de Almagro Sur photovoltaic solar project in Colbun, located near this town. The initiative considers the development of a solar plant of around 200 MW.



November

Fenix holds First Suppliers Annual Meeting

With the participation of more than 40 companies, the Colbun affiliate in Peru held its First Suppliers Annual Meeting, with the aim of strengthening the link with its strategic partners. Fenix inherits this good practice from its parent company Colbun, that has been carrying out these meetings with suppliers since 2015.

Horizonte early citizen participation

In Taltal and Paposo, the closing meetings of the early citizen participation program held by Colbun for its Horizonte wind project were held. This program, which had its first series of meetings in August, seeks to inform communities about the characteristics and scope of this initiative, in addition to collecting opinions, comments and suggestions that allow optimizing the presentation of the project.

December

Colbun closes a renewable energy contract with BHP

Colbun was awarded a 3,000 GWh / renewable energy supply contract with BHP for its Escondida and Spence sites. The contract comes into effect in January 2022, for a period of 10 years, being one of the largest renewable energy contracts in the industry.

The signing of this contract will speed up and deepen the development of Colbun’s portfolio of solar and wind energy projects, thus adding to the hydroelectric assets that the Company already has.

Patagual sector in Coronel already has solar lights

34 LED photovoltaic units were installed thanks to the execution of an associative project between Colbun and residents of the Development of the Southern Sector Work Table of the commune.

Sale of Antilhue

Colbun finalizes the sale of the Antilhue backup thermoelectric plant, located in the Los Ríos Region. The plant has an installed capacity of 102 MW and was sold to Prime Energía.

2.3 OUR FACILITIES

102-4, 102-6, 102-7, EUI, EU6

Colbun currently operates 25 generation plants, 24 of which are located in Chile and one in Peru, acquired in December 2015.

Additionally, the Company owns 31 substations, almost 942 km of transmission lines, and different concessions and patents, among them the concession for the development of a wind farm in Taltal and concessions for onerous use for solar projects, geothermal concessions, electrical, transmission and water rights. All facilities and water rights are owned by Colbun and its affiliates.

Colbun Power Plant



Canutillar Power Plant



Santa María Power Plant



La Candelaria Power Plant



Nehuenco Power Plant





25

Generation Plants in Chile and Peru.



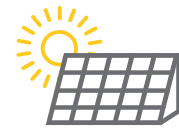
942

Kilometers of transmission lines.



1

Onerous concession for the development, construction and operation of Horizonte, a wind project in Taltal.



6+

Renewable projects at different stages of development: 4 solar, 1 wind and 1 hydroelectric.

Angostura Power Plant



La Mina Power Plant



Ovejería Solar Plant



Rucue Power Plant



Machicura Power Plant



18

Renewable Energy Plants (hydraulic and solar)

1 ACONCAGUA BASIN

- 2210.3 MW / Run-of-river
- Los Andes, San Esteban, Valparaiso 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 OVEJERIA SOLAR PLANT

- 9 MW/photovoltaic
- Til Til, Metropolitan Region

3 CARENA POWER PLANT

- 10 MW / Run-of-river Plant
- Curacaví, Metropolitan Region

4 MAULE BASIN

- 661.8 MW / Embalse - Run-of River, Colbun, Yervas Buenas, San Clemente, Maule Region
- San Clemente (5.9 MW)
- Chiburgo (19.4 MW)
- La Mina (37.2 MW)
- Colbun (467.3 MW)
- Machicura (95 MW)
- San Ignacio (37 MW)

5 LAJA BASIN

- 248.0 MW /Run-of- River Antuco, Quilleco, Biobio Region
- Rucúe (178.0 MW)
- Quilleco (70.0 MW)

6 ANGOSTURA

- 323.8 MW / Reservoir
- Santa Bárbara, Quilaco, Biobio Region

7 CANUTILLAR

- 172 MW / Reservoir
- (Lago Chapo), Cochamó, Los Lagos Region



Map of Colbun power plants and projects¹

6

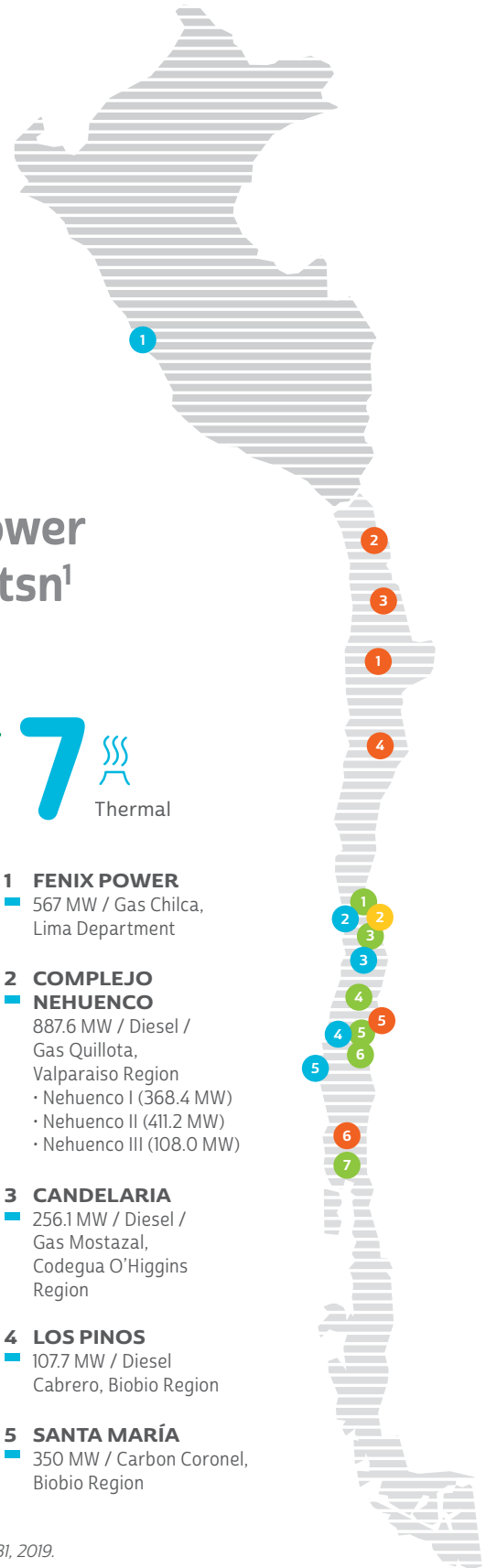
Renewable Projects

- HORIZONTE**
607 MW / Wind
Taltal, Antofagasta Region
- JARDIN SOLAR**
450 MW / Photovoltaic
Pozo Almonte, Tarapaca Region
- INTI PACHA**
430 MW / Photovoltaic
María Elena, Antofagasta Region
- DIEGO DE ALMAGRO SUR**
200 MW / Photovoltaic
Diego de Almagro, Atacama Region
- MACHICURA**
9 MW / Photovoltaic
Colbun, Talca Region
- SAN PEDRO**
170 MW / Hydroelectric
Los Lagos, Los Rios Region

7

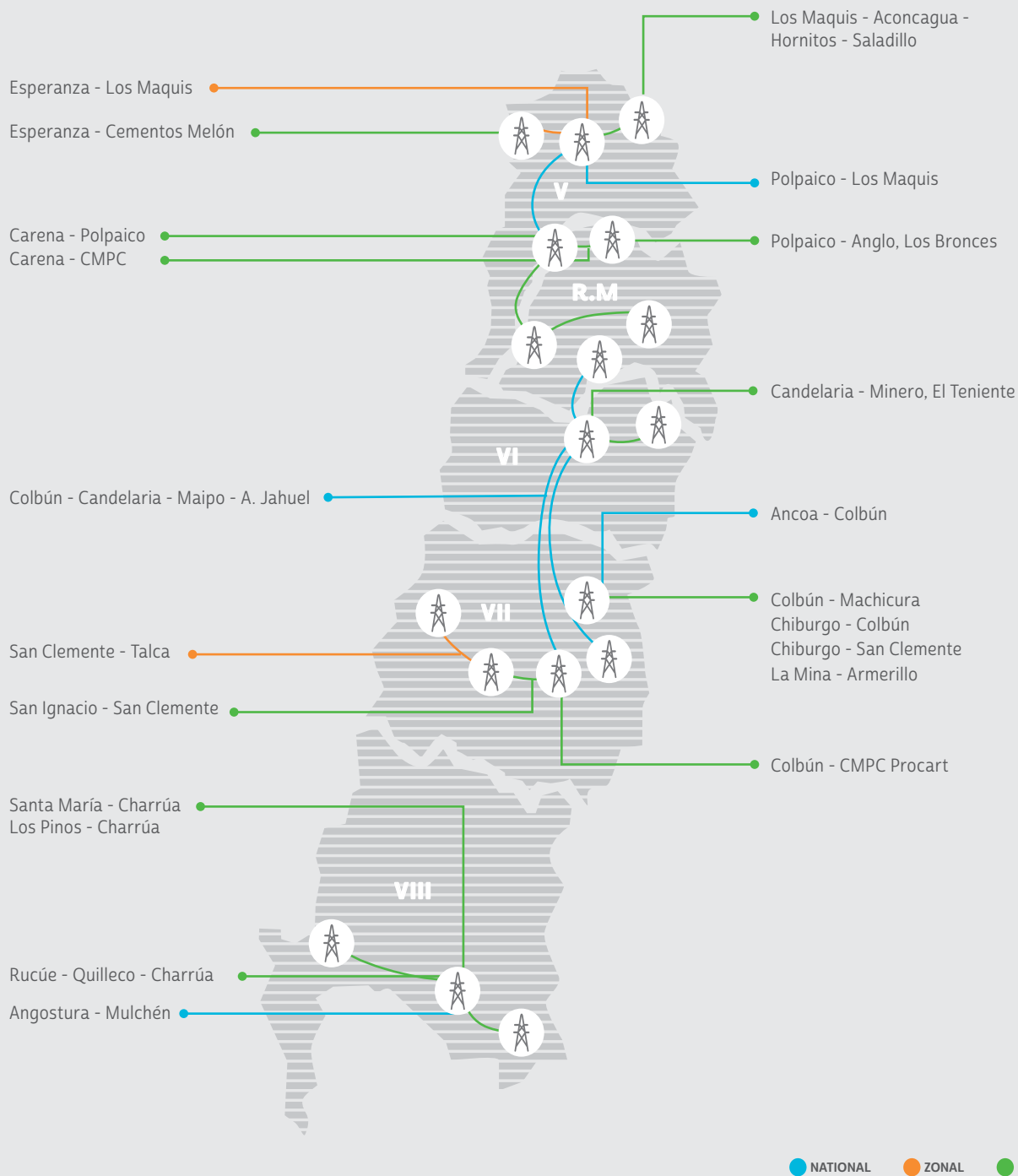
Thermal

- FENIX POWER**
567 MW / Gas Chilca,
Lima Department
- COMPLEJO NEHUENCO**
887.6 MW / Diesel / Gas Quillota,
Valparaiso Region
- CANDELARIA**
256.1 MW / Diesel / Gas Mostazal,
Codegua O'Higgins Region
- LOS PINOS**
107.7 MW / Diesel
Cabrero, Biobio Region
- SANTA MARÍA**
350 MW / Carbon Coronel,
Biobio Region



¹ Installed Capacity reported to the National Electric Coordinator and effective as of December 31, 2019.

Colbun Transmission Lines



2.4 CORPORATE OWNERSHIP AND STRUCTURE

102-1, 102-5, 102-10

Ten major shareholders as of December 31, 2019 (%) (102-5)

| Name of the Shareholders | Share |
|---|-------------|
| Minera Valparaiso S.A.* | 35.17% |
| Forestal Cominco S.A.* | 14.00% |
| Antarchile S.A. | 9.58% |
| AFP Habitat S.A.** | 5.77% |
| AFP Provida S.A.** | 4.89% |
| Banco Itaú por cuenta de inversionistas | 4.29% |
| AFP Capital S.A.** | 4.13% |
| Banco Santander - JP Morgan | 3.27% |
| Banco de Chile - por cuenta de terceros | 3.11% |
| AFP Cuprum S.A.** | 2.43% |
| Otros accionistas | 13.36% |
| TOTAL | 100% |

Note:

AAs of December 31, 2019, the share capital of the Company consists of 17,536,167,720 single series shares, subscribed and paid, without par value. The number of shareholders at the closing date is 2,853.

As of December 31, 2019, the Matte Group, directly and through other affiliates, has control of the Company - 49.96% - via single series shares. The Matte Group has investments in the electrical, financial, forestry, real estate and telecommunications sectors.

For its part, AntarChile S.A. (R.U.T. 96.556.310-5), owns 9.58% of the property of Colbun, with which it can designate a member of the Board of Directors. In addition, the pension funds (AFP) as a whole have a 19.33% participation.

(*) Companies belonging to the controlling group (Matte group).

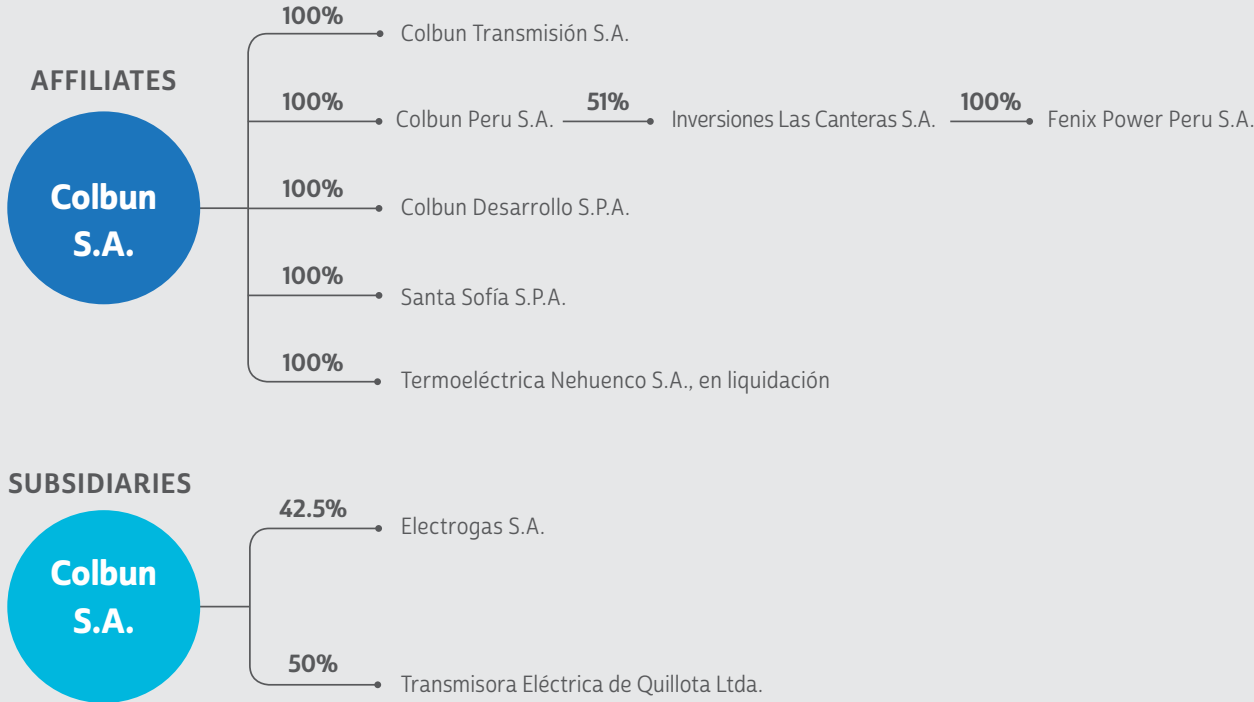
(**) Corresponds to the consolidated participation by each Pension Fund Administrator.





CORPORATE STRUCTURE

(102-10, 102-45)



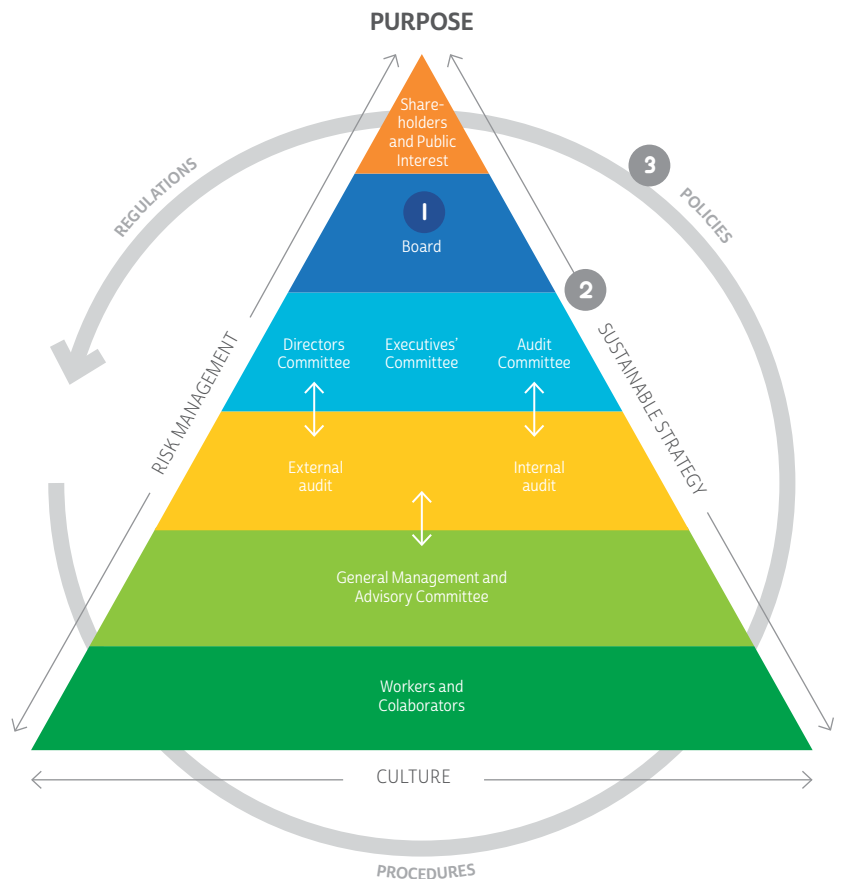
2.5 OUR CORPORATE GOVERNANCE

Corporate Governance refers to the entire set of principles, rules and mechanisms that regulate the operation of the bodies that govern the Company, with the aim of creating sustainable value for its shareholders and stakeholders.

1 Corporate governance structure
 Those responsible for ensuring Colbun’s governance are the Board of Directors, its Advisory Committees, management and workers.
 At the top of the structure are shareholders and other stakeholders who are impacted by the governance strategy.

2 Corporate governance strategy
 Set of principles, values, policies and procedures to promote adequate governance of the Company, its affiliates and operations in general.

3 Corporate governance framework
 Internal regulations (Policies and Procedures) and external (Regulations) that define the way in which Colbun Corporate Governance operates.



BOARD OF DIRECTORS

102-18, 102-19, 102-21, 102-22, 102-23, 102-24, 102-27, 102-28, 102-34, 102-35, 102-36, 405-1, 102-377

Composition

Colbun's Board of Directors is the highest governance body of Corporate Governance. The nine-member board does not hold executive positions, they are re-eligible indefinitely (with the exception of those who represent the Pension Funds Administration) and may or may not be shareholders.

Functioning

The Board meets ordinarily once a month, where all relevant matters related to the performance and running of the Company are addressed, and extraordinarily when there is a need to deal with a specific or contingent matter. In addition, once a year the Ordinary Shareholders' Meeting is held, where all shareholders can participate and exercise their right to speak and vote. The Board of Directors annually validates the Corporate Objectives for the Administration, which consider various dimensions: financial results, social and environmental management, occupational safety, working environment and growth.

The Policy and Procedures of the Board establish a program annual visits by Directors, collectively or individually, to the Company's facilities, which constitutes a direct instance of communication with the Company's workers.

The Board of Directors delegates part of its authority to the administration of the Company, through the document called Board Policy of Delegation of Authority.

The Board of Directors has an Information system that allows remote, secure and permanent access to information on the sessions of the Board of Directors and the Committees in which they participate.

Management reports

The executives who report directly to the Board are the CEO and the Internal Audit Manager. Notwithstanding the foregoing, the Business Manager, Finance Manager and Legal Manager, who also acts as Secretary of the Board, regularly attend the Boards. Other managers who report directly to the CEO may also participate, as necessary for the matter presented to the Board of Directors.

At meetings of the Board, the CEO monthly reports on the management of the Company, exposing the most relevant indicators of the business (CEO'S Report); It also presents the special or relevant situations, issues or transactions that are reported or approved by the Board of Directors each month, also including the main steps taken with interest groups (workers, community, etc.). And together with his team, he also regularly reports to the Board on risk and sustainability issues.

Regulatory bodies

On issues related to the approvals and / or updating of the regulatory bodies or key statements related to the economic, environmental and social issues of the organization, the senior management (CEO) proposes and the highest governance body (Board of Directors) approves.

Training

During 2019 three training sessions were held for the Board, one that addressed the incorporation of new crimes into Law 20,393 on criminal liability of legal persons and two others focused on issues of strategy and innovation, which were carried out by external specialists. All of the above, aligned to the Board's training policy, which is part of the Board's Policy and Procedures. Our Board has a performance self-evaluation procedure, which was applied in 2019 for the fourth time, and the results of which were presented in the Board session in December last year. This process, which is led by the Chairman of the Board, allows evaluating the functioning of the Board and detecting opportunities to improve the management of the highest governance body.

Members of the Board

- 1. HERNAN RODRÍGUEZ WILSON**
CHAIRMAN
Civil Industrial Engineer PUC
- 2. VIVIANNE BLANLOT SOZA**
VICE PRESIDENT
Economist PUC
- 3. JUAN EDUARDO CORREA GARCÍA**
DIRECTOR
Civil Industrial Engineer PUC
- 4. MARÍA EMILIA CORREA PÉREZ**
INDEPENDENTE DIRECTOR
Attorney U. de los Andes in Bogotá
- 5. RODRIGO DONOSO MUNITA**
DIRECTOR
Commercial Engineer U. de los Andes
- 6. LUZ GRANIER BULNES**
DIRECTORA INDEPENDIENTE
Commercial Engineer U. de Chile
- 7. BERNARDO LARRAÍN MATTE**
DIRECTOR
Commercial Engineer PUC
- 8. ANDRÉS LEHUEDÉ BROMLEY**
DIRECTOR
Commercial Engineer PUC
- 9. FRANCISCO MATTE IZQUIERDO**
DIRECTOR
Attorney PUC





BOARD COMPENSATION

102-35

| Members | Position | 2018 | | | | 2019 | | | |
|-------------------------------|----------------|--------------------------|-----------------------------|---------------------------|-----------------|--------------------------|-----------------------------|---------------------------|-----------------|
| | | Fixed Compensation MUS\$ | Variable Compensation MUS\$ | Directors Committee MUS\$ | Sub-total MUS\$ | Fixed Compensation MUS\$ | Variable Compensation MUS\$ | Directors Committee MUS\$ | Sub-total MUS\$ |
| Hernán Rodríguez Wilson | Chairman | 31 | - | - | 31 | 119 | 43 | - | 162 |
| Vivianne Blanlot | Vice-president | 76 | 141 | - | 217 | 71 | 106 | - | 177 |
| María Ignacia Benítez Pereira | Director | 76 | 141 | 26 | 243 | 12 | - | 4 | 16 |
| Juan Eduardo Correa García | Director | 153 | 236 | - | 389 | 97 | 212 | - | 309 |
| María Emilia Correa Pérez | Director | - | - | - | - | 47 | - | 18 | 65 |
| Rodrigo Donoso Munita | Director | - | - | - | - | 47 | - | - | 47 |
| Luz Granier Bulnes | Director | 76 | 141 | 26 | 243 | 71 | 106 | 24 | 201 |
| Bernardo Larraín Matte | Director | 76 | 190 | - | 266 | 71 | 106 | - | 177 |
| Andrés Lehuedé Bromley | Director | 76 | 141 | - | 217 | 71 | 106 | - | 177 |
| Arturo Mackenna Íñiguez | Director | 46 | 141 | - | 187 | - | 61 | - | 61 |
| Francisco Matte Izquierdo | Director | 76 | 141 | 26 | 243 | 71 | 106 | 24 | 201 |
| Jorge Matte Capdevila | Director | 76 | 141 | - | 217 | 25 | 106 | - | 131 |
| TOTAL | | 762 | 1,413 | 78 | 2,253 | 702 | 952 | 70 | 1,724 |
| Total per year | | 2,253 | | | | 1,724 | | | |

Notes:

At the Ordinary Shareholders' Meeting held on April 25, 2019, it was agreed to maintain the remuneration of the Board of Directors approved at the Ordinary Shareholders' Meeting of 2018, which considers the payment of an annual variable compensation equal to 0.75% of profit distributable liquid from the previous year.

At this Shareholders Meeting, María Emilia Correa and Rodrigo Donoso Munita were also elected as new directors of Colbun, re-electing the rest of the Board, which was made up of nine members, of which two (María Emilia Correa and Luz Granier) are elected by the AFP and considered independent according to the law.

BOARD'S DIVERSITY INDICATORS

NCG.386

The matters of inclusion, diversity and non-discrimination are part of the Company's "Code of Ethics". The Company has a gender diversity agenda and goals for the administration, but it has not implemented a diversity policy for the appointment and election of directors, since it is legally the power of the shareholders and not of the administration to consider and define the candidates that they apply to be part of the Directory.



6 

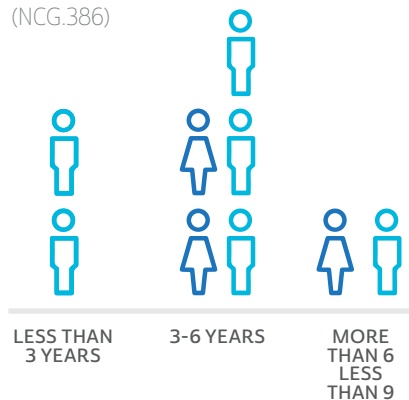
Male Directors

3 

Female Directors

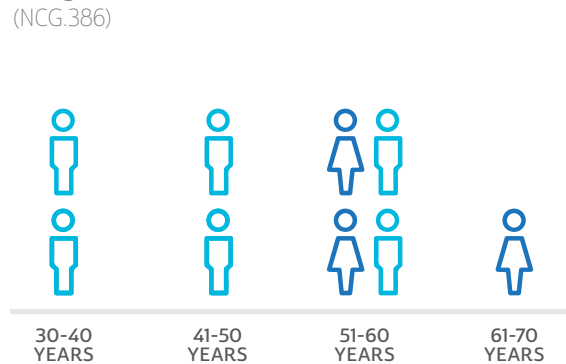
Directors by seniority and gender

(NCG.386)



Directors by age and gender

(NCG.386)



ADVISORY COMMITTEES AND THEIR SUSTAINABILITY AGENDA

102-18, 102-19, 102-22, 102-33, 102-34

Three committees advise the Board of Directors: the Directors Committee, the Executives' Committee and the Audit Committee. The sustainability agenda in the Board is present in these three advisory committees.

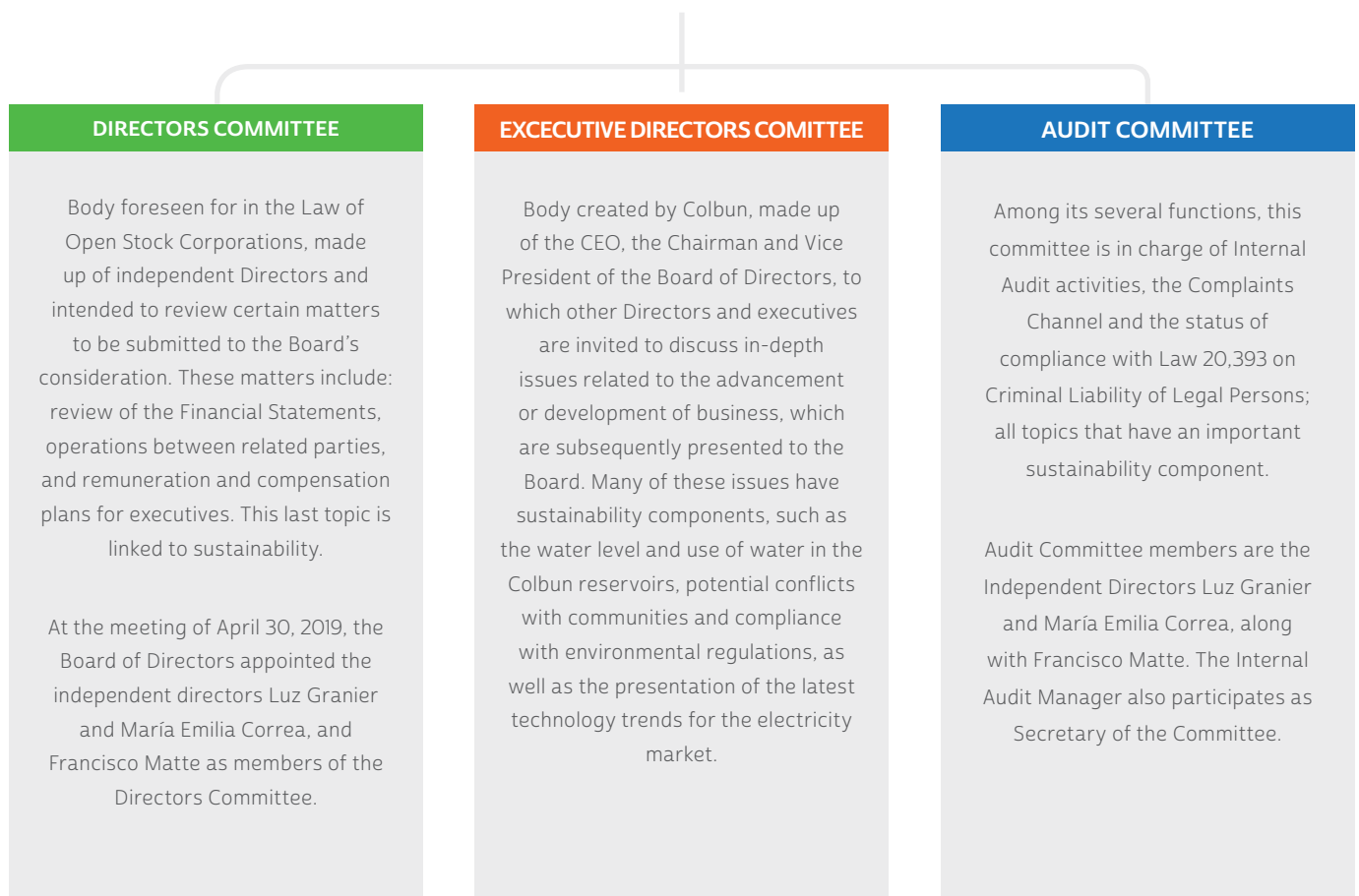
Executives' Committee strengthens communications from executives to the Board on matters of sustainability, while the CEO transmits the relevant topics of sustainability in Board sessions.

Colbun's Directors visit the Company's power plants with the purpose of knowing directly their relevant topics (operational and socio-environmental, among others).

The Board of Directors sessions periodically review topics that are critical for stakeholders and the Company. As an example, some of the topics addressed in 2019 were: the interaction between the operation of the reservoirs and its social and

environmental surroundings, the availability of water for both the communities and the hydroelectric generation, the conditions of the Company's workers and contractors, and the safety of people and facilities. On the other hand, regarding regulatory changes, the main topics discussed were decarbonization, the de-regularization process of the commercialization segment and the new penal regulations, which increase the responsibility of directors and executives in the conduct of business.

BOARD OF DIRECTORS





COMMITTEES OPERATION IN 2019

In 2019, the Directors' Committee met seven times to analyze operations between related parties and examine those issues that the law establishes, verifying that they comply with the prevailing fairness conditions in the market for that type of operations, and then propose them to the Board.

The Audit Committee met four times during the year, and in general terms it became aware of the internal audit plan, the management of the reporting channel and compliance with the crime prevention model, as required by law 20,393. A summary of the Audit Committee sessions is presented quarterly in the Board of Directors.

Colbun's Executives

- 1. THOMAS KELLER**
5.495.282-1
CHIEF EXECUTIVE OFFICER
Commercial Engineer
Universidad Adolfo Ibañez
- 2. JUAN EDUARDO VÁSQUEZ**
7.868.160-8
BUSINESS AND ENERGY
DIVISION MANAGER
Civil Electrical Engineer
Universidad de Chile
- 3. SEBASTIÁN MORAGA**
12.026.836-8
FINANCE AND ADMINISTRATION
DIVISION MANAGER
Commercial Engineer
Universidad Adolfo Ibañez
- 4. EDUARDO LAUER**
6.994.492-2
ENGINEERING AND PROJECT
DIVISION MANAGER
Civil Mechanical Engineer, Fach
Hochschule de München (Alemania)
- 5. CARLOS LUNA**
25.046.079-1
GENERATION DIVISION MANAGER Civil
Engineer Escuela Colombiana
de Ingeniería
- 6. RODRIGO PÉREZ**
10.313.675-K
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- 7. PAULA MARTÍNEZ**
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Psychologist,
Universidad Diego Portales
- 8. PEDRO VIAL**
7.034.342-8
PUBLIC AFFAIRS MANAGER
Attorney, Pontificia
Universidad Católica de Chile
- 9. OLIVIA HEUTS**
14.727.025-9
DEVELOPMENT MANAGER
Economist, Catholic University of Lovaina,
(Belgium)
- 10. DANIEL GORDON**
8.866.967-3
ENVIRONMENT MANAGER
Civil Engineer, Pontificia
Universidad Católica de Chile
- 11. HERALDO ÁLVAREZ**
12.369.371-K
INTERNAL AUDITING MANAGER
Certified Public Accountant and B.S. in Accounting,
Universidad de Talca
- 12. LUIS LE-FORT**
9.893.455-3
GENERAL MANAGER COLBÚN TRANSMISIÓN S.A.
Civil Industrial Engineer, Pontificia
Universidad Católica de Chile





SENIOR EXECUTIVES' DIVERSITY INDICATORS

CHILE

NCG 386, 202-2

MANAGERS BY GENDER



Male



Female

MANAGERS BY NATIONALITY



Chilean



Colombian

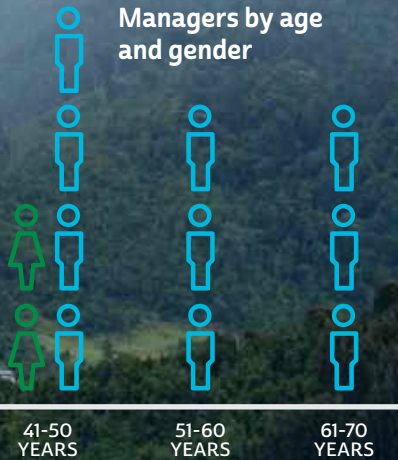


Belgian

Managers by seniority and gender



Managers by age and gender



PERU

Norma NCG 386, 202-2

MANAGERS BY GENDER



Male



Female

MANAGERS BY NATIONALITY



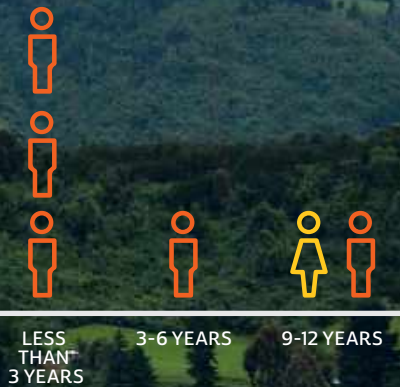
Peruvian

Colombian

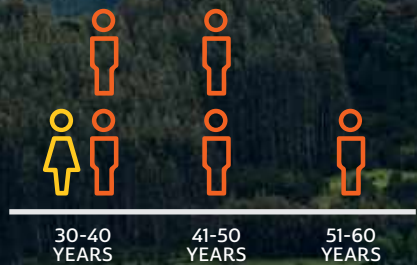


JUAN MIGUEL CAYO
General Manager
Fenix

Managers by seniority and gender



Managers by age and gender



NOTES

- 1.- MANAGERS WHO REPORT TO THE CEO, IN ADDITION TO THIS LAST, ARE DEFINED AS SENIOR EXECUTIVES;
- 2.- LOCATIONS WITH SIGNIFICANT OPERATIONS ARE CHILE AND PERU.



MANAGEMENT SUPPORT COMMITTEES

102-20

Managers' Committee

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

Risks and Sustainability Committee (*)

Monitors the comprehensive management of the Company's main risks, including risks in the areas of environmental, social and corporate governance. It meets once a month.

Project Committee (*)

Controls and supervises the development and execution of projects. It meets once a month.



Information Security Committee

Oversees the Company's information security process, ensuring there are appropriate resources and accesses for continuous monitoring. It meet's on a quarterly basis.

Tax Committee

Supervises and monitors the Company's tax affairs and the risks associated with these matters. It meets at least quarterly.

Regulatory Committee (*)

Monitors the status of the legislative and administrative processing of bills, regulations and decrees that may affect the development of the Company's business. It meets once a month.

(*) These Committees have the participation of a representative of the Board of Directors (Chairman or Vice President) and other Directors of the Company may also attend.

2.6 VALUE CREATION AND STRATEGIC AGENDA

102-11, 102-12, 102-40, 102-42, 103-2 y 103-3

OUR PURPOSE AND SEAL

Colbun aims to generate and commercialize continuous and safe energy for our clients, at competitive prices for the market and in an environmentally sustainable manner.

But we understand that beyond WHAT we do, there is a reason WHY we do it, why we exist, reflecting what we seek to achieve in the long term with our daily work. In short, the Purpose of the Company.

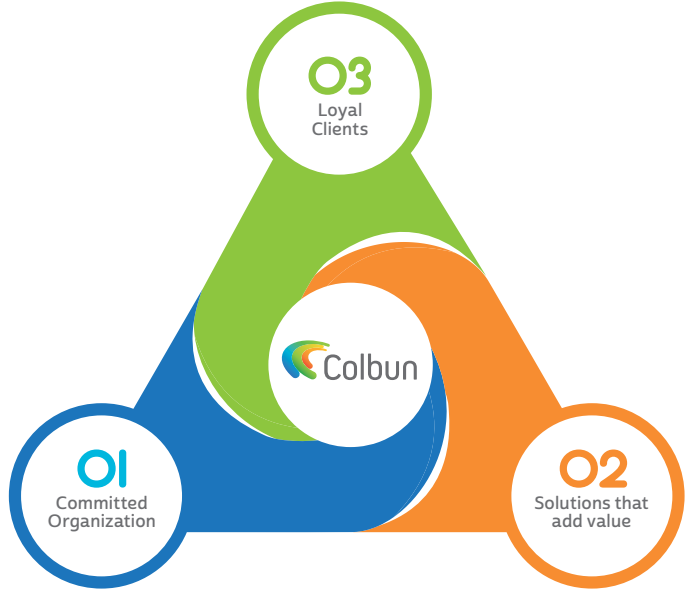
HOW we do things bears a seal of the Company, it is summarized in four pillars:





Colbun's Purpose

**“WE EXIST TO
CONTRIBUTE THE
BEST ENERGY TO THE
DEVELOPMENT OF
OUR REGION”**



The achievement of this purpose, through a Colbun's particular seal, is carried out through a strategy that has three pillars:

01
A committed organization, with an entrepreneurial and service-oriented culture; efficient corporate governance and a collaborative structure; and to be an organization of upright, flexible and innovative people

02
Solutions that add value, expressed in efficient processes with robust and digital technologies; a diversified matrix with emphasis on renewable energy, and the search for new businesses that adapt to customer needs

03
Loyal clients, providing them a close experience, with safe, competitive and sustainable energy, and with customized products and services



BUSINESS MODEL:

To carry out this purpose under the Company's seal and the strategic pillars described, Colbun has a business model, which allows us to build value from various financial, technical, industrial, social, natural and human capital.

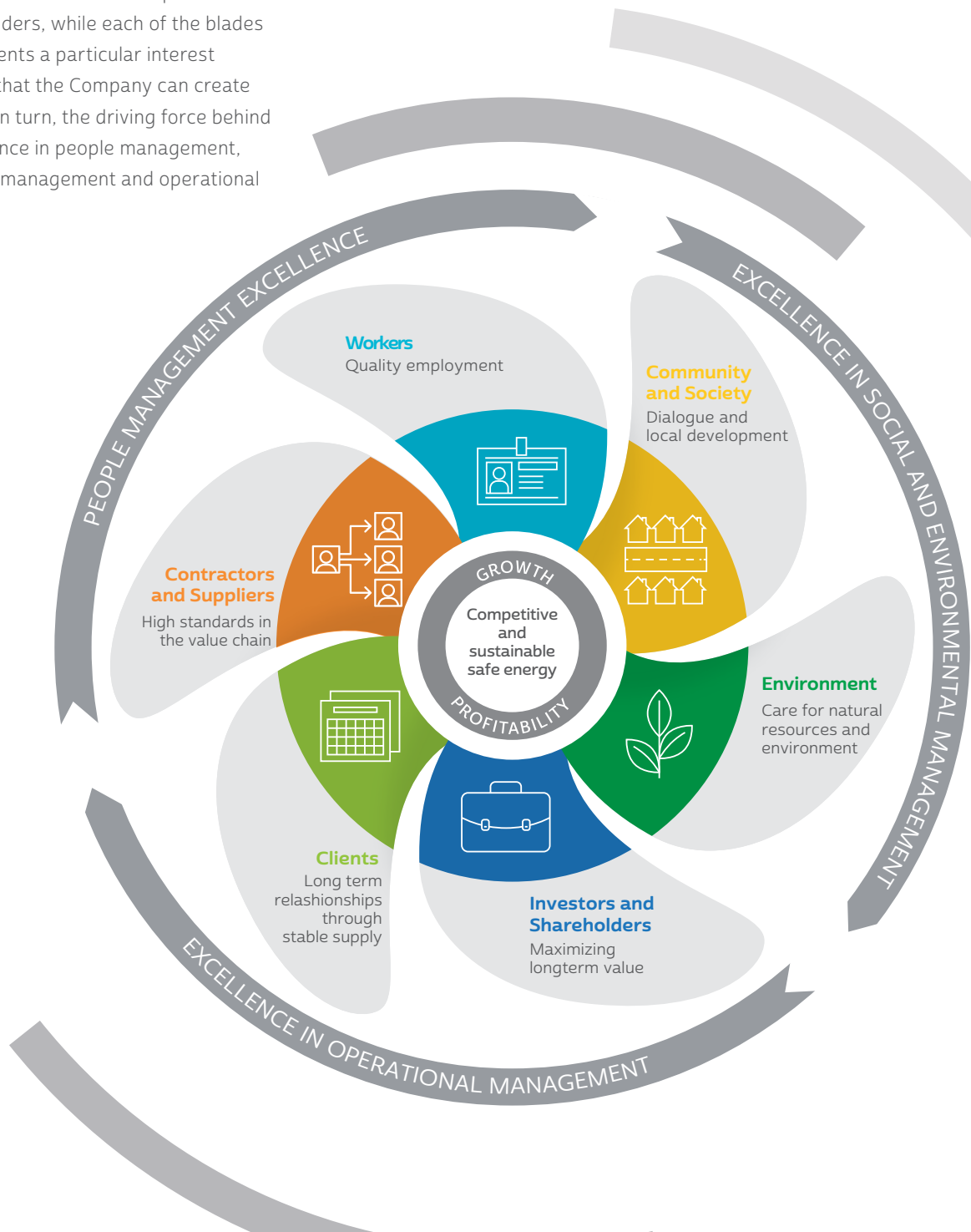
In the context of great changes in the electrical industry, Colbun is also changing its business model: from a traditional one focused on generation, transportation and energy commercialization,

to one where clients are in the center through generation, transmission, distribution and value-added services solutions. The model thus allows us to create value for our clients, shareholders, communities, suppliers and contractors.

And to create value, it is essential that the business is sustainable, being able to also identify, evaluate and manage the risks that could have an impact on our results and our stakeholders.

SUSTAINABILITY AS THE BUSINESS ITSELF

For all of the above, at Colbun we understand that sustainability is not a part of the business, but is the Business itself. As expressed by the turbine diagram, sustainability is integrated into all areas of the Company. At the center of this turbine are growth and profitability, without which it is not possible to add value to stakeholders, while each of the blades of the turbine represents a particular interest group and the value that the Company can create together with them. In turn, the driving force behind this turbine is excellence in people management, socio-environmental management and operational management.



Colbun Business Model

INPUTS

FINANCIAL CAPITAL (as of Dec - 19)

- US\$ 6,705 million of assets*
- US\$ 797 million cash*
- US\$ 3,736 million net worth*
- US\$ 1,679 gross financial debt *

INDUSTRIAL CAPITAL

- 25 Power Plants*
- 942 Km transmission lines
- 6+ renewable energy projects at different stages of development

HUMAN CAPITAL

- 1,041 workers*
- 3,827 suppliers (including fuel, energy and tolls suppliers)
- Construction and operation expertise

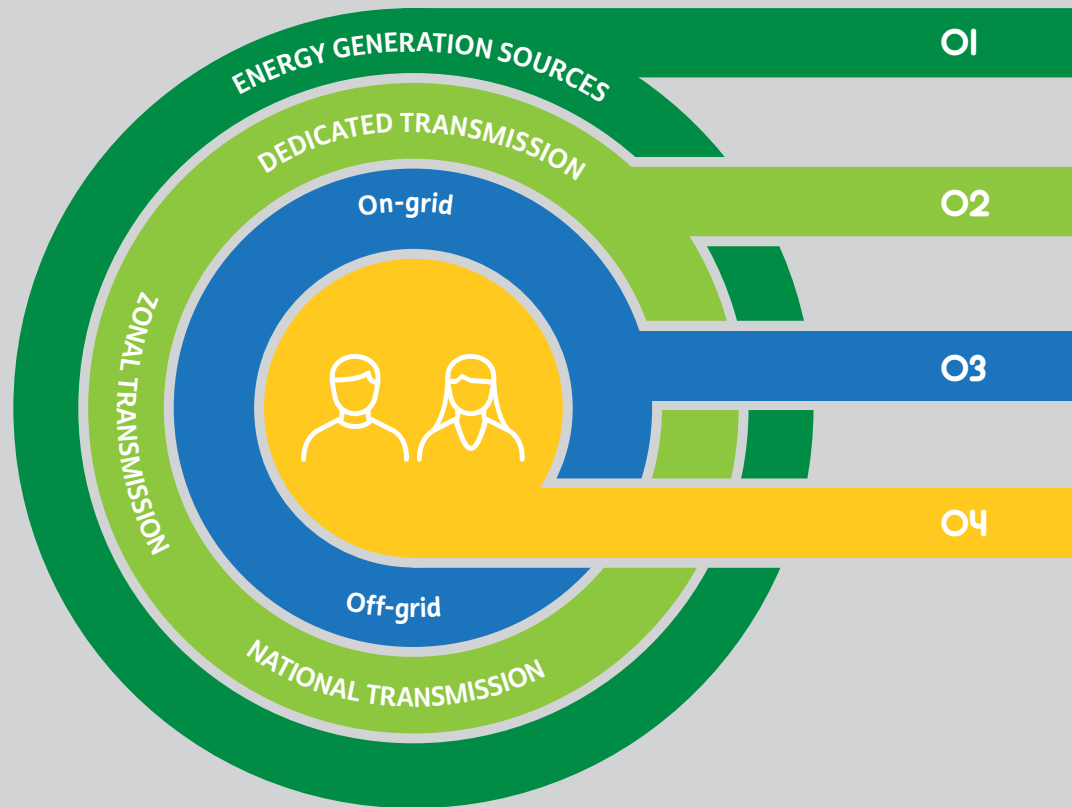
SOCIAL CAPITAL

- 252 Unregulated clients (supplied)*
- 22 communes*
- 29 associations / unions in which we participate*
- Authorities
- Media
- Universities

NATURAL CAPITAL

- 17 billion m3 of water in hydroelectric generation
- 5.2 million m3 of water consumed for thermal generation*
- 1,516 million m3 of natural gas
- 707 million tons. of coal
- 20 thousand m3 of diesel
- Sun

*Consolidated figures Chile and Peru



MAIN RISKS

SOCIAL PERFORMANCE RISKS

• **Occupational Related Risks:**
Professionals retention/ Strikes / Occupational diseases / Work accidents / Organization and cultural change / Regulatory breaches

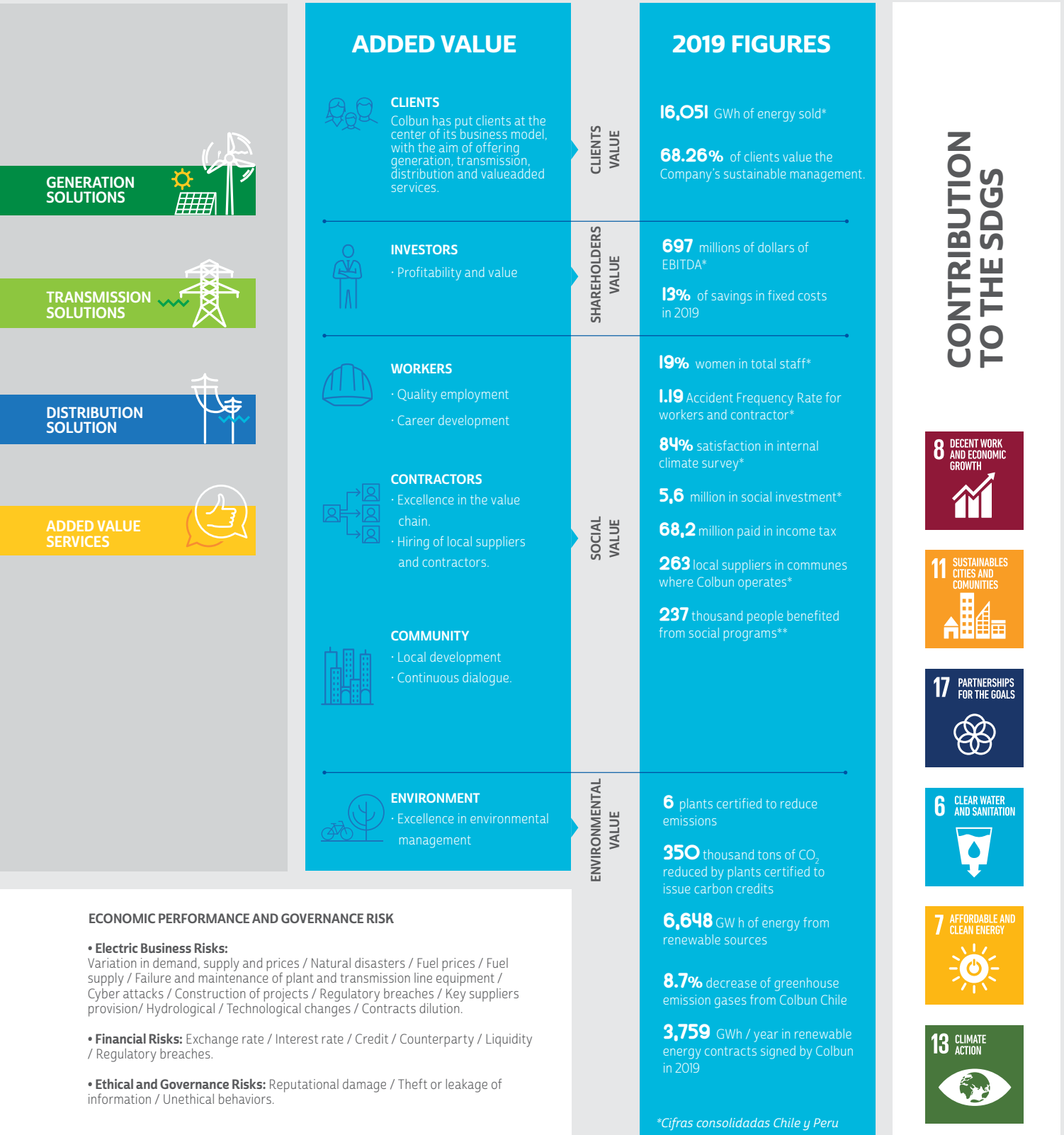
• **Community Risks:**
Stoppage of projects or operations / Social incidents / Legal actions / Reputational damage

ENVIRONMENTAL PERFORMANCE RISKS

• **Environmental Risks:**
Climate change / Regulatory breaches / Environmental incidents / Reputational damage



GENERATION SOLUTIONS; TRANSMISSION SOLUTIONS; DISTRIBUTION SOLUTIONS; ADDED VALUE SERVICES.

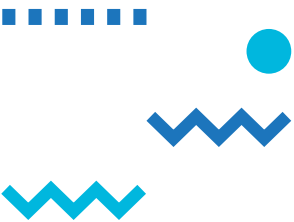


ECONOMIC PERFORMANCE AND GOVERNANCE RISK

- **Electric Business Risks:** Variation in demand, supply and prices / Natural disasters / Fuel prices / Fuel supply / Failure and maintenance of plant and transmission line equipment / Cyber attacks / Construction of projects / Regulatory breaches / Key suppliers provision / Hydrological / Technological changes / Contracts dilution.
- **Financial Risks:** Exchange rate / Interest rate / Credit / Counterparty / Liquidity / Regulatory breaches.
- **Ethical and Governance Risks:** Reputational damage / Theft or leakage of information / Unethical behaviors.

*Cifras consolidadas Chile y Peru





COLBUN'S STRATEGIC AGENDA

The following diagram shows the five pillars of Colbun's Strategic Plan to develop in the coming years and generate profitability that allows creating value in a sustainable way.

These pillars will allow us to ensure the competitiveness of the Company in the medium and long term in the dynamic context facing the electricity industry.

5 PILLARS

| | | | | |
|--|--|---|--|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">SIGN NEW CONTRACTS WITH UNREGULATED CLIENTS</p>  | <p style="writing-mode: vertical-rl; transform: rotate(180deg);">INCREASE IN RENEWABLE ENERGIES WIND AND SOLAR</p>  | <p style="writing-mode: vertical-rl; transform: rotate(180deg);">IMPLEMENT COST EFFICIENCY PLAN</p>  | <p style="writing-mode: vertical-rl; transform: rotate(180deg);">DIGITIZATION AND AUTOMATION PROGRAM</p>  | <p style="writing-mode: vertical-rl; transform: rotate(180deg);">BOOST THE TRANSMISSION BUSINESS</p>  |
| <p>In 2019, the Company signed contracts for more than 3,700 GWh per year, adding in the last three years (2017-2019) over 6,500 GWh per year. See Chapter 3.</p> | <p>Five solar and wind energy projects under environmental evaluation or already approved by the SEIA. See Chapter 3.</p> | <p>13% reduction in fixed expenses in 2019, mainly due to efficiencies in the area of operations. See Chapter 3.</p> | <p>In 2019 there was progress in digitizing the front office (trading platform), back office and operations. See Chapters 2 and 4.</p> | <p>Development of expansion and standardization projects for transmission assets was concluded, with an investment of US \$ 50 million.</p> |

2.7 INNOVATION AND DIGITAL TRANSFORMATION STRATEGY

EU8, 103-2 y 103-3

MILESTONES AND PROGRESS 2019

Being digital innovation and transformation one of the strategic pillars of the Company, in 2019 work in this area was strengthened.



INNOVATION STRATEGY

In 2019, an Innovation Strategy was defined for the next 5 years, through a high-level strategic workshop where the purpose of Innovation in the Company was defined on two aspects:

Being an actor of transformational changes in the power industry, implementing high-value and sustainable solutions.

Giving unique or radically superior solutions to current ones, that provide tangible value to clients or processes and make viable the strategic objectives.

From the elaboration of this roadmap, six priorities for disruptive and transformational innovation were defined:

1. Higher value services
2. Use of data for process optimization
3. Operational flexibility
4. Competitiveness in new investment projects
5. New forms of energy
6. Circular economy¹

¹Deliverable Final Innovation Strategy. May 2019. Prepared with the support of Innspirat consultant.

2

METHODOLOGICAL ADAPTATION

In line with the vertiginous changes that are taking place in the energy industry, during 2019 an adaptation of existing agile methodologies began to be implemented to make them consistent with the Company's culture.

Agile, Scrum and Lean concepts were adopted to incorporate them in the work of two specific projects: "Sediment Control of the Aconcagua Hydro Complex" and "Reuse of Ashes in the Santa María Thermal Power Plant".

3

ALLIANCE WITH IMAGINELAB

For issues of digital and cultural transformation, an important alliance was established with ImagineLab, an incubator and business accelerator supported by Microsoft Chile, focused on issues of Digital Transformation, we participated in its InnovationCircle

program, where the participation of workers in talks, workshops and seminars on issues of digital transformation was promoted, from the role of people in TD, digital marketing, Artificial Intelligence, cybersecurity, financial industry 4.0, among others.

4

ALLIANCE WITH UC INNOVATION CENTER

In order to link the company with national and international innovation ecosystems, an alliance was made with the UC Innovation Center (Universidad

Católica) facilitating participation in meetings, promoting networks, coworking and joint projects with the University, other companies and the public sector.

5

STRATEGIC OBSERVATORY

Through an open invitation to the entire Company, in 2019 a multidisciplinary team consisting of different areas of Colbun was formed to monitor trends in the energy industry, with the advice of an expert company in

technological surveillance. Through monthly technology bulletins, the main news, events, scientific publications, patents and projects related to industry trends are consolidated.

6

INNOVATION CHALLENGES

In 2019 the plant innovation program ended, it began in 2017 and we searched for new ways to carry out the business, promoting innovation in the areas of security, sustainability, availability, efficiency, automation, digitization and renewable energy (among others). In 2019, the innovation challenge was held at the Nehuenco and Candelaria thermoelectric plants, which allowed 76 new ideas to be raised, 6 of them were prioritized for implementation.

Between 2017 and 2019, 5 challenges were held covering all the plants that Colbun has in operation, with a total participation of 452 people, 284 ideas raised and 34 ideas prioritized.

In addition, an internal technology fair was held at the corporate level and the "Light us with your ideas" campaign was launched, where internal ideas were rewarded through the use of new technologies.

INNOVATION IN FIGURES 2019

CHALLENGES OF OPEN INNOVATION IN POWER PLANTS

1
Number of Challenges

75
Total participants

76
Total ideas received through the platform

NEW TECHNOLOGIES CHALLENGE

27
Total participants

197
Total assistance Launch Campaign

38
Total ideas received through the platform

INNOVATION DAY IN POWER PLANTS

1
Innovation Workshops

20
Total participants

6
Total pre-selected ideas for commissioning

INNOVATION CASES 2019

These are some of the innovations developed in Colbun in the last year.

Remote maintenance

Telemaintenance seeks to make the generation process more efficient. Colbun carried out a survey of remote maintenance practices with Chilean technology firms and startups, then two lines of work were defined:

- **Expert remote assistance:** Realtime interaction between field operator

through a smart lens and remote expert.

- **Augmented Reality:** Interaction of personnel in the field by means of smart lenses / tablets with the environment and observing the process with “enriched” information (plans, diagrams, online data, procedures,

warnings, maneuver guides). These technologies allow savings in the transfer of specialists to the field; decrease in fault resolution times; support execution of critical operational maneuvers.

Drones

In 2019 a pilot project was carried out for the use of this technology. For this, a working committee was created that identified and selected two types of activities where drones could bring benefits to the operation:

use of internal drones for general inspection activities, and contracting of more complex external services for specific activities. Thus, drones have made it possible to carry out inspection of adduction pipes, flow monitoring,

inspection in transmission lines and solar parks, among other activities. In 2020, commissioning of a training plan for our personnel in drone operation and DGAC (General Directorate of Civil Aviation) certification.

Hydrogen

Green hydrogen (generated from renewable energy sources) could contribute significantly to the goal of carbon neutrality that Chile has set for 2050. In the case of Colbun, whose roadmap seeks to raise 4,000 MW in projects of solar and wind power by

2030, this technology is attractive for two reasons:

- It diversifies commercialized forms of energy.
- It revalues assets in periods of dumping by means of this energy vector.

In addition to actively participating in the agenda promoted by the Ministry of Energy and CORFO's Solar Committee and Energy Innovation, Colbun is developing a Hydrogen Strategy, as well as the acquisition of knowhow through its own pilot projects and with third parties.

RPA (Robotic Process Automation)

Set of agile and effective software tools to automate repetitive, monotonous, and low value-added processes. In 2019 several tests took place to test this technology: DTE Management (Accounting Management), Marginal Costs (Commercial Management)

and Reception of medical leave certificates (Organization and People Management).

After that, a corporate RPA project led by IT Management was activated, in order to identify candidate processes

to 'robotize'. In addition to achieving greater efficiencies and cost and time savings, this technology allows IT staff to focus on actions with greater added value and operational impact, generating transformation in processes and people.

Construction of foundations and fire walls

In the Engineering Management of the Engineering and Projects Division, in 2019, the project of foundations and fire walls for the new transformers of the Los Quilos Power Plant was carried out. Although the project had to be completed in just one month, experience indicated that projects of this type took twice or triple the time.

To reduce time, a original foundation model was designed, based on fast-assembled prefabricated steel structures, thus replacing the traditional reinforced concrete foundations that must be built complete on site and are slow to build.

On the other hand, the fire cut walls were also designed on the basis of prefabricated structures, this time of reinforced concrete, but with the particularity that they were designed to be built by parts in external factories, to be quickly assembled on site.

Critical equipment monitoring with advanced analytics

In order to increase the reliability and availability of the thermal power plants, the Operational Support Management of the Generation Division implemented

a condition monitoring system for the Nehuenco Power Plant equipment. With the help of advanced analytics,

this system enables early detection of abnormal patterns in the operation of critical plant equipment.



2019 DIGITAL TRANSFORMATION

TARGET

Digital Transformation at Colbun aims to leverage the company's strategy by taking advantage of new technologies, best market practices and promoting collaboration among workers.

GOVERNANCE MODEL

In order to consolidate the prioritization, coordination and coherence of the multiple initiatives that have emerged within the organization, in 2019 an ad-hoc governance model for Digitalization and Digital Transformation was created.

This model is based on multidisciplinary committees and working groups with representativeness of all management, coordinated by an Integration Committee that reports bi-monthly to the Company's Technology Committee, led by the CEO.

Three development fronts have been defined: Front Office; Back Office and Operations.

1.- Front Office Process

Commercial System: For great volumes of clients a system was designed and applied to expedite, strengthen and make the entire cycle of the company's income efficient (measurement, energy recovery, billing, collection and collection).

Virtual Branch: with the purpose to improve the attention of our clients

the development of a platform that will make available to each of them information about their consumption, billing, payments and other functionalities began.

Thanks to these milestones, progress has been made in accordance with the goal of having the Front-office ready for a new volume of clients in 2025.

2.- Operational Processes

Telecontrol: feasibility studies and technical-economic evaluations were carried out for remote control of generating units and substations. For this purpose, work teams were organized for the development of a **Telecommunications** master plan and the evaluation for the incorporation of an Integrated **Scada**.

Mantenimiento: planning initiatives with a predictive approach were developed using monitoring technologies and advanced data analytics tools. Initiatives were also promoted to digitize and streamline **maintenance performance** using resource allocation and management technologies and the incorporation of mobile devices for technicians who carry out these tasks.

Remote surveillance monitoring: was carried out in a transmission power plant in the Biobío Region, in addition to other operating units that already have this system.

3.- Procesos Back Office

In 2019, a critical analysis of internal processes was developed, contrasted with the best market practices implicit in the market leading ERP packages.

As a result, the Board of Directors approved the **Reimplementation of the corporate ERP system** in a greenfield modality, an initiative that will be performed in 2020.

Digitization of trips, expenses and contracts: the Travel Management and Expense Surrender process was digitized using a cloud package. A project was also developed to digitize the management, operation and control of the life cycle of contracts, also using a cloud tool.

Organization and people: the implementation of a Cloud Best in Class tool for the processing of the payroll, organizational management, management of workers data, performance and training, among other functionalities. The electronic signature of labor documents (contracts, certificates and others) was also carried out.

Digital reportability: the MS Power BI tool was massively implemented and deployed, for self-attended development of reportability, both operational and management.

OTHER TECHNOLOGIES

Big Data and Advanced Analytics: a cloud platform was implemented in onpremise mode to meet the most urgent needs of handling high volumes of information and data analysis.

A transversal work group was also created to define the company's Data Driven strategy in order to implement a governance, operation and organization model for the exploitation of the data and technologies that will support this strategy.

Migration to the cloud: during the year, a strategy and master plan were developed to continue with the strategy started in previous years of **migration to the cloud** of IT infrastructures and legacy systems.

For information on the development of collaborative digital tools and management change associated to people, see Chapter 4.



2.8 SUSTAINABILITY MANAGEMENT

103-2 y 103-3





Colbun maintains a Sustainability Policy with the purpose of establishing the management criteria to develop the business in a sustainable manner, creating long-term value for Colbun S.A., its shareholders and other stakeholders of the Company.

Although sustainability is transversal to the Company, the Public Affairs Management is in charge of promoting the application of sustainability criteria in all the activities of the Company and to support the dissemination and management of sustainability within the organization. To do this, Colbun annually conducts a survey of sustainability gaps in each area of the Company.

The responsibility for managing these gaps rests on each area of the Company. Some of the topics worked on in 2019 were gender equality, human rights - both within the framework of the Integrity Plan, which we address in more detail later in this section and in chapters 3 and 4-, corporate volunteering, working conditions of contractors, communication with stakeholders, water management with communities, among others.

The following table summarizes the fulfillment of the 2019 goals and the challenges posed for 2020.



| COLBUN PUBLIC GOALS | | | | | | |
|---|--|--|----------------------------------|-------------------|--|--|
| Target | Indicator / KPI / Milestone | 2018 | 2019 | | 2020 | Long Term |
| | | Base Line | Goal or Sub-goal | State of Progress | Goal or Sub-goal | Goal |
|  7 AFFORDABLE AND CLEAN ENERGY | Growth in renewable energy - solar and wind | Provide real options for solar and wind projects | | | Portfolio of 5 wind and solar projects in the feasibility stage, totaling 1,600MW and another 3 projects per 1,000MW in early stages | 4,000 MW by 2030 |
|  13 CLIMATE ACTION | Climate Change: transition to a low carbon energy matrix | % reduction in the GHG emission factor compared to the 2018 baseline in Chile ** | 0.286 ton CO ₂ e/ MWh | | 0.289 ton CO ₂ e/ MWh | 0.151 ton CO ₂ e / MWh (47% reduction) by 2030 |
| | Environment: no relevant environmental incidents reporting* | Number of relevant environmental incidents | 0 | 0 | 0 | 0 |
| | Environment: water footprint and residue | to be defined | | | | Define baseline and medium and long-term goals for the water and waste footprint |
|  8 DECENT WORK AND ECONOMIC GROWTH | Occupational safety: safety management of excellence and zero fatalities | Frequency index of accidents of workers and contractors | 0,8 | 1,4 | 1,2 | 1,2 |
| | Commitment to stakeholders | % satisfaction of stakeholders | 71% | 75% (4% increase) | 72% (1% increase) | 75% (3% increase) |
|  5 GENDER EQUALITY | Diversity: increase the number of women in the company | % Of women compared to the total allocation | 18% | - | 19% | 20% |
| | | | | | 20% | 25% by 2025 |

Notes: *Consolidated figures for Chile and Peru. / ** Subject to development of the renewable growth plan.

In turn, compliance with the Sustainability Policy and the risks they face are the subject of monthly discussion and analysis in the Risks and Sustainability Committee. The most relevant aspects that are identified during this process are presented by the CEO in the ordinary sessions of







the Board of Directors that are held monthly, and which include advances in the Company's social, environmental and safety performance, as well as the main contingencies socioenvironmental, eventual fines, sanctions or claims, and the main problems associated with the progress of projects and / or operations.



Regarding the state of the internal environment control and adherence to the Code of Ethics, these are regularly reported by the Audit Manager to the Audit Committee and quarterly to the Board of Directors.



CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Based on the sustainable value creation model, presented in the previous section, the Company contributes to meet the United Nations Sustainable Development Goals (SDGs). The following table summarizes how Colbun's performance contributes to the SDGs, although throughout the Integrated Report there are more specific descriptions of the contribution of each project or initiative by the Company.

| SDG's | Goal Description | Targets | Colbun S.A. Contribution |
|---|---|-----------------------------|--|
|  | Ensure healthy lives and promote wellbeing for all at all ages | 3.4 / 3.8 | Las Salinas Polyclinic (Peru); Zero Anemia Program (Peru); Breast Cancer Prevention Program with FALP in Coronel |
|  | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | 4.1 / 4.4 / 4.5 / 4.7 / 4.b | Education programs (FORCOM, Enseña Chile); I Take Care of My Planet Program; SOFOFA protagonists volunteer |
|  | Achieve gender equality and empower all women and girls | 5.5 | Colbun Gender Equity Plan |
|  | Ensure availability and sustainable management of water and sanitation for all | 6.1 / 6.3 / 6.4 / 6.6 | Drinking water Chilca (Peru); Aconcagua Gray Water Project; Nehuenco Reverse Osmosis Plant; Agreements of efficient use of water with irrigators of the Maule; Efficiency projects in hydro plants; Lake Chapo Reservoir Level |
|  | Ensure access to affordable, reliable, sustainable and modern energy for all | 7.1 / 7.2 / 7.b | Stabilization of electricity rates; Hydro, solar generation and growth with VRE; Quillota LED luminaires, Los Andes, Cabrero |
|  | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 8.3 / 8.5 / 8.6 / 8.8 / 8.9 | Support to permanent contractor companies; Entrepreneurship Centers; Gender Equity Plan; Initiatives for the Inclusion of People with Disabilities; Ecomoda Banamor Quillota Program; SOFOFA protagonists volunteer; Colbun Internship Program; Angostura Park, Machicura Reservoir Beach and Lake Chapo Coastal Walk; Colbun SSO Standards; Security Leadership Program |

| SDG's | Goal description | Targets | Colbun S.A. Contribution |
|---|--|----------------------------------|---|
|  | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | 9.4 / 9.5 / 9.a / 9.b | Decarbonization Program; Open Innovation Programs at Colbun; Alliance with CORFO, Innovation Centers and Universities |
|  | Reduce inequality within and among countries | 10.1 / 10.2 / 10.4 | Stabilization of electricity rates; Colbun Energy for Entrepreneurship Program; Improving permanent contract wages |
|  | Make cities and human settlements inclusive, safe, resilient and sustainable | 11.3 / 11.4 / 11.5 / 11.7 | Citizen participation in the design of the Machicura Reservoir Beach and Lake Chapo Coastal Promenade 26-03-2020; Birdwatching Center in Angostura; Safety programs in power plants (Aconcagua, Maule, Angostura); Angostura Park, Machicura Reservoir Beach and Lake Chapo Coastal Walk |
|  | Ensure sustainable consumption and production patterns | 12.2 / 12.5 / 12.6 / 12.8 / 12.b | Ecomoda Program with Banamor Quillota; I Take Care of My Planet Program; Recycling in Colbun plants; Colbun Annual Integrated Report; Angostura Park, Machicura Reservoir Beach and Lake Chapo Coastal Walk |
|  | Take urgent action to combat climate change and its impacts (Recognizing that the United Nations Framework Convention on Climate Change is the main international intergovernmental forum to negotiate the global response to climate change) | 13.2 | CO ₂ emission factor reduction goal; Active participation in CLG and other organizations that promote strategies / policies against climate change; Zero Carbon Hotel Programs and carbon footprint compensation in massive events |
|  | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | 15.1 / 15.2 | Reforestation projects; Yumbel Community Beekeeping Project; |
|  | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | 16.1 / 16.5 / 16.7 / 16.b | Quillota LED lights, Los Andes, Cabrero; Integrity Plan (Gender Equity, Human Rights); Crime Prevention Model (Law 20,393), PEP Policy, Donations Policy, among others, some extended to contractors; Transparency of memberships on the web; Transparency of meetings by Lobby Law; Citizen participation in the design of the Machicura Reservoir Beach and Lake Chapo Coastal Walk; Early citizen participation in energy projects; Local infrastructure projects and participatory social programs; Participation in Human Rights Laboratory and Extractive Companies |
|  | Strengthen the means of implementation and revitalize the global partnership for sustainable development | 17.14 / 17.16 / 17.17 | Active participation in unions that promote sustainable development (Global Compact, Business Action, SOFOFA, ICARE, etc.) with public-private alliances; Colbun community investment, managed in partnership with Municipalities, NGOs, etc; Leverage of government funds for sustainable local development projects; Participation in Global Compact Committee and tables by SDG |

INTEGRITY AND DUE DILIGENCE PLAN ON HUMAN RIGHTS

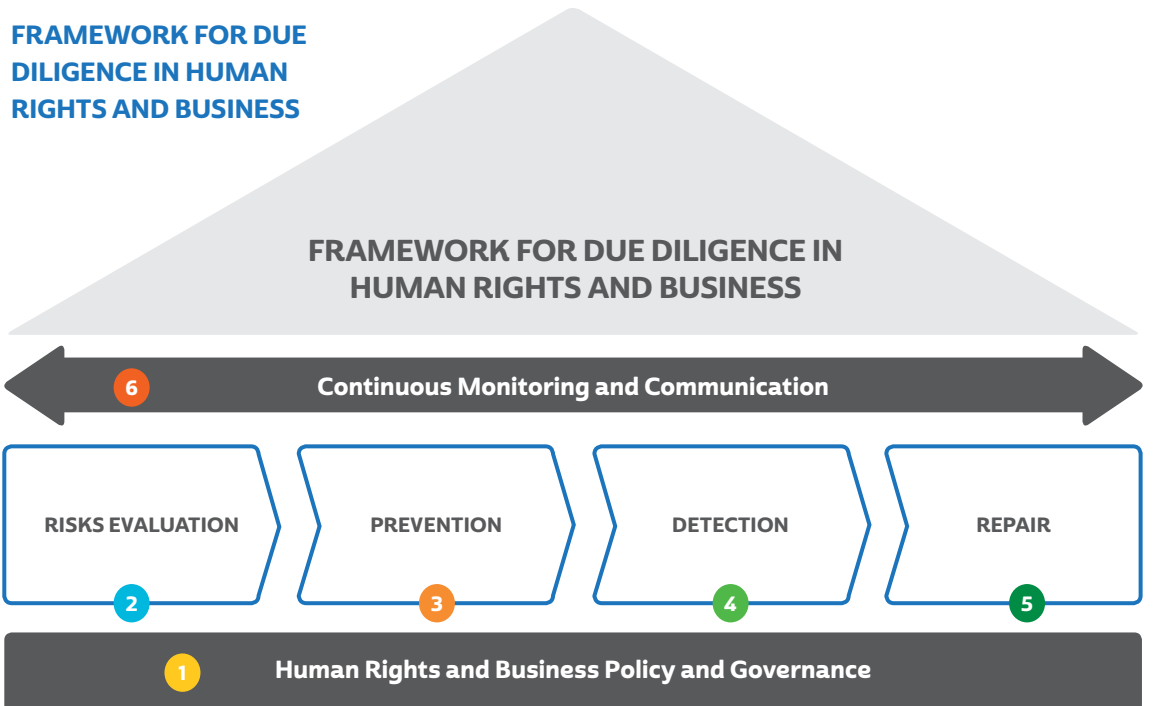
205-1, 205-2 y 205-3, 406-1, 407-1, 408-1, 409-1, 412-1, 412-2

One of the priorities that the Board of Directors raised for the Company's management during 2018 was to implement an Integrity Plan within the organization. This plan includes the themes of Diversity and Inclusion -described in Chapter 4-, Ethics, Compliance -both detailed in Chapter 3-, and Human Rights.

In the field of Human Rights, Colbun is aware that companies are social actors that have the potential to impact the quality of life and well-being of people, and that, to contribute to

the development of our country we must put people in the center. For this reason, we ratify our commitment to the United Nations "Guiding Principles on Business and Human Rights", seeking respect for human rights in relation to our workers and each of the stakeholders.

Focusing on risk prevention, we annually carry out a due diligence process that allows us to proactively and systematically identify potential impacts and where they might occur.





1

Human Rights and Business Policy and Governance:

Colbun’s Human Rights and Business Policy - available publicly on our website- was approved by the Board of Directors in April 2018. It compiles and synthesizes the principles and values that guide human resources management of our company and which are sanctioned in the Code of Ethics, the Sustainability Policy and the People Management Policy, among others. It applies to all workers of the Company and affiliates in Chile and Peru, and to the relationships we establish with our contractors, suppliers, communities and all our stakeholders.

For contractor companies, this policy is part of the set of internal regulations to which they must adhere.

In accordance with the provisions of this document, through Corporate Risk Management the risks associated with human rights must be managed, covering in particular the following principles: (i) freedom of association; (ii) occupational safety and health; (iii) labor rights; (iv) respect for communities; (v) land rights; (vi) water and environment and (vii) anticorruption.

GOVERNANCE OF HUMAN RIGHTS

Highest Governing Entity: Board of Directors

Supervision: Corporate Risk Management and Public Affairs Management

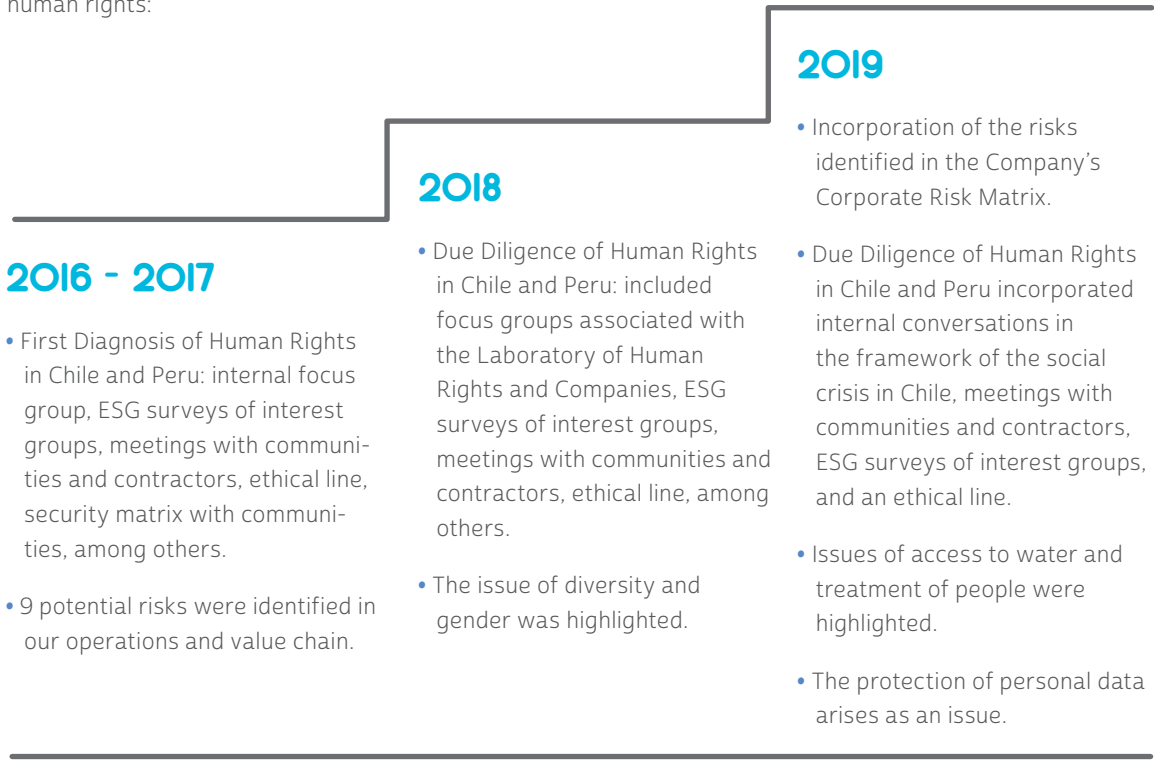
Implementation: All Colbun management

Review: Internal Audit Management

2

Risks evaluation

Colbun has carried out the following processes to assess current risks and identify new risks associated with human rights:



| POTENTIAL HUMAN RIGHTS RISKS IDENTIFIED IN OUR VALUE CHAIN | | | | |
|--|-------------------------|----------------------------|---------------------------------|--------------------------------|
| Occupational safety and health | No Labor Discrimination | Freedom of association | No Forced Labor. No child labor | Right to be heard and informed |
| Safety of communities | Water and environment | Anti-corruption and Ethics | Right to land | |

3

Prevention

During 2019, Colbun has implemented the following measures to prevent incidents or materialization of these risks associated with human rights in our operations and value chain:



Training in Human Rights

During 2019, 5 executives and 2 professionals from the Risk, Public Affairs and Supply areas of Colbun in Chile were trained in human rights, through the Human Rights Laboratory of Acción Empresas, the Human Rights Committee of the Global Compact and the UC Corporate Sustainability Program, totaling 61 hours.



Diversity and inclusion

During 2019, new inclusive selection processes were incorporated, reasonable adjustments were made for People with Disabilities in Colbun (PcD) and a job analysis was carried out. Within the framework of the Gender Plan, the First Female Leadership Program, inclusive selection processes and shortlist with at least one woman were implemented.



Crime Prevention (Law 20,393)

During the year 2019, we worked to update our Crime Prevention Model.

In particular for the risk associated with water, a complete survey was carried out in all our plants, including safety protocols for the prevention of water contamination.

Workers were trained in anticorruption procedures. Clauses on this matter continued to be incorporated into contracts with suppliers.



Ethics code

During 2019, the Code of Ethics was updated and disseminated to all workers in Chile and Peru, including ethic video capsules.



4 5

Detection and Repair

To detect if there are exposure situations in our operations or value chain that could affect human rights, Colbun has used the following instruments:

DETECTION INSTRUMENTS IN COLBUN

| Instrument | Who applies it | Stakeholders | Operation |
|--|----------------|---|---|
| Ethical Line | Internal | Workers, Communities, Contractors, Clients and Investors | All operations in Chile and Peru |
| Contact Line | Internal | Communities, Contractors, Clients | All operations in Chile |
| ESG survey, including human rights variables | External | Communities, Contractors, Clients and Investors | All operations in Chile and Peru |
| Colloquium with communities | Internal | Communities | All operations in Chile and Peru |
| Colloquium with workers | Internal | Workers | All operations in Chile |
| Focus group with workers | External | Workers | Chile Central Zone |
| Multi-stakeholder Dialogue Groups | External | Dirigentes sindicales, representantes comunitarios y contratistas | Chile Central Zone |
| Monitoring of contracts to contractor companies (compliance with payment of labor tax and contributions) | External | Contractors | All contracting companies under the Subcontracting Law in Chile |
| Field visits to identify security risks | Internal | Workers, Contractors and Communities | All operations in Chile and Peru |

SUPPLY CHAIN DETECTION INSTRUMENTS

| Instrument | Who applies it | Stakeholders | Operation |
|---|----------------|--------------|----------------------------------|
| ESG survey, with self-evaluation of contractors | External | Contractors | All operations in Chile and Peru |

Based on the information that the Company has been able to gather, there are no verifiable antecedents that allow us to conclude that there have been violations of human rights in our operations and value chain.



6

Monitoring and communication

Colbun monitors the different risks through the Corporate Risk Matrix, as well as through the direct linkage that each management has with the different stakeholders. The progress and effectiveness of due diligence activities are communicated through the following means or instances:

| Instrument | Stakeholders | Operation |
|---------------------------------------|--|----------------------------------|
| Annual Integrated Report | Workers, Communities, Contractors, Clients and Investors | All operations in Chile and Peru |
| Colloquium with communities | Communities | All operations in Chile and Peru |
| Encounters with contractors | Contractors | All operations in Chile and Peru |
| Extended meetings with workers | Workers | All operations in Chile and Peru |
| Sustainability Weeks | Workers | All operations in Chile and Peru |
| Conference with Union Leaders | Workers | All operations in Chile |







COMMUNICATION CHANNELS

102-43, 103-2, 103-3

The Company has an External Communications Management Policy, which establishes four principles on which communication with third parties is based: that it be transparent, without ignoring that there is confidential financial or commercial information; that promotes dialogue, opening two-way communications with interest groups; that it will be timely, and that encourages collaboration with third parties.

Under these principles, for several years, we have been promoting the creation of different communication channels with our stakeholders, including radio programs, internal TV channel for workers, newsletter for clients, social networks, public reporting with the community, etc. Among the new channels added in 2019 are the opening of a corporate Instagram account (@energiacolbun) and a new radio program in Los Andes (which joins those of Coronel, Colbun and Santa Barbara).

658

Messages were received via the Consultation Line in Chile and Peru in 2019



Colloquies or accountability reports were held in Chile in 2019

Some of the most used communication channels

| Communication Channel | Stakeholder Involved | Description | Periodicity |
|---|---|--|---|
|  <p>Surveys</p> | Workers, Communities, Authorities and Opinion Leaders, Investors, Clients, Suppliers | For workers there is an Environment Survey; a standardized survey is applied to other stakeholders, to collect perceptions and risks. | Yearly |
|  <p>Complaint Line / Inquiry Line / Energy Sale</p> | Workers, Communities, Suppliers, Clients, as well as general public | The complaint line is anonymous and confidential (via web, email or in writing); Contact Line is via web form; Energy sale is via web form. | Permanent |
|  <p>SOCIAL NETWORKS: Twitter @Colbunenergia Facebook Colbunenergia Instagram @energiacolbun Linkedin Colbun S.A.</p> | Workers, Communities, Authorities and Opinion Leaders, Investors, Clients, Suppliers and general public | Communicates relevant Colbun information and allows collecting feedback. | Permanent |
|  <p>Newsletter, radio programs and sending Colbun News</p> | Workers, Authorities and Opinion Leaders, Investors, Clients, Suppliers | Communicate relevant Colbun information.. | The newsletter is quarterly; radio programs are permanent; the news is sent occasionally according to the case. |
|  <p>Visits to Power Plants</p> | Community, Authorities, Clients, Suppliers, Investors | There is an Energy Tour In four plants, designed to open them to the community. In addition, special visits are organized for other stakeholders. | Permanent |
|  <p>Sustainability Wekk</p> | Workers Suppliers Communities | They are carried out in all the plants throughout the year, focused on issues such as safety, commercial setting, environmental issues, etc. | Yearly in each power plant |
|  <p>Meetings with stakeholders</p> | Community, Workers, Investors, Clients, Suppliers | The Colbun plants carry out public reports or dialogue meetings with the community; meetings with investors, suppliers and clients are organized; There are regular meetings between senior management and workers and unions. | Annual, quarterly or semiannual, as the case may be. |

For more detail on all the communication channels that Colbun has, see Annex Chapter 2.

2.9 RISKS MANAGEMENT

102-15, 102-19, 102-29 102-30, 102-31, 103-2 y 103-3

MODEL

Colbun has implemented a model to systematically recognize developments and events that may represent risks for the business objectives.

The Corporate Risk and Management Control Division is in charge of the design and methodological implementation of the model that is based on the ISO 31000 standard, and supports the other Colbun units in the implementation and monitoring of risks.

Risk management is considered an integral part of the business and the CEO reports this matter to the Board of Directors.

POLICIES

The Company has a Risk Control and Management Policy that establishes the principles and general framework for action to control and manage the risks that the Company faces.

In addition, the Company's policies enable the identification and controlling of risks, information that is available on the Colbun website. These include the Sustainability, Financing, Investment Policy Safety, among others.

RESPONSIBILITIES

Managers have the responsibility to develop and apply the policies and procedures to maintain adequate risk management and control.

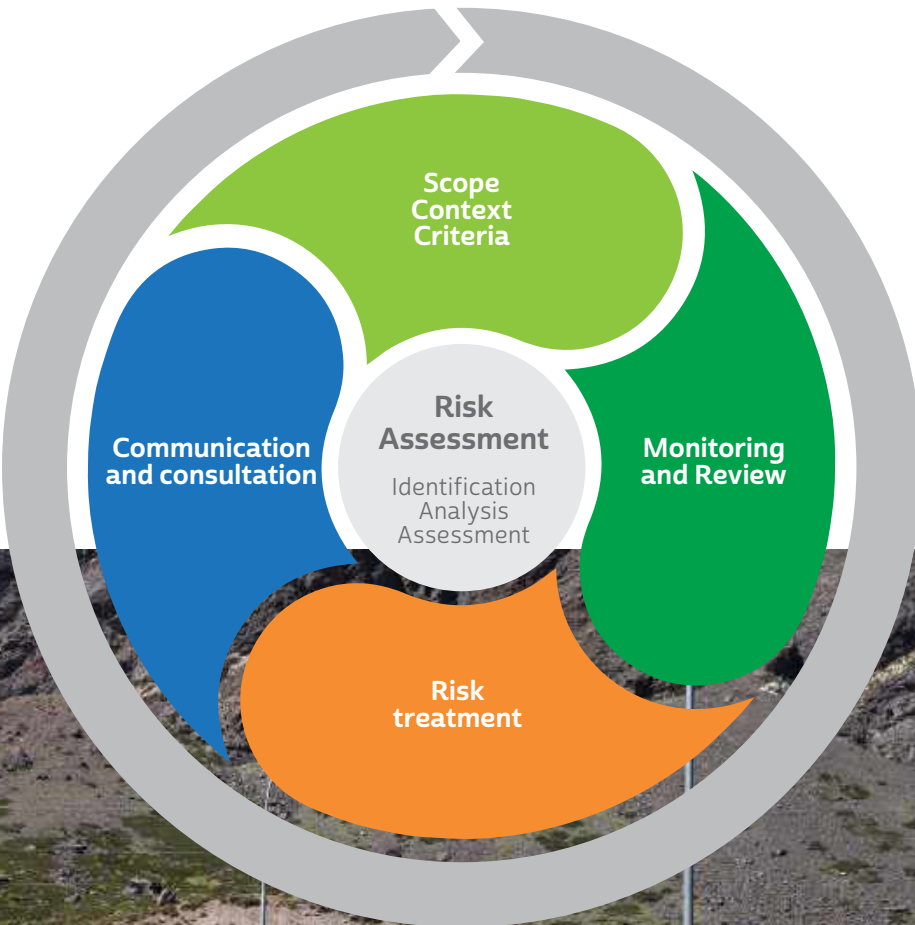
Risk management is a dynamic and continuous process that flows through the organization. It is carried out at each level of the organization, both top-down and bottom-up, and is reviewed periodically, as risks change over time.



RISK AND SUSTAINABILITY COMMITTEE

The Risks and Sustainability Committee monitors the Company's strategic risks and ensures that the Company has effective management of these. The Committee meets bimonthly and is composed of the CEO and the main executives, and its sessions are attended by representatives of the Board of Directors. Additionally, other directors may attend. In addition, Technical Tables are developed bimonthly to delve into a specific risk and evaluate it at a more tactical level.

Risk Management Methodology



MAIN GUIDELINES FOR MANAGING RISK

1

Safeguard sustainability of the business, defining mitigating actions to address the impacts of adverse behavior of variables that may affect the results or the Company's trust capital.

2

Integrate the risks vision into corporate management in each business area.

3

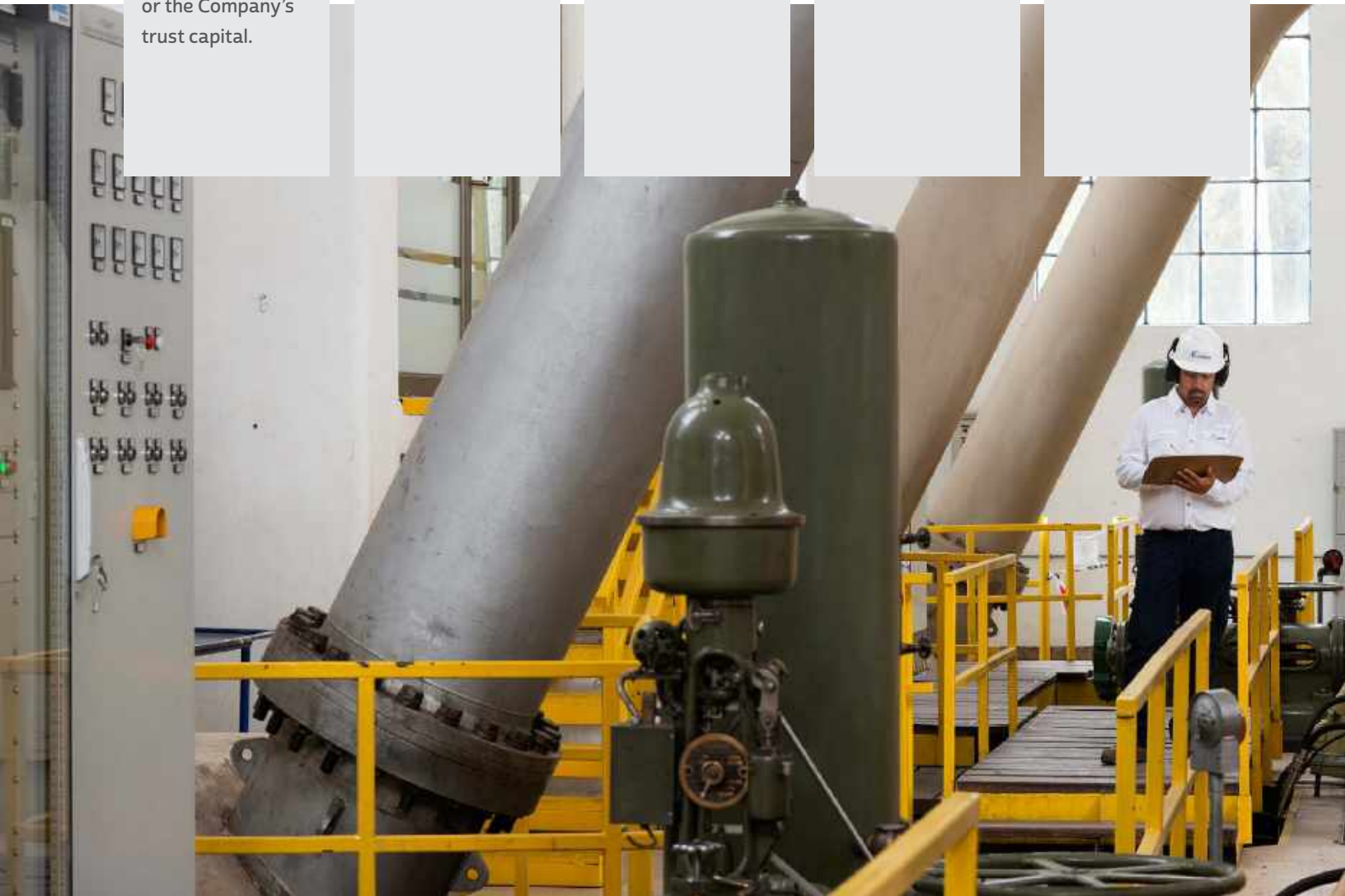
Generate an organizational structure and a management methodology that allows managing the Company's risks.

4

Minimize risks in a cost-efficient way to respond to the changing environment in which the business is carried out.

5

Monitor compliance with agreed mitigation plans and the level of resulting residual risks.



ASSOCIATED RISKS



Electric Business Risks

- Variation of Demand / supply / price
- Natural disasters
- Fuel prices
- Fuel supply
- Failures and maintenance of plant equipment and transmission lines
- Cyberattacks
- Projects Construction
- Regulatory and / or normative non compliance
- Key providers supply / service
- Hydrological conditions / prolonged droughts
- Dilution of contracts and counterparty risk · Technological changes
- Loss or leakage of confidential information
- Water supply
- Unit wear per plant cycling

Financial Risks

- Exchange rate
- Interest rate
- Own and client credit quality / counterparty risk
- Liquidity

Ethics and Governance Risks

- Regulatory non-compliance
- Human rights
- Reputational damage
- Theft and / or leakage of information
- Unethical behaviors
- Retention of professionals



Labor Risks

- Retention of professionals
- Human rights
- Strikes
- Occupational diseases
- Occupational accidents
- Organization and cultural change
- Regulatory Breaches

Community Risks

- Halt to projects and / or operations
- Social incidents
- Reputational damage
- Human rights



Environmental Risks

- Climate change
- Regulatory breaches
- Environmental incidents
- Reputational damage



EMERGING RISKS

| Risks | Description | Potential impact on the business | Mitigation actions |
|--|--|--|--|
| Technological changes | Technological changes such as Distributed Generation and Storage, can be disruptive but also generate new business opportunities. | A potncial lag in the integration of new technological changes may lead to incomplete and / or late development of these and lower growth potential. | Explore and develop business opportunities using new technologies. |
| Greater future cycling of combined cycles | Due to the greater penetration of renewable energies of variable sources, there is a need for plants that can provide flexibility to the system and cover the variability and intermittency of the former. Conventional plants have been designed to operate at base load, thus this is a new operating context. | An increase in cycling of the combined cycles, which are not designed for this type of operation, can increase maintenance and operating costs, decrease their reliability and reduce their useful life. | Active involvement in the discussion about the complementary services and flexibility of the system, to create correct incentives that cover intermittency. Adaptation analysis of current combined cycles. |
| Organizational and cultural change | Changes in the electricity sector require a flexible organization capable of adapting to the needs of our clients. We need an organization that has the ability to transform itself to address the use of new technologies and a market with a large number of unregulated clients. | An organization that does not adapt to a new context can lead to incomplete development of competitive potential and not taking advantage of new business opportunities. | Communication to the organization of the purpose and strategy Colbun, highlighting the need to change and adapt to new challenges. Training and internal reorganization. |
| Client counterparties | Colbun's client portfolio has expanded to new unregulated clients of different sizes and industries. | A possible default by unregulated clients of their commitments due to insolvency or inability to pay temporarily, may result in a financial loss. | Publication of new internal procedures ("Contracting of unregulated clients" and "Collection of invoices issued to clients") that incorporate risk assessment of new clients and monitoring of payment behavior. |

HUMAN RIGHTS AND RISK MANAGEMENT IN COLBUN

Colbun has been working for several years on Human Rights issues related to its different stakeholders including conducting due diligence in 2017 and publishing a Human Rights Policy in 2018.

Human rights risks are already integrated into the current model and the challenge for 2020 is to incorporate into the risks analysis of new projects the view from different groups, such as workers, unions, vulnerable groups and communities, among others.



INFORMATION SECURITY AND CYBER SECURITY

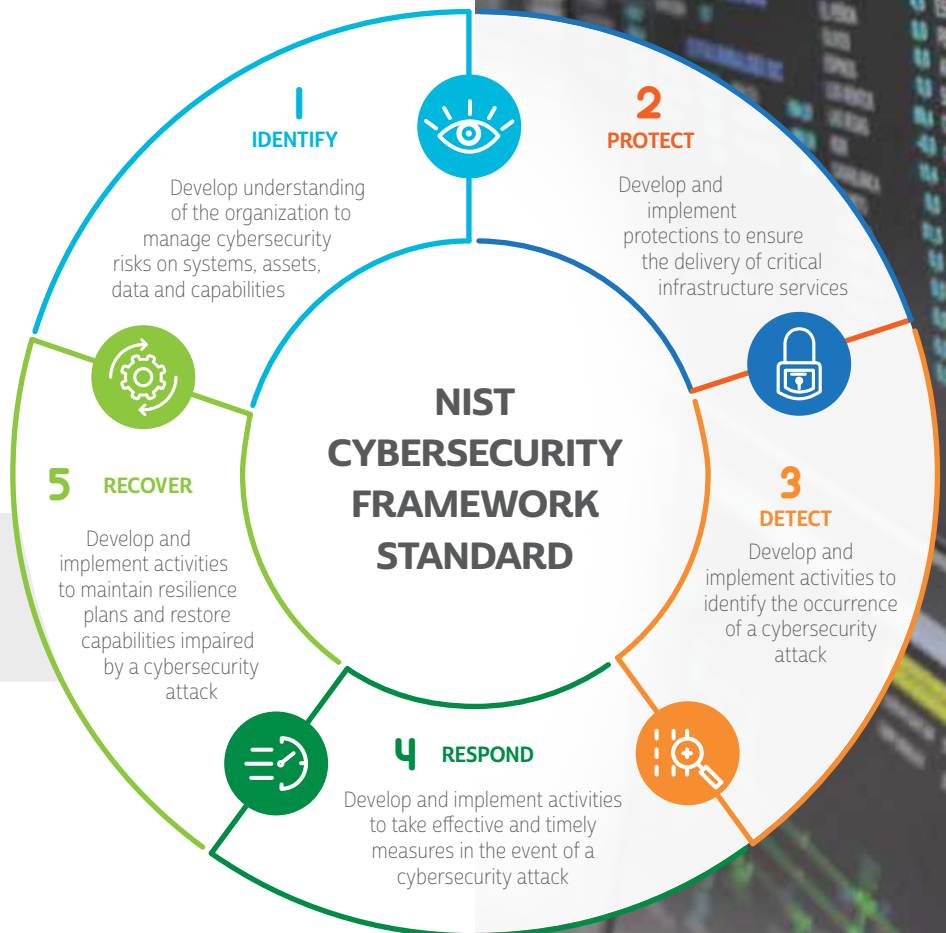
New Committee

In order to coordinate the different areas related to Cybersecurity issues, a Cybersecurity Development Committee was formed, a cross-cutting body that oversees the development of the Information Security and Cybersecurity Strategy.

Spotlights

The management carried out in Information Security and Cybersecurity during 2019 had five focuses:

1. Identification of risks
2. Training and cultural change of workers
3. Standardization of cybersecurity measures at Company level
4. Development of monitoring and control projects
5. Adoption of the international NIST Cybersecurity Framework standard



| | |
|---------------|-------------|
| TG 16 | -0.0 |
| TG DA | -0.0 |
| TG 2B | -0.0 |
| TG 2C | -0.0 |
| TG 1 | 106.6 |
| TG 2 | 105.8 |
| TV | 136.5 |
| CTM1 | 66.1 |
| CTM2 | -0.1 |
| LLONES 1 | |
| LLONES 2 | |
| LLONES 3 | |
| CTM3 | TG 47.5 |
| | TV 43.3 |
| ORNTOS | CTH 74.9 |
| INDINA | CTA 0.1 |
| TOCOPILLA 1 | U12 0.1 |
| TOCOPILLA 2 | U13 0.0 |
| TOCOPILLA 3 | U14 -0.1 |
| TOCOPILLA 4 | U15 0.3 |
| TOCOPILLA CC | U16 0.0 |
| TOCOPILLA TG1 | 0.2 |
| TOCOPILLA TG2 | 0.2 |
| TOCOPILLA TG3 | 0.0 |
| UINA 1 | UG1 0.0 |
| UINA 2 | UG2 0.0 |
| UINA 3 | UG3 0.0 |
| UINA 4 | UG4 0.0 |
| UINA 5 | UG5 0.0 |
| UINA 6 | UG6 0.0 |
| ANGAMOS 1 | ANG1 89.7 |
| ANGAMOS 2 | ANG2 249.8 |
| COCHRANE 1 | CCH1 82.0 |
| COCHRANE 2 | CCH2 90.5 |
| NORGENER 1 | NT01 65.9 |
| NORGENER 2 | NT02 65.1 |
| TARAPACA 1 | CCTAR 142.1 |
| TARAPACA TG | TGTAR 0.0 |
| FRICA | 0.0 |
| KOLQUE | 0.0 |
| INACAL | 0.0 |
| ENAEX | -0.0 |
| TANAYA | -0.0 |
| M. BLANCCS | 3.3 |
| PIM | 0.0 |
| ZOFRI | 0.0 |
| ESTANDARTES | 25.3 |
| AGUAS BLANCAS | 15.2 |
| LA PORTADA | -0.0 |
| AGB | -0.0 |
| TECHNET | 2.4 |
| | 0.0 |

MAIN INITIATIVES 2019

IDENTIFICATION AND GOVERNANCE

- 1) A governance model was reorganized with committees at different levels for the development, integration and management of this type of risk.
- 2) The NIST Cybersecurity Framework standard was adopted, it was presented to the Board in June 2019.
- 3) Representatives were appointed for communications between the Company and the National Electric Coordinator.
- 4) Dissemination campaigns were carried out and a compulsory e-learning course was developed for all Company employees. Phishing tests were carried out to sensitize and identify gaps in the safe use of email.
- 5) A campaign on the care and robustness of passwords and the reporting of cybersecurity incidents was broadcasted.

DEFENSIVE PROTECTION AND SECURITY

- 1) Additional controls were applied to the email security platform.
- 2) Protection coverage was expanded, improved and updated in perimeter firewalls.
- 3) The standards associated with passwords were strengthened.
- 4) New controls are applied in the profiling of relevant systems for the Company.

DEFENSIVE PROTECTION AND SECURITY

- 1) Start-up of operation of specialized monitoring and operations service, Cyber SOC (detection), including SIEM technologies for the correlation of cybersecurity events.
- 2) Exercises to discover gaps in the operational technological environments of power plants and substations, as well as IT administrative environments. Monitoring, control and verification of mitigations to the weaknesses found.
- 3) Good practices implementation to secure software development.
- 4) Previous security controls for any incorporation of new technologies or systems.

RESPONSE AND RECOVERY

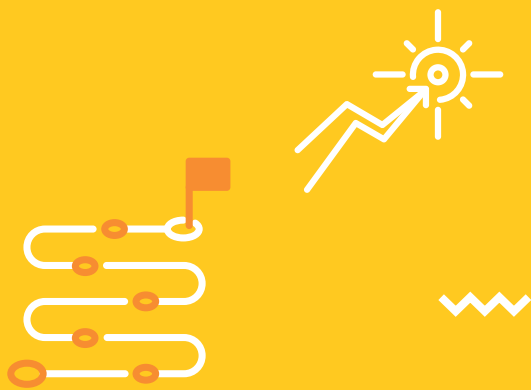
- 1) Disaster scenarios and critical technological assets were identified with a risk perspective.

COMPLIANCE

- 1) Follow-up of the definitions at the governmental and regulatory levels on cybersecurity issues that may apply to the national industry.
- 2) Monitoring the evolution of standards and regulations in international markets.

3





ECONOMIC PERFORMANCE AND GOVERNANCE

This chapter addresses the Company results in 2019 as well as the commercial policy and relationship with clients, growth in renewable energy and management of corporate governance.



Materiality Analysis

103-1,103-2 y 103-3.

Based on the Materiality Assessment carried out to prepare the Annual Integrated Report, four relevant material topics were identified related to the topics addressed in Chapter 3.



MATERIAL TOPIC:: Clients Management

Boundary:

- Relationship with clients
- Clients satisfaction
- Client increase

Related Risks:

- Evolution in number of clients
- Future volumes and prices
- Evolution of operating margin and return

How we manage it:

The Company has a Commercial Policy and Client Management that seeks to build a long-term relationship with clients and add value to that relationship. Focus has been placed on improving the value offer and customer experience, increasing closeness and communication. Initiatives such as new billing models and CMR were worked on to improve management.

Why it is material for Colbun:

In 2019, our total number of clients continued to increase, adding-up to 288. Proper client management, to retain old ones and gain new ones, is highly relevant to the Company's sustainability and growth.



MATERIAL TOPIC:: New generation sources

Boundary:

- Variable renewable energy (VRE)

Related Risks:

- Greater competition
- Market price evolution
- Safe system operation
- Complementary Services Remuneration

How we manage it:

Colbun made significant progress in developing its roadmap to build 4,000 MW by 2030 in solar and wind projects. As of February 2020, we had four projects and one wind farm for 1,600 MW environmentally approved or in the process of environmental assessment, to which are another 1,000 MW are added in early stages of development.

Why it is material for Colbun:

Renewable energies have become the most competitive technologies in this industry and the preferred source of generation for many customers. It is expected that in the future, solar and wind energy will lead the growth of the energy matrix. Furthermore, they are generally quick projects to develop and build, although they are challenged to supply power on a variable and intermittent basis.



MATERIAL TOPIC::

Profitability, competitiveness and operational excellence

Boundary:

- Profitability and EBITDA
- Share price fluctuation
- Economic performance
- Electricity oversupply in Peru
- Competitive construction costs
- Energy price
- Cost efficiency
- Quality, availability and reliability
- Operational efficiency
- Operational excellence
- Client Portfolio

Related Risks:

- Incidents or accidents affecting assets
- Fuel supply
- Cyber attack
- Hydrology
- Regulatory risks
- Credit quality

How we manage it:

Different Company policies that aim to manage the risks and opportunities associated with profitability: Commercial, Financing, Investment and Dividend Policy, among others. A Relationship Policy with Collaborating Companies and Suppliers that aims at a continuous supply chain of excellence, and a Risk Control and Management Policy that monitors all the risks of the Company. In 2019 we continued to make progress on a cost efficiency plan, which allowed a 13% saving in fixed costs. Additionally the Digital Transformation Plan and the focus on competitiveness that has been put into renewable energy projects.

Why it is material for Colbun:

In 2019 Colbun had a good result, in line with a trend of recent years. However, in the most competitive scenario and with strong competition for prices, it is necessary to improve competitiveness in the medium term. This is why a very efficient cost structure and excellent operational performance are key to being competitive in the future. As we show in the Sustainability Turbine, profitability is at the center of the business and without it it is not possible to generate value for stakeholders.



MATERIAL TOPIC::

Internationalization

Boundary:

- Growth
- Diversification of income and risks

Related Risks:

- Regulatory changes
- Political changes
- Incorrect valuations

How we manage it:

Colbun has a Development Management that systematically analyzes the growth and investment opportunities that exist in the region, in addition to an Investment Policy that establishes a framework for this type of operations. In general, it is sought to have local partners that allow having a good knowledge of the local market.

Why it is material for Colbun:

Colbun has defined as one of its growth focuses expanding to other Latin American countries – particularly countries with regulatory systems similar to those of Chile-, and thus diversifying risks and markets. After landing in Peru in late 2015, numerous investment opportunities have been analyzed. The guiding criterion in this focus is that the operations that materialize add value to the Company.

3.1 CONSOLIDATED FINANCIAL MANAGEMENT

103-2 y 103-3

RESULTS 2019

Colbun's results for the year 2019 showed an EBITDA of US\$ 697 million, a figure 2% higher than in 2018, mainly due to the operational efficiencies plan that allowed the company to significantly reduce its fixed cost structure.

Income from ordinary activities in the year reached US\$ 1,487 million, decreasing 3% compared to 2018, which is mainly explained by lower physical sales to regulated clients. This effect was partially offset by higher physical sales to unregulated clients. The costs of raw materials and consumables as of December 2019 amounted to US\$ 692 million, decreasing 5% compared to the previous year, mainly due to (i) lower gas consumption as a result of (i) lower prices of this fuel in Chile and (ii) the

recognition of Calidda's gas distribution contract as a financial leasing, and (2) the lower consumption of coal associated with the lower availability of the Santa María power plant during the year.

The Company's net profit reached US\$ 202 million, a 12% less than the profit of US\$ 230 million from the previous year, explained mostly by higher provisions for impairment of individual assets, mainly from hydroelectric projects, to reflect the impact of lower projected electricity supply prices on the book value of such projects. These effects were partially offset by lower income tax expenses.

COST EFFICIENCY PLAN

Aiming to reinforce its competitive position, in 2018 Colbun began a plan to make its fixed cost structure more efficient, this included a detailed review of disbursements for all areas of the Company, optimization of expenses and search for synergies.

Although great advances were made in this area during 2018, in 2019 there were also significant progress, reaching a 13% reduction in its fixed expenses mainly due to efficiencies in the area of operations, exceeding the 8% achieved in 2018.

During 2020 the plan will continue to deepen, focused on the review of the Company's back-office processes.

STATEMENT OF COMPREHENSIVE INCOME BY NATURE

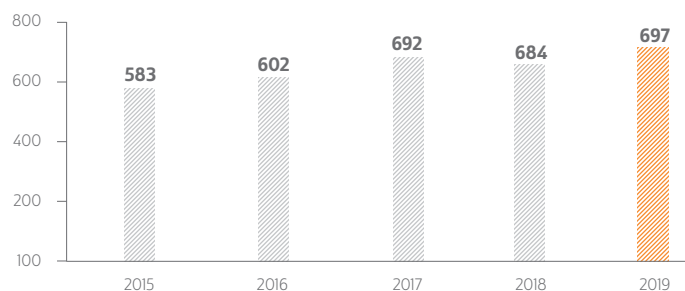
(January-December, Millions of US \$)

| | CONSOLIDATED FIGURES | | |
|---|----------------------|----------------|--------------|
| | 2018 | 2019 | VAR |
| INCOME FROM ORDINARY ACTIVITIES | 1,529.4 | 1,487.4 | (3%) |
| Sales to Regulated Clients | 706.6 | 580.7 | (18%) |
| Sales to Unregulated Clients | 627.8 | 687.3 | 9% |
| Sales of Energy and Power | 111.0 | 121.6 | 10% |
| Tolls | 56.4 | 61.2 | 9% |
| Other Income | 27.6 | 36.6 | 33% |
| RAW MATERIAL AND CONSUMABLES USED | (731.6) | (692.0) | (5%) |
| Tolls | (128.2) | (120.1) | (6%) |
| Energy and Power Purchases | (45.5) | (64.8) | 42% |
| Gas Consumption | (355.5) | (337.3) | (5%) |
| Diesel Consumption | (16.4) | (12.7) | (23%) |
| Coal Consumption | (86.8) | (73.6) | (15%) |
| Others | (99.3) | (83.4) | (16%) |
| GROSS MARGIN | 797.7 | 795.4 | (0%) |
| Workers Benefit Expenses | (79.8) | (74.4) | (7%) |
| Other Expenses by Nature | (33.9) | (24.0) | (29%) |
| Depreciation and Amortization Expenses | (237.0) | (250.5) | 6% |
| INCOME FROM OPERATING ACTIVITIES (*) | 447.1 | 446.6 | (0%) |
| EBITDA | 684.1 | 697.1 | 2% |
| Financial Income | 20.4 | 22.1 | 9% |
| Financial Expenses | (83.9) | (91.1) | 9% |
| Exchange Differences | (12.6) | (7.2) | (43%) |
| Results of Companies Accounted by the Share Method | 11.4 | 9.1 | (20%) |
| Other Income (Losses) | (53.6) | (109.3) | 104% |
| NON-OPERATING RESULTS | (118.3) | (176.4) | 49% |
| PROFIT (LOSS) BEFORE TAXES | 328.8 | 270.2 | (18%) |
| Income Tax expense | (98.4) | (68.2) | (31%) |
| PROFIT (LOSS) | 230.4 | 202.0 | (12%) |
| CONTROLLED PROFIT (LOSS) | 240.3 | 203.0 | (16%) |
| PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDINGS | (9.9) | (1.1) | - |

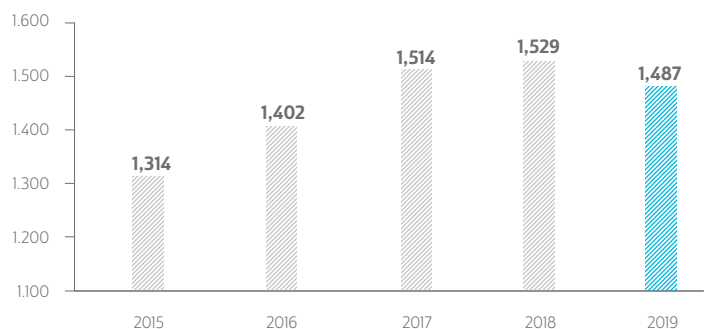
As of June 2019, a reclassification of toll income and costs was carried out at Fenix affiliate in Peru, presenting the net effect of these items. Prior to that date, income and costs were presented separately in the Income Statement. For comparative purposes, the same classification was made in the 2018 figures presented in this Reasoned Analysis (*): The subtotal of "OPERATING RESULT" presented here excludes the line "Other gains (losses)" presented in the Financial Statements. This is explained by a change in taxonomy dictated by the SVS, with which the concept of "Other gains (losses)", which in the case of Colbun are only nonoperational items, was incorporated as an operational item in the States Financial.

EVOLUTION OF COLBUN'S MAIN CONSOLIDATED FINANCIAL METRICS

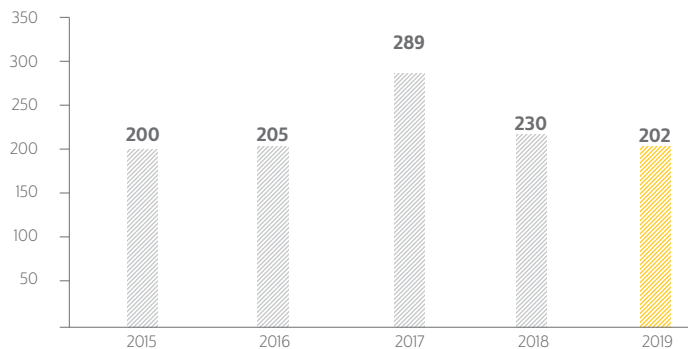
EBITDA (US\$ Millions)



Total Income from Ordinary Activities (US\$ Millions)*



Profit (US\$ Millions)



(*) As of June 2019, a reclassification of toll revenues and costs was carried out at the Fenix affiliate in Peru, presenting the net effect of these items. Prior to that date, income and costs were presented separately in the Income Statement. For comparative purposes, the same classification was made in figures 2016, 2017 and 2018.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(US\$ Millions)

| | 2018 | 2019 |
|-------------------------------------|----------------|----------------|
| Current Assets | 1,151.3 | 1,139.4 |
| Non-current Assets | 5,627.1 | 5,565.9 |
| TOTAL ASSETS | 6,778.3 | 6,705.3 |
| Current Liabilities | 345.4 | 338.3 |
| Non-current Liabilities | 2,576.0 | 2,631.4 |
| Equity | 3,856.9 | 3,856.9 |
| TOTAL LIABILITIES AND EQUITY | 6,778.3 | 6,705.3 |

CONSOLIDATED FINANCIAL INDICATORS

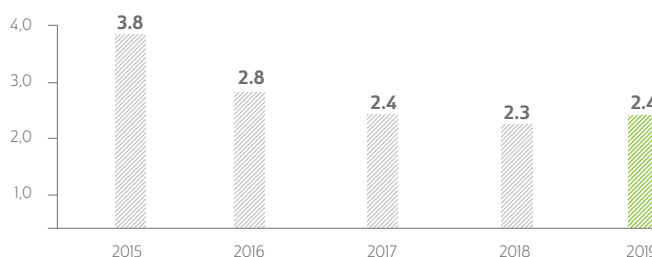
Financial Debt reached US\$ 1,678 million, increasing 5% compared to December 2018.

On the other hand, Financial Investments totaled US\$ 797 million, increasing 1% compared to the end of 2018. Given the above, Net Debt totaled US\$ 881 million.

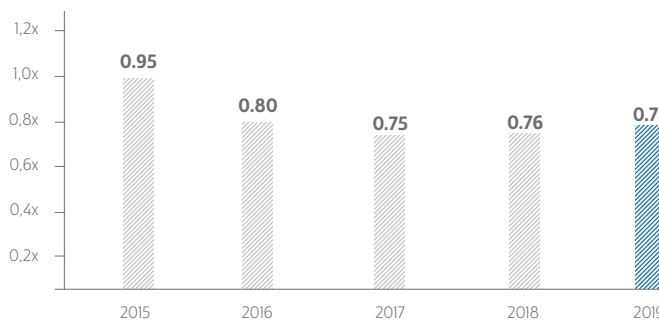
A Gross Debt / EBITDA ratio of 2.4 times, a debt ratio (total liabilities on net equity) of 0.8 times and a coverage ratio (EBITDA on net financial expenses) of 10.1 times was recorded at the end of 2019, figures that reflect the solid financial situation of the Company.

By the end of 2019 Colbun's rating at national level is AA by Feller Rate with a stable outlook and AA- by Fitch Ratings with a positive outlook. At international level, the Company's rating is BBB by Fitch Ratings with a positive outlook, BBB by S&P and Baa2 by Moody's, both with a stable outlook.

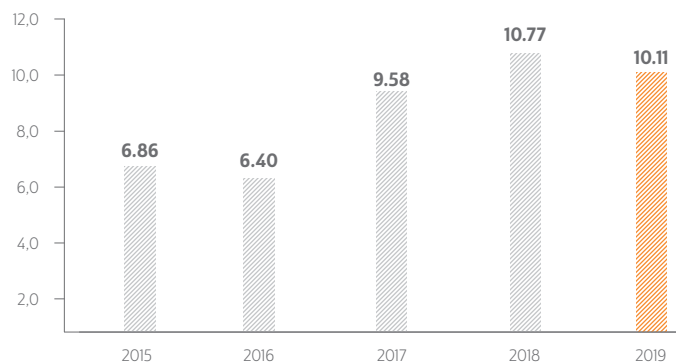
Gross Financial Debt / EBITDA (x)



Debt Ratio (x)



Financial Expenses Coverage (x)





US\$ 256

Millions in dividends distributed in 2019



US\$ 697

Millions was the EBITDA 2019 closing



2.4

Times is the gross debt ratio on EBITDA

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED CONSOLIDATED

(US\$ Millions)

201-1, 201-4

| | 2018 | 2019 |
|---|----------------|----------------|
| Operating Income | 1,830.3 | 1,759.3 |
| Financial Income | 26.0 | 35.5 |
| Other Income | - | 57.3 |
| Total direct economic value generated (VEG) | 1,856.4 | 1,852.0 |
| Operating Expenses | 1,146.8 | 1,115 |
| Workers Salaries and Benefits | 74.3 | 70.2 |
| Payment to Capital Providers (1) / Activ. Financing (2) | 361.1 | 430.2 |
| Payments to the State (3) | 108.4 | 71.8 |
| Investment in Fixed Assets (4) | 146.4 | 84.7 |
| Community Investments (5) | 5.5 | 5.6 |
| Environmental Investments | 5.1 | 3.9 |
| Total economic value distributed (VED) | 1,847.5 | 1,781.4 |
| Net Effect Activities Financing | -35.4 | -54.9 |
| RETAINED ECONOMIC VALUE (VER) | -26.6 | 15.8 |

NOTE:

1)Dividends (shareholders) and interests (banks) expenses.

2)Net value between income and loan payments (principal amount, interest-free).

3)The tax expense for those periods amounts to MMUS \$ 98.4 and 68.2 for 2018 and 2019, respectively.

4)Includes investments in Term Deposits of more than 90 days.

5)In this amount of community investment, the production of water that Fenix delivers to the community of Chilca (399,027 m³ / year, valued at US\$ 458,881) is not considered.

Values indicated in this table correspond to the Company's cash flows during the 2018 and 2019 periods, which is why they do not coincide with what is expressed in the Statement of Comprehensive Income.

Although Colbun did not receive direct assistance from the State, it did access tax exemptions for donations to non-profit entities and the SENCE credit, and recorded expenses accepted for donations, totaling US\$ 3.3 million

3.2

INVESTOR RELATIONS



GENERAL FRAMEWORK

Our company has a model and an Investor Relations Policy, through which we seek to provide transparent, relevant and timely information to all our investors, regardless of their size, that allows them to be kept properly updated regarding the Company's progress.

INVESTOR RELATIONS AREA

To build trusting and long-term relations with its investors, the Company has an area dedicated exclusively to Investor Relations, from where the information requirements regarding Colbun in Chile and the affiliate Fenix in Peru are met.

Through this area we have strengthened communication with investors and analysts

in the sector through a series of initiatives, including visits to our headquarters, participation in breakfasts, periodic meetings in our offices and participation in investor conferences both local as well as international.

On the occasion of the quarterly publication of the financial results, the Investor Relations area is in charge of preparing analysis reports, organizing national and international conference calls with the participation of Company executives, and updating the presentation of results. This material is available and updated for anyone interested on the Company's website.

INVESTOR RELATIONS MODEL

I Dedicated and trustworthy relationship

- I. Telephone conferences and breakfasts to present quarterly results.
- II. One-on-one meetings: with all the investors and analysts that require it.
- III. Attendance at national and international conferences.
- IV. Timely response to inquiries via email and phone.
- V. Investor's Day

2 Relevant and timely information

We seek to provide timely information to all our investors, this allows us to keep them duly updated regarding:

- I. The operation and development of the Company
- II. Future plans, and
- III. Other relevant facts.

3 Transparent Information

It is available on our website :

- I. Company financial information
- II. Market information
- III. Main news
- IV. Corporate presentations
- V. Contact details of the investor relations team

INVESTOR'S DAY

In 2019 we increased the number of contacts and meetings with our investors both in Chile and in our affiliate Fenix and we focused on reducing our response times. During 2019 Colbun held its second Investor Day. On this occasion, four senior executives of the Company referred from their respective areas, to Colbun's strategy facing new trends and challenges in the power market.



Investor Day

In the Reputation and Risks Survey that Colbun conducts annually with its various stakeholders to raise risks and gaps, more than 72% of the investors consulted, positively evaluated the treatment of shareholders and the same figure agreed or strongly agreed with the Company's transparency standards.



72%



of investors positively evaluated the treatment towards them



INVESTOR RELATIONS POLICY

The purpose of this policy is to establish the general guidelines regarding the Company's information, its content and way it is delivered to investors. The central principle of this policy is to provide public information on the historical performance of the Company in an equitable manner without privileging one group over another, maintaining an active and open dialogue, complying at all times with current legal regulations.

FINANCIAL POLICIES APPROVED BY OUR SHAREHOLDERS

Dividend Policy

50%

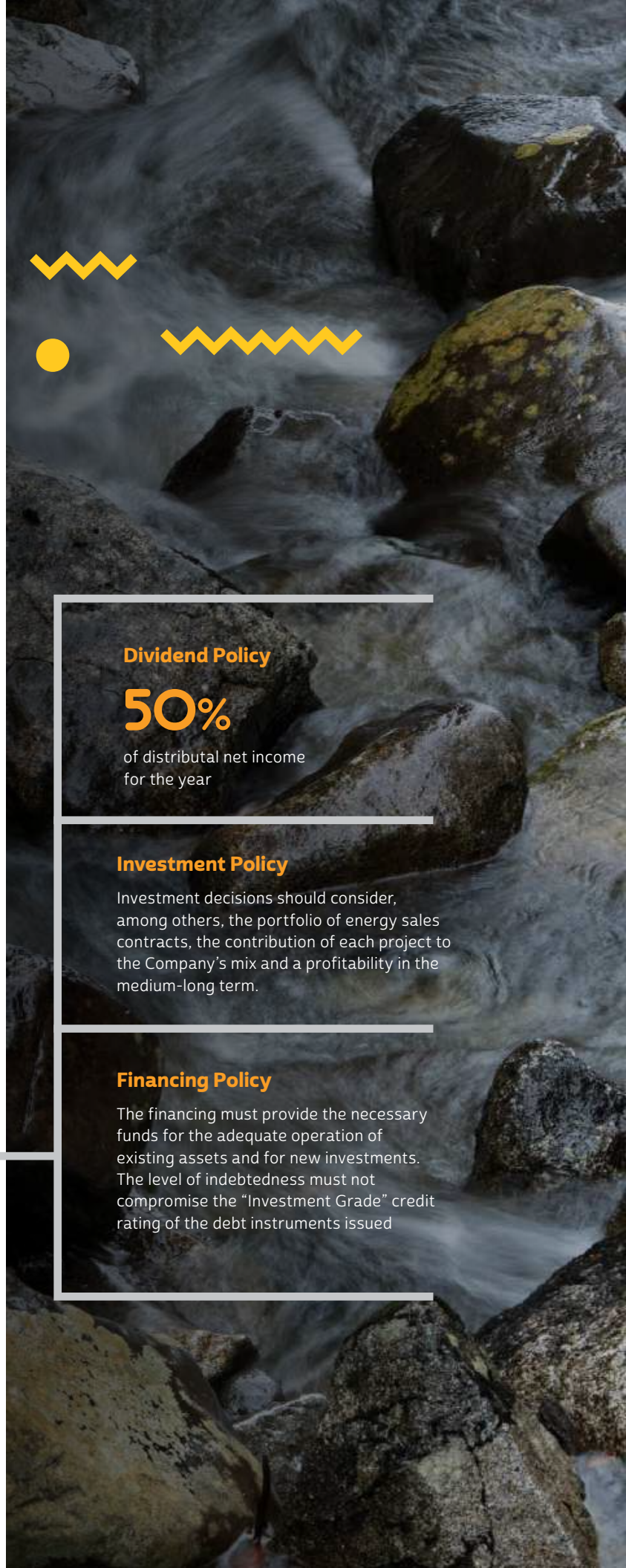
of distributable net income for the year

Investment Policy

Investment decisions should consider, among others, the portfolio of energy sales contracts, the contribution of each project to the Company's mix and a profitability in the medium-long term.

Financing Policy

The financing must provide the necessary funds for the adequate operation of existing assets and for new investments. The level of indebtedness must not compromise the "Investment Grade" credit rating of the debt instruments issued





3.3 BUSINESS MANAGEMENT: COMMERCIAL POLICY AND ENERGY SUPPLY

103-2 y 103-3

Colbun's Business and Energy Management Division is responsible for implementing the Company's Commercial Policy and its relationship with clients, as well as the necessary management to provide a continuous and secure supply of energy. The main elements of management in these areas are described below.

COMMERCIAL POLICY AND CLIENT RELATIONSHIP

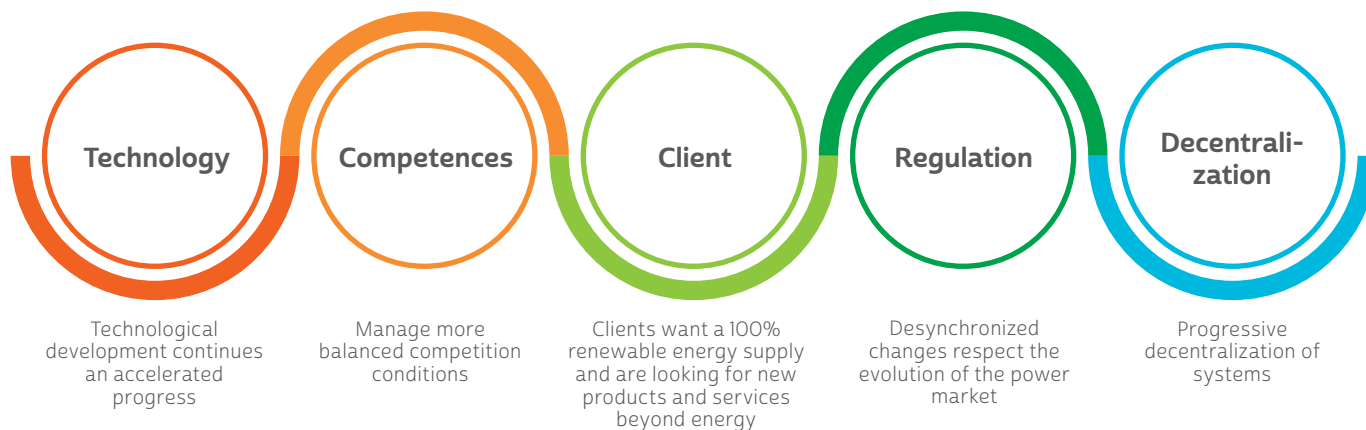
EU3

CLIENT MANAGEMENT MODEL

103-3, 418-1, 103-2

In recent years, the power business has been facing a relevant transformation scenario, which imposes new challenges on companies in the sector.

MAIN MARKETING CHALLENGES



The following diagram summarizes those challenges. Traditionally, Colbun has sought to supply its clients with safe, competitive and sustainable energy. For this, our Commercial Policy considers the optimal level of contracting based on its generation capacity, hydrological risk, projection of demand and supply, etc.

But, without renouncing these attributes, **the transformation and challenges of the industry have led us to adopt a commercial approach that has placed special emphasis on achieving close attention and experience with our clients, as well as seeking a platform for the development of products and customized energy services.** Placing the client at the center of the model, what we seek is to provide these solutions with generation, transmission, distribution and added value services (see Business Model in Chapter 3).

Under this vision, Colbun is working in three specific focuses to continue growing in the market, particularly in the unregulated clients segment:



Chile

FOCUS ON UNREGULATED CLIENTS

A central pillar of Colbun’s strategy in recent years has been the development of the unregulated clients segment, that is, those consumers with a connected power of 500 kW (to whom the law gives the possibility of directly negotiating their rates with an energy provider).

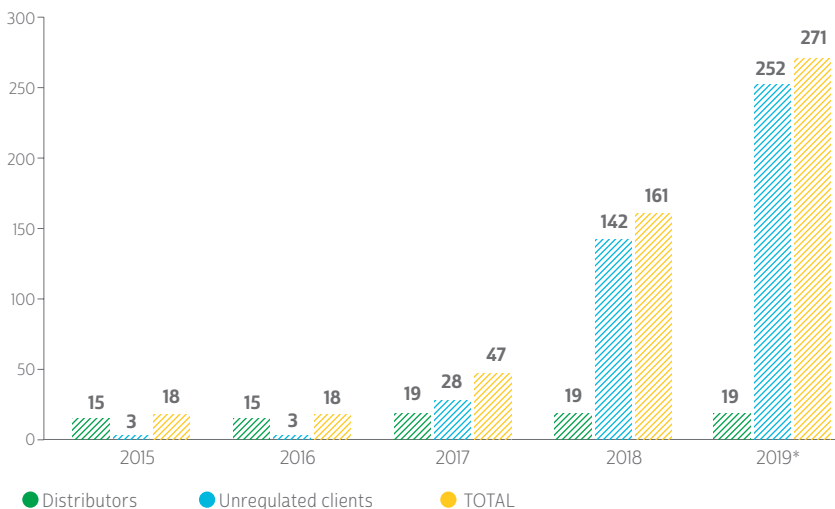
It is a segment that seeks competitive prices but also values a continuous, safe and reliable energy supply, granted by a company with a track record and experience. Furthermore, thanks to its growing portfolio of renewable projects and its hydroelectric assets, Colbun has the possibility to commit renewable energy efficiently and continuously (24/7).

BUSINESS ADVANCE 2019

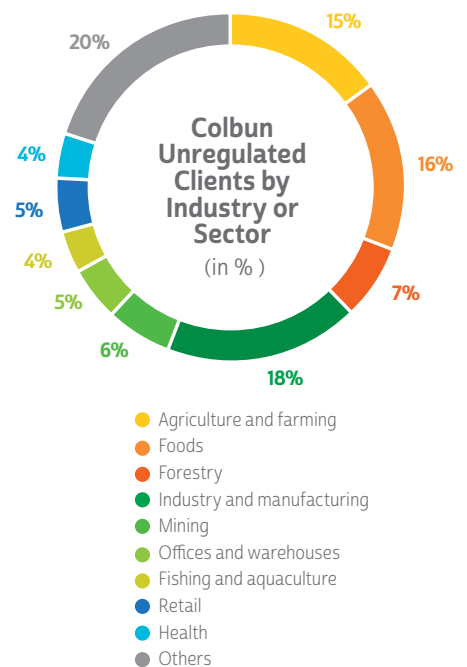
In 2019, the Company signed contracts with unregulated clients for around 3,500 GWh per year, totaling over 6,500 GWh in a little more than three years it has been implementing this strategy. As of December 2019, it supplied 252 unregulated clients, adding signed contract with 17 unregulated clients, commissioning of supply after December 31, 2019. Furthermore, the Company has contracts with 19 distributors in the segment of regulated clients. A relevant milestone of the year was the adjudication of renewable energy supply by BHP for 3,000 GWh per year, which will come into force in 2022 for a period of 10 years.

This contract will deepen the portfolio of new solar and wind energy projects that Colbun is developing. The development of the unregulated client market has allowed us to diversify our client portfolio both geographically and by sector. **If in 2015 our unregulated clients were mainly mining and were concentrated in a few regions of the country, today we supply energy to all kinds of industries from the Arica Region to the Los Lagos Region.**

Evolution in the number of clients Colbun - Chile (EU3)



* This figure does not include 17 other unregulated clients with contracts, but with whom the energy supply has not yet started.





Signing Contract Santa Marta Eggs Company.



Renewable Energy Balance Certificates.

RENEWABLE CERTIFICATION

One of the products that Colbun has developed in recent years is Renewable Energy Certificates, which allows clients to guarantee that their supply comes from renewable sources (which is verified by an independent auditor). This product includes a seal and a User Manual that establishes communication guidelines for our clients stakeholders.

In 2019, the Company signed 19 contracts with renewable certification, totaling to date 46 clients with this type of contract, with just over 4,000 GWh per year committed. In addition, in August we made the first delivery of Renewable Energy Balance Certificates to clients, corresponding to consumption in 2018, this data was verified by an external auditing company.



Aquí usamos Energía renovable



OTHER MILESTONES 2019

In 2019 the Company continued to deepen its commercial strategy, reflected -among others- in the following milestones:

- **New Management of Products and Services:** The main objective of this management, created in 2019, is to promote new products and services that will support the power commercialization, with focus on our customers.
- **Digital Platform (CRM):** The Company concluded the development of a CRM platform in order to have better tools to manage clients relationships. This tool - together with the strengthening of cybersecurity in 2019 - will allow better protection of our clients' data.
- **New billing platform:** in October a system was implemented to automate the billing process, a tool that seeks to make our processes more efficient.
- **Visits and seminars:** a new client visit to the Power Plant and Angostura Park was carried out, in order to show the Company's work with the community. Clients were also invited to a regulatory seminar held with Valgesta on the impact of renewable energy on the operation of the system.

Regarding the perception survey that Colbun conducts annually to its clients, the results for 2019 showed a maintenance or progress in some questions, such as "The treatment I receive from my executive is kind and cordial" (90% agree or strongly agree) and "The quality of the service I receive from Colbun is high" (90%), but there was also a drop in other queries, such as "Colbun takes charge of its clients' complaints quickly and effectively" (50% agree or strongly agree) In general terms, in 2019 68.3% of all clients of Colbun and its affiliates - Colbun Transmission and Fenix - said they agree or strongly agree with a favorable view of the Company, in line with the average of the three previous years, which was 69.4%.



269

unregulated clients had Colbun as of December 2019, including 17 with contract but no supply yet.



19

of Colbun's clients are distribution companies that deliver energy to customers with regulated prices





Peru

The diversification of the portfolio towards the so-called unregulated clients has also been a focus of our the affiliate Fenix in Peru, which through the strengthening of its commercial strategy ended the period with 6 new clients , 5 are unregulatd clients and 1 is a generating company.

As in Chile, the Company in Peru also seeks to generate a close relationship and highstandard services to its clients.

All this was reflected in the annual survey carried out by this affiliate to its clients, where the level of satisfaction reached 80%.

NUMBER OF FENIX CLIENTS (EU3)

| TYPE OF CLIENT | 2019 |
|---------------------|-----------|
| Distributors | 6 |
| Other Generators | 3 |
| Unregulated clients | 7 |
| Total | 16 |



POWER GENERATION AND COMMERCIALIZATION

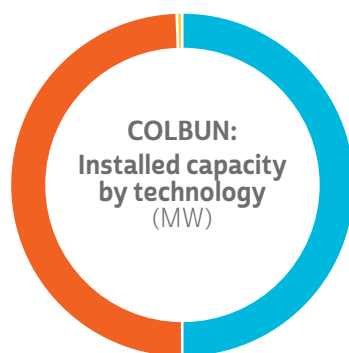
EU1, EU2

The following section describes Colbun's installed generation capacity figures in Chile and Peru.

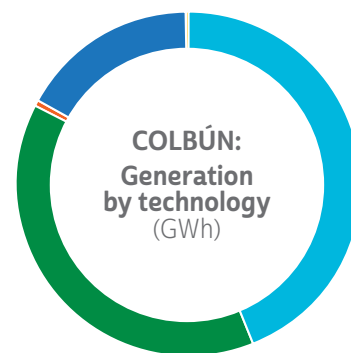
Chile

In cumulative terms, physical sales in Chile reached 12,140 GWh in 2019, 4.9% lower than in December 2018. The lower physical sales for the period are mainly explained by lower withdrawals by regulated clients.

Colbun's total accumulated generation in 2019 in Chile decreased 9.6% compared to the previous year, mainly due to lower hydro generation (-20%) and lower coal generation (-26%), partially offset by higher efficient thermal generation based on natural gas (+17%).



● 1,627 (50.2%) Hydro
● 1,601 (49.5%) Thermal
● 9,0 (0.3%) Solar



● 5,119 (44.0%) Hydro
● 4,506 (38.7%) Gas
● 66 (0.6%) Diesel
● 1,934 (16.6%) Coal
● 19 (0.2%) Solar

ENERGY SALES BY TYPE OF CLIENT

(GWh)

| | 2018 | 2019 |
|----------------------------------|---------------|---------------|
| Distributors | 5,419 | 4,340 |
| Industrial (unregulated clients) | 6,116 | 6,569 |
| Total sales under contract | 11,535 | 10,909 |
| Sales to the SEN | 1,234 | 1,230 |
| TOTAL | 12,769 | 12,140 |

CAPACITY AVERAGE SALES BY TYPE OF CLIENT (MW)

| | 2018 | 2019 |
|------------------|--------------|--------------|
| Distributors | 854 | 725 |
| Industrial | 774 | 853 |
| Sales to the SEN | 51 | -82 |
| TOTAL | 1,678 | 1,496 |

OWN PRODUCTION AND PURCHASES IN THE SPOT MARKET

| (GWh) | 2018 | 2019 |
|----------------------|---------------|---------------|
| Hydro | 6,312 | 5,119 |
| Gas | 3,859 | 4,506 |
| Diesel | 78 | 66 |
| Coal | 2,620 | 1,934 |
| Solar | 10 | 19 |
| Total Own Production | 12,880 | 11,645 |
| Purchases from SEN | + 132 | -472 |
| TOTAL | 12,769 | 12,140 |

OWN PRODUCTION AND PURCHASES IN THE SPOT MARKET (EU2)

Colbun participation in total SEN generation by fuel type.



Hydro
2018 **8.2%**
2019 **6.6%**



Coal
2018 **3.4%**
2019 **2.5%**



LNG
2018 **5.0%**
2019 **5.8%**

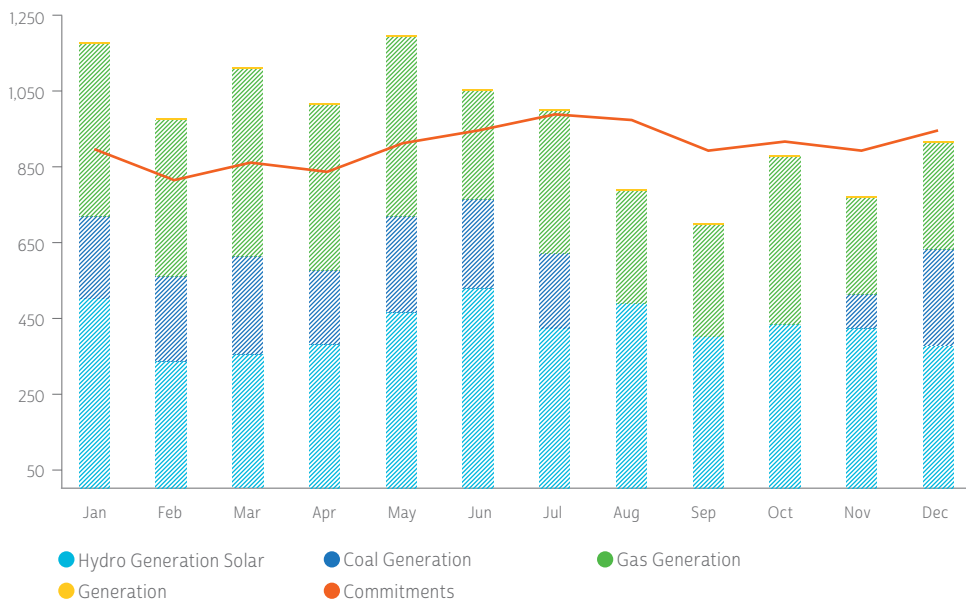


Diesel
2018 **0.1%**
2019 **0.1%**



Solar
2018 **0.01%**
2019 **0.03%**

GENERATION VERSUS COMMITMENTS 2019 (GWh)

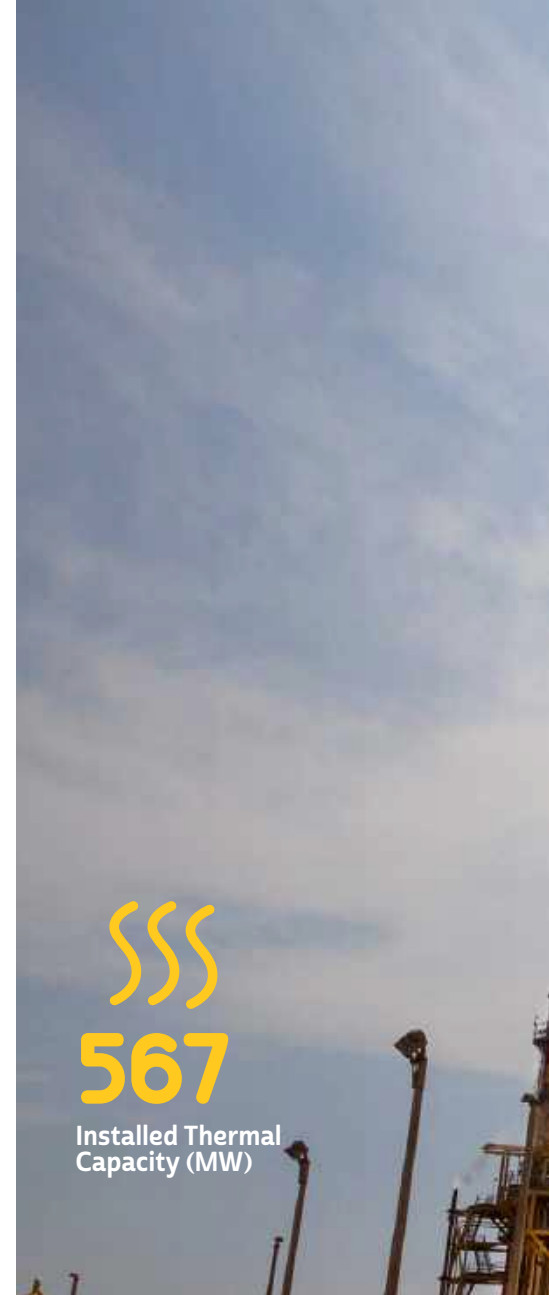


Peru

Physical sales to customers in Peru under contract at the end of December 2019 reached 2,922 GWh, in line with respect to the same period of the previous year.

For its part, Fenix's gas-fired thermal generation reached 3,767 GWh as of December 2019, decreasing 6.4% compared to December 2018, mainly

explained by the lower availability of the plant, due to the extension of maintenance and the unavailability of the TGI2 due to a rotor change. This implied that, during the year, 92% of the commitments were supplied with own generation.



ENERGY SALES BY TYPE OF CLIENT

(GWh)

| | 2018 | 2019 |
|----------------------------|--------------|--------------|
| Distributors | 1,703 | 1,657 |
| Industrial | 448 | 284 |
| Generators | 850 | 980 |
| Total sales under contract | 3,001 | 2,922 |
| Sales to the SEN | 1,044 | 989 |
| TOTAL | 4,112 | 3,911 |

CAPACITY AVERAGE SALES BY TYPE OF CLIENT

(MW)

| | 2018 | 2019 |
|--------------|------------|------------|
| Distributors | 263 | 257 |
| Industrial | 58 | 62 |
| SEIN | 231 | 238 |
| TOTAL | 552 | 557 |



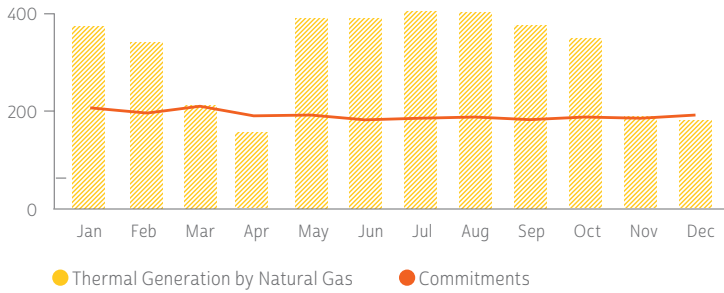
**OWN GENERATION AND PURCHASES
IN THE SPOT MARKET**

(GWh)

| | 2018 | 2019 |
|-----------------------|--------------|--------------|
| Gas | 3,901 | 3,767 |
| Diesel | 12.5 | 0.0 |
| Total Own Generation | 3,914 | 3,767 |
| Purchases to the SEIN | 221 | 231 |
| TOTAL | 4,135 | 3,998 |

**GENERATION
VERSUS COMMITMENTS**

(GWh)



RENEWABLE ENERGY UNDER REVS LAW

EU8, 103-2, 103-3

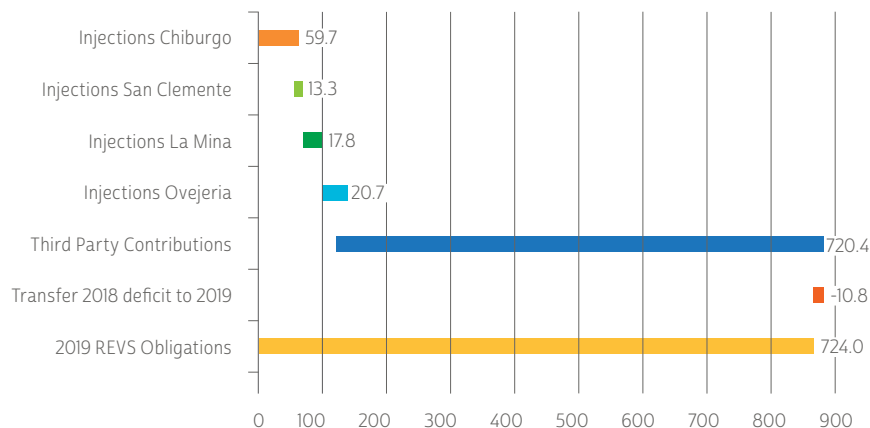
Within its renewable hydro capacity (1,627 MW) Colbun has at the end of 2019 62.5 MW of installed hydro capacity under the REVS Law, which includes three hydro power plants: Chiburgo de (19.4 MW), San Clemente de 5.9 (MW) and La Mina (37.2 MW, of which 20 MW are recognized for the purposes of the NCRE Law). To these is added the Ovejería solar plant (9 MW).

Its energy offer also includes 45 MW of NCRE capacity contracted with Acciona (Punta Palmeras wind farm), in addition to the purchase of REVS attributes from third parties.

The Company also operates six other minihydro power plants, which, because they were built before the REVS law, are not officially classified as such.

Finally, Colbun is promoting a significant portfolio of renewable energy from variable sources. The Company today has a portfolio of five wind and solar projects in feasibility development stages, which add more than 1,600 MW (see more details in this same Chapter, number 3.5)

2019 REVS BALANCE (GWh)







AVAILABILITY AND RELIABILITY OF POWER PLANTS

EU6, EU30, 103-2, 103-3

The availability and reliability of our plants is mainly based on a maintenance strategy that includes preventive and predictive actions, improvements and modernizations, along with enhancing the skills and abilities of our personnel. During 2019, we continued with improvement activities supported by transversal programs, with significant advances in predictive maintenance, and with the review of preventive maintenance strategies, making them more efficient. It should be noted that in 2019 the review of Opex and Capex in the short and medium term was deepened, including initiatives and significant improvements in its management, which translated into a further significant reduction in costs and the projected future plan. Additionally, we incorporate in our thermal power plants the PI system that allows the critical variables of the process to be modeled in each plant, allowing us to anticipate variations in the generation processes, allowing faults to be predicted and maintenance to be better scheduled.

MAINTENANCE MANAGEMENT

Maintenance and modernization of thermoelectric power plants.

SANTA MARIA POWER PLANT

The annual maintenance of the unit was carried out during the second semester and included the following relevant works:

- Maintenance of the evaporator compressor of the desalination plant
- Turbine Control Valves Inspection
- Replacing the plates in areas of the boiler regenerative air heaters

These activities were carried out in parallel with the rewinding of the generator and with the repair of the low pressure steam turbine (more detail in the Availability section).

NEHUENCO COMPLEX

During 2019, the annual maintenance work of the units was carried out, without relevant findings to highlight. Among the maintenance activities, the

replacement of the power transformer of the auxiliary services of Nehuenco II stands out.

FENIX POWER PLANT

The power plant shutdown took place in March and April and included:

- TG11 and TG12 Hot Gas Route Inspection (HGPI)
- TV10 Transformer Replacement
- Maintenance of control valves and cut-off of the TV10

OPEN CYCLE POWER PLANTS

In Los Pinos the annual maintenance was carried out without relevant findings. In Antihue, the TG1 compressor blades were replaced, finding some deteriorated during a scheduled compressor wash.



Maintenance and modernization of hydroelectric power plants

ACONCAGUA COMPLEX

The maintenance program was executed without relevant findings to highlight. In addition, modernizations were carried out in equipment related to remote control of the facilities.

BIOBIO COMPLEX

At the Rucue power plant, the replacement of the voltage regulator and the electrical protections of unit 2 stand out. In addition, works were carried out on the landfill of the Angostura power plant plant.

COLBUN COMPLEX

All maintenance was carried out as scheduled, without major changes.

CARENA POWER PLANT

The modernization of the power plant continued. This year was units 1 and 2 turn with the conditioning of the butterfly valves and the installation of a new distributor and turbine impellers, digital voltage and speed regulator,

electrical protections, instrumentation and control system associated with the entire set. In addition, the generators of units 1 and 4 were rewound.

CANUTILLAR POWER PLANT

All maintenance was carried out as scheduled, without major changes.




AVAILABILITIES AND LOAD FACTORS

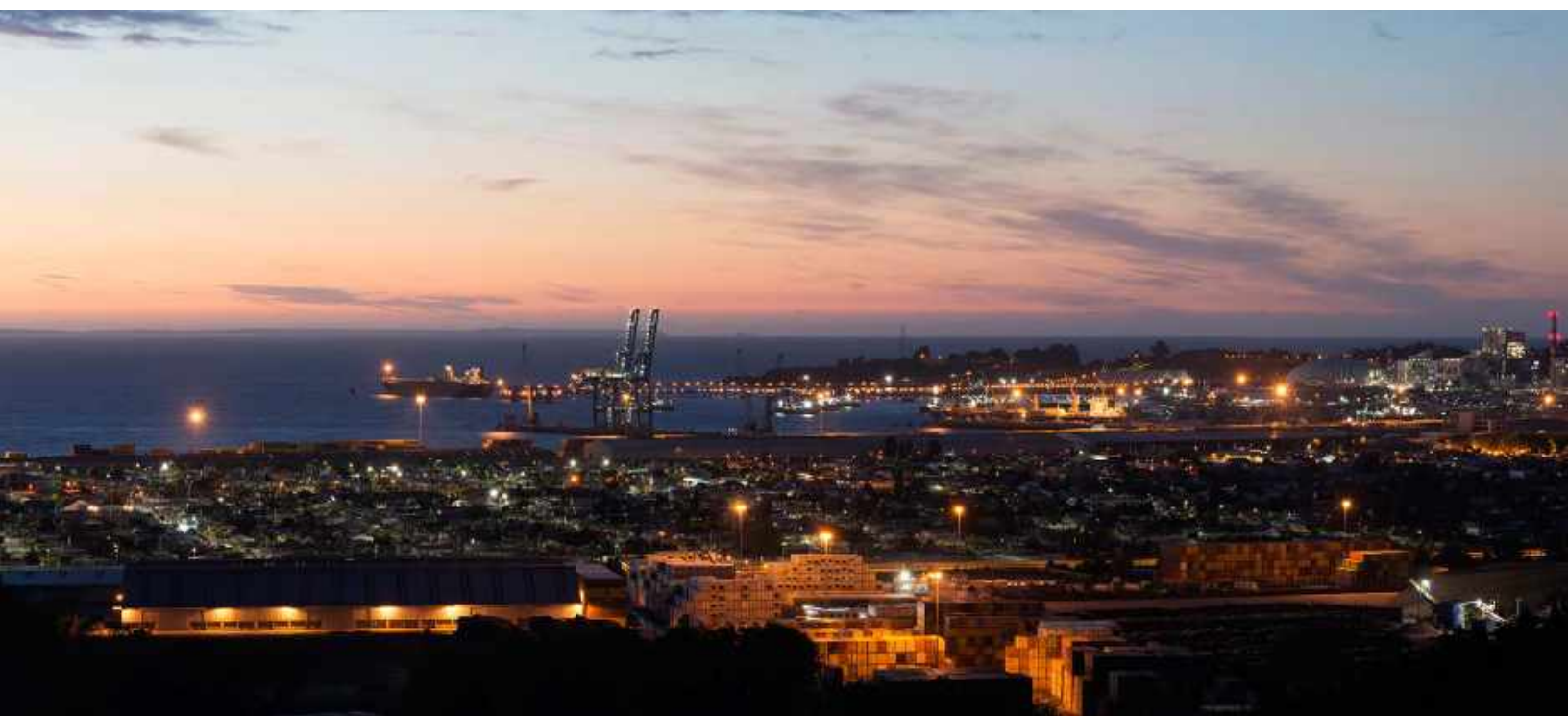
Power Plants availability in Chile was 89.9%, lower than the previous year, a period in which 92.5% was recorded. Regarding the load factor, it had a decrease of 4 percentage points, with a value of 40.0% in 2019.

AVAILABILITY OF HYDRO POWER PLANTS

The availability of hydro power plants was 92.1%, a value lower than the previous year, due to the greater extent of scheduled maintenance. The load factor was 35.8%, decreasing 8.4% compared to 2019, due to less availability of water resource.



| Power Plant | 2018 | 2019 |
|--------------|--------|--------|
| Carena | 89.58% | 80.55% |
| Los Quilos | 86.98% | 72.96% |
| Chacabuquito | 95.68% | 88.34% |
| Juncal | 95.39% | 88.78% |
| Blanco | 89.28% | 88.11% |
| Juncalito | 97.61% | 98.50% |
| Hornitos | 93.42% | 84.84% |
| Colbún | 91.67% | 91.41% |
| Machicura | 92.78% | 91.56% |
| San Ignacio | 95.21% | 94.48% |
| Chiburgo | 97.18% | 97.13% |
| La Mina | 94.04% | 91.57% |
| San Clemente | 93.45% | 91.63% |
| Angostura | 95.39% | 95.63% |
| Rucúe | 94.00% | 92.68% |
| Quilleco | 96.57% | 96.60% |
| Canutillar | 95.50% | 94.20% |



AVAILABILITY OF THERMOELECTRIC POWER PLANTS


The availability of thermoelectric power plants was 86.2%, a value lower than the previous year due to two major failures:

• **Santa María:**

On July 29 the unit was halted due to a failure in the steam turbine (TV), which involved, among other works, the replacement of some low pressure turbine blades. In order to optimize the unit’s availability, the major maintenance, which was scheduled for November, was brought forward to be carried out at the same time as the TV repairs. In addition, during 2019, on the recommendation of GE, the generator was rewound. This work was also done simultaneously with TV repair. Finally, on November 19 the unit became available.

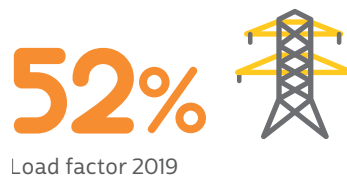
• **Fenix TG12:**

On October 29 the TG12 went out of service due to a unit compressor failure. The unit rotor was replaced since a spare was available at the power plant. This work lasted until January 2020.



| Power Plant | 2018 | 2019 |
|---------------|--------|--------|
| Nehuenco I | 87.80% | 90.16% |
| Nehuenco II | 91.71% | 91.65% |
| Nehuenco III | 97.72% | 94.41% |
| Candelaria I | 93.62% | 99.23% |
| Candelaria II | 95.48% | 99.79% |
| Antihue I | 97.98% | 87.06% |
| Antihue II | 95.71% | 99.61% |
| Los Pinos | 95.68% | 97.11% |
| Santa María | 88.09% | 65.15% |
| Fenix | 84.78% | 81.72% |

The load factor in thermal power plants in Chile had a value of 52.0%, lower than 53% of 2019.



3.4 THE TRANSMISSION BUSINESS

EU12, EU4, EU3

The electric transmission infrastructure, fundamental for the reliability of the power supply and for its competitiveness, has become increasingly important, particularly in the context of the new Transmission Law enacted in 2016 and the greater penetration of renewable energies that require to evacuate their energy efficiently, mainly from the ends of the National Electric System to the large consumption centers in the central zone of the Country.

Colbun has 942 km of transmission lines and a total of 31 substations in the different segments in which it participates (National, Zonal and Dedicated).

Colbun Transmission's EBITDA was US\$ 72 million in 2019.

The management of the transmission facilities is carried out through a contract between the two companies for the operation service, troubleshooting and maintenance, by the staff of a Management set up for this purpose at Colbun SA in 2015. This Management has 49 people and their goals are:

- Minimize transmission losses and maximize lines reliability.
- Define and carry out scheduled and contingency maintenance plans for existing facilities, in order to improve efficiency and reliability indicators.

- Participate in the technical definition of new transmission facilities that are developed, to meet legal standards of reliability and security.
- Commercially manage transmission facilities in order to obtain adequate remuneration in each segment in which it participates (National, Zonal and Dedicated).

TRANSMISSION LINES PROPERTY OF COLBUN

(EU4)

| Transmission Assets | 2017 | 2018 | 2019 |
|---------------------|--------------|--------------|--------------|
| Colbun | 609.7 | - | 4.69 |
| Affiliates | 331.3 | 941.0 | 936.8 |
| TOTAL | 941.0 | 941.0 | 941.5 |

Transmission losses as a percentage of total energy

(EU12)

1.30%
2017

1.36%
2018

1.21%
2019

Note: Our transmission lines losses are directly related to the coordinated operation of the entire National Electric System (SEN), which is defined by the National Electric Coordinator (CEN), the body in charge of determining and coordinating the operation of the set of facilities. of the electrical system, including generating power plants, transmission lines, among others.

Transmission Availability

(time in %)

99.86%
2017

99.88%
2018

99.51%
2019

Note: Data on transmission availability corresponds to the annual availability of Colbun Transmission's transmission facilities, they reflects the evolution of availability.

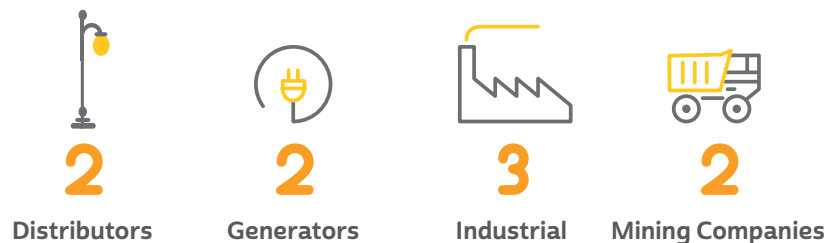
DEVELOPMENT OF TRANSMISSION PROJECTS

In agreement with current regulations and as a consequence of Transmission System Expansion Decrees published by the Ministry of Energy, Colbun S.A. and its subsidiary Colbun Transmission S.A. They are developing various projects for the expansion and adaptation of regulations in their facilities classified as National.

| WORK | Commissioning Date | Allocated Budget (US\$ Thousand) |
|--|---------------------|----------------------------------|
| Engineering, Supply, Construction, Testing and Commissioning of Standardization in S / E Candelaria 220 kV for February 2020 and New Compensation Series in S / E Puente Negro 220 kV in service in March 2020. DS 373 | February/March 2020 | 21,188 |
| Engineering, Supply, Construction, Testing and Commissioning of Standardization in S / E Los Maquis 220 kV entering service in April 2020. DS 373 | April 2020 | 7,977 |
| Expansion of the Mulchen 220 kV substation in 5 cloth positions in order to allow the connection of generation projects in the area. Commissioning March 2020. DS422 | March 2020 | 3,661 |
| Sectioning S / E Pirque 110 kV construction of 2 positions of cloth in 110 kV in order to allow the sectioning of the Maipo - Pirque 110 kV line, ending in March 2020 | March 2020 | 1,765 |
| TOTAL | | 34,591 |

Transmission Clients by Type

(EU3)



Note: Colbun S.A., which is a customer of Colbun Transmission S.A., is not considered in this table.

3.5 GROWTH PROSPECTS: RENEWABLE

103-2, 103-3



OUR FOCUS

At Colbun, we seek to maximize the value of our Company through projects that allow us to satisfy in a cost-efficient way the power demand of our clients and the markets where we operate.

Considering the competitive costs achieved by solar and wind energy technologies, Colbun has drawn up a road-map to double its size from now until 2030 based on renewable energy from variable sources, aiming to be one of the most competitive in its development. This implies building nearly 4,000 MW by 2030 and means a very

relevant contribution to the fulfillment of SDG No. 7 on Affordable and Non-Pollutant Energy.

To the extent that there are adequate regulatory conditions and market opportunities, we also want to bring this focus on renewables to Peru, where we are present through the Fenix power plant.

These energies, added to our reservoir plants, will allow us to have a very competitive position to offer our clients and the country renewable energy 24/7.

OUR STRATEGY

Colbun's strategy is based on three pillars for the development of renewable energy :



strategy is based on three pillars for the development of renewable energy : As a result of the work carried out in recent years, the Company today has a portfolio of five wind and solar projects in the feasibility development stages, totaling more than 1,600 MW, distributed in different parts of the country, to this three other projects of 1,000 MW are added and are in early stages of development.

Next, we detail the status of the more advanced projects, the materialization of each initiative is subject to the technical / financial evaluations, to the energy needs of the country and our clients and to the development of a management that allows an adequate insertion of projects in their environment and / or in the communities that host them.



PROJECTS UNDER DEVELOPMENT

Colbun-6.EC



Horizon Wind Farm Project

Located 70 km northeast of Taltal and 135 km southwest of Antofagasta, Horizonte has a minimum capacity of 607 MW and an average annual generation of approximately 2,000 GWh.

This project began in late 2017 with the adjudication of a tender from the Ministry of National Assets for the development, construction and operation of a wind farm through a 30-year onerous use concession, in a fiscally-owned sector of about 8 thousand hectares.

During 2019, the feasibility stage of Horizonte was concluded, achieving a solid base for measuring the resource using anemometric towers and Lidar equipment. At the same time, the basic engineering and environmental studies necessary for the development of the EIA were carried out, whose environmental processing began in January 2020.



Photovoltaic Park Project Diego de Almagro

This park contemplates the integration of the Diego de Almagro Sur 1 and 2 projects, located in the district of Diego de Almagro, in the Atacama Region, approximately 27 kilometers south from the town. Altogether they consider an approximate capacity of 200 MW. Both projects are located less than three kilometers from the new Illapa substation, which favors its connection to the National Electric System.

During 2019 the RCA (environmental permit) of both projects was obtained. In addition, the easement for the layout of the high-voltage line was requested from the Ministry of National Assets. Progress was also made in the preparation of the background information for the connection request with application of Article 102 of the Electricity Law.



Inti Pacha Photovoltaic Park Project

This solar park is located approximately 75 km east of Tocopilla, in the commune of María Elena, Antofagasta Region, and uses a total area of about 736 ha. The project considers the installation of a 430 MW solar park and originates from the award of two onerous use concessions called by the Ministry of National Assets.

The energy generated will be injected into the System through a transmission line, which starts at the S / E associated with each piece of land, connecting to the Crucero substation.

In 2019, the feasibility phase was advanced, carrying out engineering and environmental studies, which allowed the environmental process to begin in February 2020.



Machicura Photovoltaic Park Project

This solar park is located south of the Machicura reservoir, in the Colbun commune, Maule Region, using a total area of approximately 20 ha owned by Colbun. The project considers the installation of a solar power generation park that has an installed capacity of close to 9 MWAC / 10.5 MWDC, which is why it is part of a PMG classification.

The energy generated will be injected into the System through the line that exists for the auxiliary services of the Central Machicura until the S / E Colbun.

During the fourth quarter of 2019, the feasibility phase continued to be developed, advancing in engineering studies with the use of internal resources. The DIA of the project was entered into in October, which was declared admissible.



Solar Garden Photovoltaic Park Project

The project considers the installation of a solar park with an installed capacity of around 450 MW, which is contemplated in two stages. Located approximately 8 km south-east of the town of Pozo Almonte, in the homonym commune of the Tarapacá Region, it uses a total area of about 1,000 ha.

The energy generated will be injected into the System through an electric transmission line, which begins in the S / E associated with the park, and has an approximate extension of 3 km, connecting to the new Pozo Almonte power plant, located 2.5 km northeast of the junction of the highway to La Tirana with the Pan-American highway.

In December the DIA of the project was delivered to the authority, it was declared admissible.



Other Variable Source Renewable Energy Projects

At the end of 2019, Colbun has been able to complete a portfolio of locations for three other wind and solar projects (in addition to the projects indicated above), which are in early stages of development. These in total amount to approximately 1,000 MW, distributed in the regions of Arica and Parinacota and Biobío.

San Pedro Hydro Project



The San Pedro Hydroelectric Power Plant project is located about 25 kilometers northeast of the Los Lagos district, Los Ríos Region, and considers using the waters of the same name river through a reservoir plant. Considering the adjustments contemplated in the project, it will have an approximate installed capacity of 170 MW for an annual generation of 953 GWh under normal hydrological conditions.

The operation of the plant will be such that the height of the reservoir will remain practically constant, which means that the flow downstream from the plant will not be altered by its operation.

The San Pedro-Ciruelos transmission line project will allow energy to be evacuated from the San Pedro Power Plant to the SEN through a 220 kV, 47 km long line, which will be connected at the Ciruelos substation.

In December 2018, a new Environmental Impact Study of Adequacies of the project was entered, issuing in April 2019 the first lcsara by the authority. The Company is working on preparing responses to the stated requirements.



3.6 INTERNATIONAL EVOLUTION

Colbun-6.EC, 103-2 y 103-3

Colbun also seeks to develop renewable energy projects in Peru, where solar and wind technology is presented as an opportunity for growth in the context of the regional expansion that the Company is seeking.

Through the Fenix affiliate, the goal is to develop around 500 MW in solar and wind energy projects in the coming years. Pursuant to this plan, Fenix created a renewable energy management in 2019, and submitted a request for a temporary concession in the Marcona area for the Hermano (Ica) wind project. This concession will make possible to carry out the studies and measurements necessary to advance this project located south of Lima.

Through the internationalization of its operations, Colbun seeks to grow and diversify its sources of income and risks

with a vision of responsibility and long-term, under the premise that this type of operations effectively add value to the Company.

In addition to Peru, where the objective is to consolidate Fenix's position, other Latin American countries have also been studied, in which we identify stable regulatory frameworks and / or low per capita electricity consumption and / or electricity infrastructure needs that present future opportunities for increase.

Colbun's criterion in the development of projects or acquisitions at the regional level involves not compromising our Investment Grade credit risk rating and adhering to the Investment Policy approved by the Shareholders' Meeting. Throughout the year, work continued on the international growth plan, studying new markets and evaluating between 1,500 and 2,000 MW in various investment alternatives at the regional level.





3.7 ETHICS AND CORPORATE GOVERNANCE

102-16, 102-17, 102-25, 102-26, 102-29, 102-30, 102-34 102-43, 103-2, 103-3, 205-1, 205-2, 205-3

CORPORATE GOVERNANCE FRAMEWORK

102-26

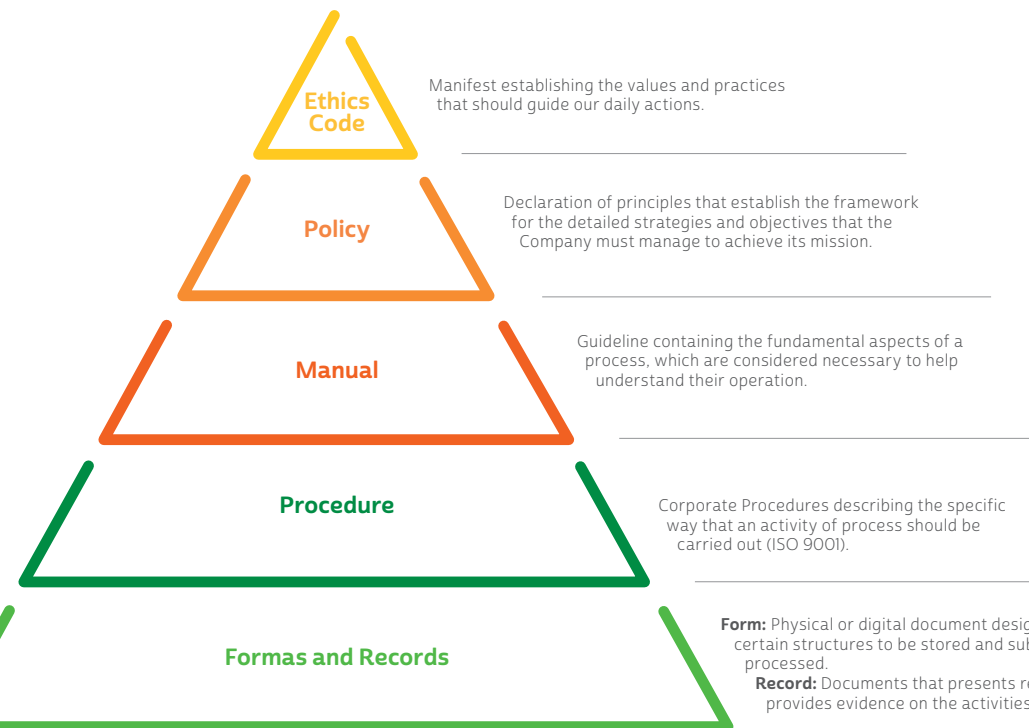
Policies and Regulations Colbun's

Colbun's Corporate Governance is governed by policies and procedures diffused within the Company. The approvals and / or updates of the

normative bodies and policies related to the economic, environmental and social topics of the organization are proposed by the Company's senior management, headed by its CEO, and submitted to the approval of the Board of Directors.

Access and Availability

For all workers to have access to these documents, we have a Corporate Policies and Procedures Portal called Colbunpedia, where Corporate Documents are available, a Map of Company Processes, a Catalog of Policies and Procedures by process.



(Source: Chilean Standard NCh-ISO 14.001. Of2005).

Most of our policies are available on our website.

ETHICS BASED CULTURE

102-26, 102-16

CODE OF ETHICS

Colbun has a Code of Ethics that includes the purpose, values, ethical principles and practices that must guide the action and decision-making of workers, contractors and suppliers, applicable to all the operations of Colbun and its affiliates.

The Code of Ethics is reviewed annually, the latest update was published in February 2019. The body in charge of this matter is the Ethics Committee, made up of the Internal Audit Management, the Legal Management and the Organization and People Management.

The dissemination of the Code of Ethics - available in Spanish and English- considered the sending of an email by the General Management to all workers, who had to record the proof that it was received online.

Additionally, a video was designed with some of the guidelines of our code, available on the digital signage located in all the Company's facilities. For new workers, induction processes include disclosure of the principles of this Code and the obligation to be aware of their existence.

FENIX

In the case of Fenix, on January 2019 the Code of Ethics based on Colbun's Code, was updated and on February a communication with the update was sent to all collaborators.

This document includes the same principles, values and practices mentioned in the case of the Colbun Code, emphasizing ethical action and the fight against corruption. The new version covers important topics such as conflict of interest and facilitation payments as misconduct. In addition, a notification was sent with a reading task on the Fenix platform.

Information panels on the Ethics Line have also been displayed on high-visibility sites at the Magdalena and Chilca headquarters.

OTHER COMMUNICATIONS

In addition, "Eticápsulas" were sent via email during the year, publicizing the changes that were made to Law 20,393 on Criminal Liability of Legal Persons.

Additionally, an internal campaign was carried out with the participation of random workers, which sought to reinforce the concept of "conflict of interest".

Finally, **during 2019, work continued on the Integrity Plan (which was created in early January 2018, at the request of the Board of Directors), which seeks to ensure a culture of integrity throughout the Company** and to formalize and systematize the policies and practices in the field of human rights, free competition, ethical dilemmas, and gender and diversity, keeping the Board informed of all progress, as well as any internal and external conflict early.



COMPLAINT MANAGEMENT

102-17, 102-34

So that our interest groups and anyone can make queries or complaints if necessary, we have a communication channel available on the website called the Whistleblower Line.

This channel operates by electronic form, email or manual mail, to receive direct or anonymous complaints, related to compliance with ethical conduct standards, conflicts of interest and any issue related to possible regulatory non-compliance.

Furthermore, complaints mechanisms are reported to workers through the intranet.

Complaints are channeled through the Ethics Committee, a body made up of

the Internal Audit Management, Legal Management and the Organization and People Management.

FIGURES 2019

During 2019, 31 complaints and 1 consultation were received through the Complaints Channel in Chile and 5 complaints in Peru, all of which were addressed according to the established procedure. The Ethics Committee is also the body responsible for the investigation and operational analysis of complaints, independently, confidentially and without consequences for its issuers. The investigation carried out is presented to the Audit Committee of the Board of Directors, the body ultimately responsible for this communication channel.



31
 Complaints received in 2019
 Chile



By Stakeholder

7

Workers

6

Community and society

18

Anonymous



By Subject

9

Labor practices

7

Infraction of Internal regulations

1

Legal Non Compliance

7

Conflicts of Interest

6

Conflicts with third parties

1

Security and Health



5

Complaints received in 2019

Peru



By Stakeholder

1

Workers

1

Community and society

3

Anonymous



By Subject

3

Infraction of Internal regulations

1

Conflicts with third parties

1

Labor practices



MANAGEMENT OF POTENTIALS CONFLICT OF INTEREST

102-25

For Colbun it is essential to act consistently and transparently, avoiding conflicts of interest that may arise, or managing them appropriately. In the Code of Ethics we define that a conflict of interest arises in any situation in which a worker uses his contacts or his position in the Company, for the benefit of his own interests, of indirect relatives or third parties.

Likewise, it is established that it is the responsibility of each worker to avoid or manage them adequately and notify any potential conflict of interest to their direct boss and the Internal Audit Manager.

In the event that a Director is faced with a similar situation, he shall notify the Board of Directors and abstain from participating in the discussions in which decisions related to the reported fact are taken, in the manner provided by law.

During 2019, a survey was applied for the second time to the entire organization, to identify potential risks due to conflicts of interest, with a response rate of 94%.

CRIME PREVENTION MODEL

205-1, 205-2, 205-3

IN CHILE

Our Company has a Crime Prevention Model, within the framework of Law No. 20,393 on Criminal Liability of Legal Persons, which seeks to prevent the risks of bribery, money laundering, terrorist financing, reception, unfair administration, corruption between individuals, among other matters. The model has an internal and external regulatory framework, as well as a Crime Prevention Officer (Internal Audit Manager) appointed by the Board of Directors.

This model is certified by the independent company ICR Risk Rating. During 2019, workers were informed about anti-corruption procedures, through e-learning trainings on the Criminal Liability Law, including the co-fact.

During the year there were no complaints related to crimes described in the aforementioned law.

Additionally, Colbun incorporates in its contracts with contractors and suppliers provisions to protect compliance with the law in this matter.

IN PERU

At the beginning of 2019, the regulations of Law 30,424 were promulgated, from which Fenix sought a consultant to make a diagnosis of its Crime Prevention System.

Therefore, during 2019, new procedures and due diligences, among other documents, were prepared in order to detect the areas and activities exposed to the greatest risk in relation to corruption and related crimes.

These new guidelines allowed detecting findings that served to feed the Risk Matrix of the Crime Prevention System and create response activities.

Likewise, in 2019 Fenix underwent a Diagnostic Audit of the Crime Prevention System, in which it was concluded that the company has implemented the Crime Prevention Model, which has a degree of compliance of 90.3% , according to the requirements of the respective Supreme Decree.



IDENTIFIED RISKS RELATED TO CORRUPTION

(205-1)

In 2019, the Corruption Crime Risk Matrix was updated in accordance with a review of the Colbun and Fenix processes, and control measures have been developed to mitigate these risks.

The following risks were identified, which are part of the Colbun risk matrix:

- Bribery risk
- Terrorist financing risk
- Money laundering risk
- Reception risk (acquisition of stolen goods)
- Unfair administration risk
- Risk of corruption between individuals
- Risk of misappropriation
- Incompatible trading risk
- Risk of water contamination



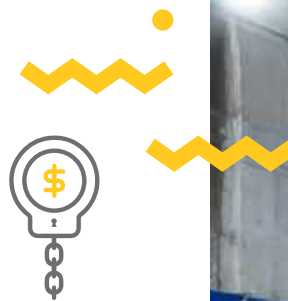
During 2019 **100% of the members of the Colbun Board of Directors received training in Anti-Corruption Policies and Procedures.**

In addition, due to the publication of the regulations of Peruvian law, the Crime Prevention Officer designed and implemented the Collaborative Due Diligence and Client Due Diligence, as part of the prevention activities of the Crime Prevention Model, incorporating them into the procedures of the Human Management area and Commercial Management respectively.

During 2019, there were no events related to corruption crimes in Chile or Peru.

0%

corruption offenses in 2019



FREE COMPETITION

206-1

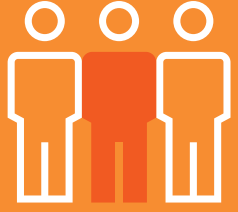
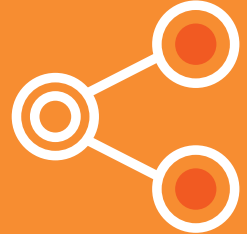
The Company has a Free Competition Policy approved by the Board of Directors. It establishes that all workers must fully comply with the rules of defense of free competition, and defines the practices that are understood to be contrary to free competition, such as collusion or any agreement between Colbun and its competitors, involving prices, conditions of sale, division of markets and limitation of production, among others.

Regarding training, in 2019 -and as has been the case since 2011- the Company again held regular talks addressed to the main executives.

During 2019, both in Chile and Peru, there were no lawsuits, legal proceedings or fines for causes related to monopolistic practices or free competition against Colbun.



4





SOCIAL PERFORMANCE

This chapter reports on how the Company is related to today's society, in particular with the following stakeholders: workers, communities, contractors and suppliers, associated with all our operations and projects in the countries where we have a presence.

Materiality Analysis

103-1, 103-2 y 103-3

Based on the Materiality Study carried out to prepare the Annual Integrated Report, four relevant material topics were identified related to the topics addressed in Chapter 4.



MATERIAL TOPIC:

Management of Organizational Change

Boundary:

- Change management facing new challenges
- Way of doing business
- Collaboration and horizontal organization
- Telework

Related Risks:

- Loss of competitiveness
- Loss of business opportunities
- Inability to attract new talent
- Organizational rigidity and lack of adaptation to the environment

How we manage it:

The Company has been encouraging internal changes and action plans in order to face the new challenges of the industry. This includes the drafting of a new purpose and an associated strategic vision, internal campaigns to promote new capacities, and promote internal rearrangements. In 2019, a campaign was launched to enhance values that are considered relevant to the challenges of the industry, such as collaboration, and numerous trainings were held in the field of digital technologies. Likewise, a teleworking program was started to be designed for the year 2020, in order to promote job flexibility, leadership and co-responsibility.

Why it is material for Colbun:

This is a new material topic, which has emerged strongly in the context of the relevant changes that the electricity industry is having (energy transition) and the cultural changes that the country has experienced (more empowered citizens, diversity topics, higher environmental standards, business ethics, etc.). Managing change to adapt the Company to this new context is highly relevant to face adequate risk management, growth and future development of the Company.



MATERIAL TOPIC:

Occupational Safety and Health

Boundary:

- Health and safety of our workers and contractors.
- Health and safety of the communities where we operate.

Related Risks:

- Potential accidents
- Potential occupational illness
- Damages to facilities
- Damage to public structure
- Impact on operations

How we manage it:

Internally, Colbun has been working for several years in order to install a safety culture. For this purpose, we have several programs: Healthy Living; Professional Disease Prevention Program; Zero Fatality Protocol; Zero Fatality Standards, and Safety Action Plans for each management, among others. Externally, the Company monitors the safety of its facilities on a regular basis, installs visible signs and measures to prevent accidents, and works education campaigns. This, in addition to having a Safety, Occupational Health, Environment and Quality Policy. In 2019, the internal security procedure for emergencies and crises was updated.

Why it is material for Colbun:

The health and safety of the people who work in our facilities is a priority matter in Colbun: there is no justification to put at risk the physical health or integrity of a person. The same applies to the communities where we operate. Both are first-rate objectives.



MATERIAL TOPIC:
Internal Culture

Boundary:

- Human Capital
- Work practices
- Work climate
- Human Rigjhts
- Diversity and Inclusion (gender and disabilities)
- Dialogue approach and treatment (social crisis)

Related Risks:

- Labor conflicts
- Operation stoppage
- Loss of high performance technicians and professionals
- Loss of competitiveness
- Inhability to attract and retain new talents
- Organizational rigidity

How we manage it:

The company periodically develops measurements and runs diagnostics that allow it to monitor the progress and gaps that may exist in terms of professional development and internal climate. Different programs are implemented to manage these gaps. Adequate communication to our workers is also very relevant, which is why emphasis has been placed in recent years on improving communication channels. In 2019 this was reinforced after the social crisis, with the dialogue approaches where more than 500 workers participated. Something similar was done with permanent contractors. The Integrity Plan launched in 2018 continued to be deepened, where one of the pillars is to reinforce gender and diversity management.

Why it is material for Colbun:

Providing quality employment in a good work environment that fosters professional and personal development is very important to support the performance of workers and contractors and constitutes a competitive advantage when it comes to retaining or attracting talent. But in addition, companies must now have an internal culture that allows them to be flexible and adapt quickly to the great changes in their environment, which is especially true for the electricity industry.



MATERIAL TOPIC:
Relationship and development with communities

Boundary:

- Socio-environmental challenges in localities
- Community relationship
- Education
- Local infrastructure
- Local tourism
- Local economic development
- Job opportunities
- Local security
- Support for local entrepreneurs after social outbreak

Related Risks:

- Community opposition
- Conflicts with local authorities
- Damage or stoppage of facilities
- Local frustration at unmet expectations

How we manage it:

The Company has a Community Relationship Policy and a Communities Manual, that sets the main guidelines to establishing this relationship, it includes a Community Relationship Strategy to address this challenge, its maximum expression is reflected in a series of plans and social programs adapted to the needs and conditions of each locality. There are numerous listening channels to raise concerns or risks in the community relationship, such as annual surveys, consultation lines, WhatsApp groups and local dialogue meetings. In addition the company holds a Sustainability Policy and a Donations Policy.

Why it is material for Colbun:

Sustainable management of our facilities requires a long-term relationship with the community where they are located, and where these communities perceive that they are better off with the Company's presence than without it. This means not only mutual knowledge and good operational and environmental performance, but also developing community work that generates opportunities and a better quality of life at the local level.

CONTRIBUTION TO THE SDGs

The activities that the Company carries out with its workers, suppliers and communities have a direct impact and contribution on at least five of the Sustainable Development Goals (SDGs) defined by the UN:

- SDG 3:** Ensure healthy lives and promote well-being for all at all ages.
- SDG 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- SDG 5:** Achieve gender equality and empower all women and girls.
- SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- SDG 10:** Reduce inequality within and among countries.
- SDG 11:** Make cities and human settlements inclusive, safe, resilient and sustainable.
- SDG 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Although Colbun has worked for several years in building relationships that generate value with and for all its stakeholders, the crisis experienced by Chile since October 18 has been an opportunity to review where it is possible to move faster and in depth.

Consequently, as well as the indicators that we have historically reported on Social Performance, this chapter also reports on the additional measures taken by the Company as of October 2019.



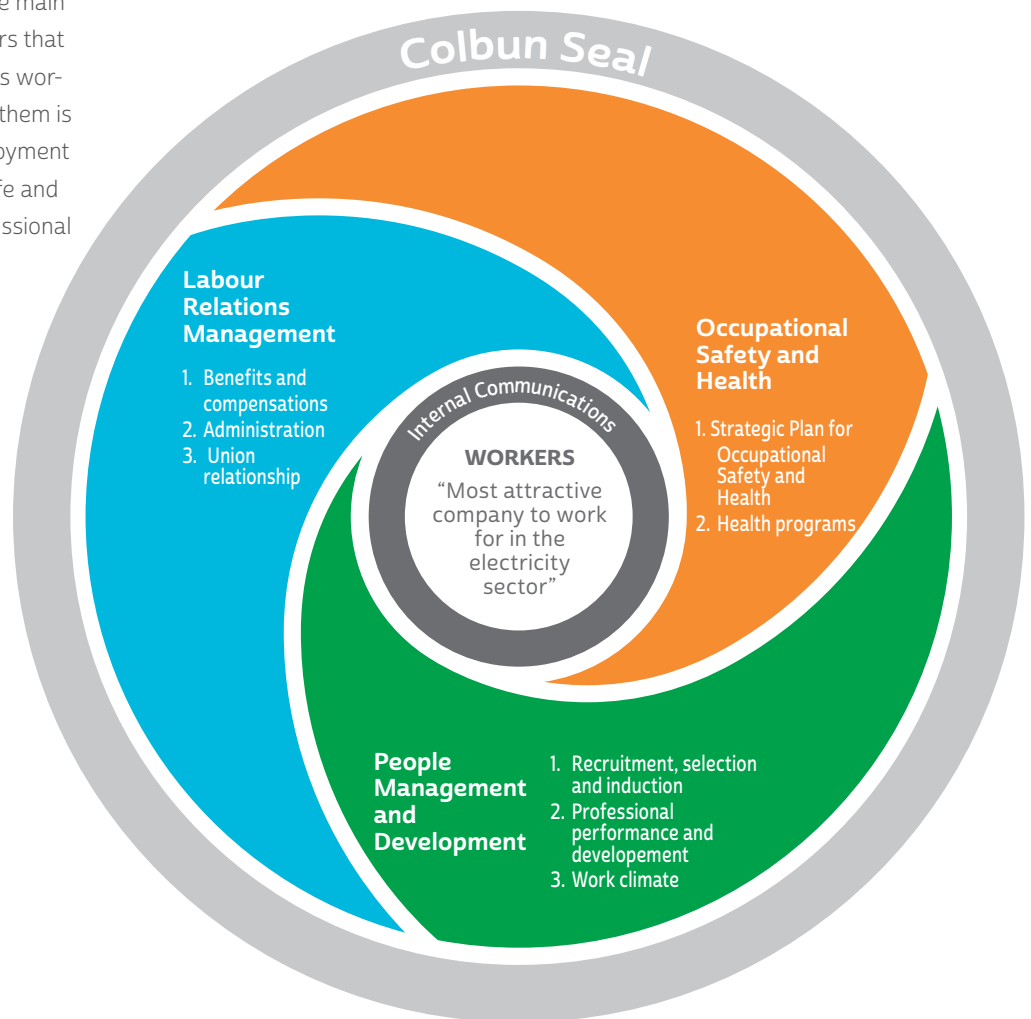


4.1

OUR WORKERS

102-8, 102-17, 102-36, 102-37, 102-43, 103-2, 103-3, 203-2, 404-1, 404-3, 405-1, 405-2, EU-14, Colbun-8.TR, NCG 386

The following section describes the main management policies and indicators that define Colbun's relationship with its workers. Our primary commitment to them is to provide them with quality employment and a work environment that is safe and promotes their personal and professional development.



ANSWERS TO TODAY'S CHILE

In the context of the crisis that our country began to experience as of October 18, the Company progressively took a set of measures, with different focuses and scope.

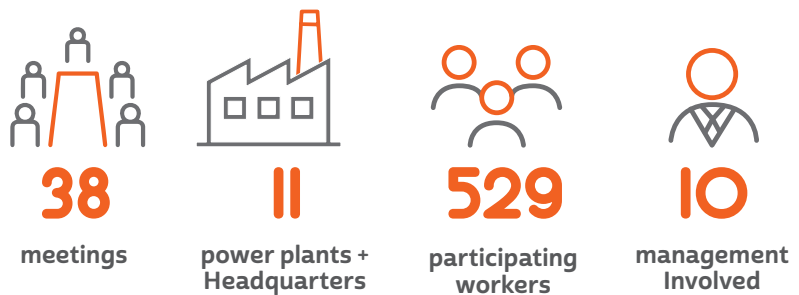
SAFETY AND FLEXIBILITY

The focus of the first days was on the safety of our workers, therefore:

- Flexibility of labour days was promoted (telework) to overcome national events and contingencies.
- Daily communications to the entire Company were adopted - and sometimes several times a day - regarding the national contingency.
- Special mobilization was arranged for people affected by the destruction of the metro and the security of the facilities was reinforced.
- Containment meetings were held.

NEW SPACES FOR DIALOGUE

As a second step, it was decided to open spaces for internal dialogue and reflection, where permanent workers and contractors participated. The figures of that process are summarized in:



PROPOSALS ARISING FROM WORKERS

- Psychological support and containment.
- Telework
- Union Agreement Review.
- Communicate rent review process.
- Civic education Constituent Process.
- Generate more conversation instances.
- Work more collaboratively.
- Raise greater instances of internal volunteering.
- Implement benefits such as post-retirement health insurance or APV + 1.

PROPOSALS ARISING FROM CONTRACTORS

- Evaluate and improve conditions of contractor companies (salary, benefits).
- Shorten payment management process.



ACTION PLAN FACING THE SOCIAL CRISIS

As a third focus, the Board and the administration promoted a review of all the benefits and conditions of workers and contractors for analysis of gaps and opportunities. This review led to the following measures:

INCOME AND COMPENSATION

- Adjustment in compensation of workers who were under their salary band (15 cases).
- Payment of a single extraordinary bonus to permanent workers and contractors in the context of Colbun's good results in these years and the complex scenario in the country.
- Increase in rent to permanent contractor workers to \$ 500,000 (gross and net salary).
- Greater dissemination of Compensation Policies.
- Review of improvements in pension plans for collective bargaining 2020.



Thus, these measures have contributed to SDG No. 10, which seeks to "Reduce inequality within and among countries".

LABOR CONDITIONS OF CONTRACTORS

- Validate and standardize conditions for contractor installations in power plants.

- Extension of spaces and benefits: end of the year family basket, use of common spaces with Colbun workers participation in celebrations, approach buses.
- Improvement in Security Protocols in Headquarters and Power Plants.
- Promote the use of collaborative spaces in Colbun facilities.

CULTURE AND TALK CYCLES

- Focus and Workshops on Treatment and Inclusive Culture.
- Cycle of Talks on the Constituent Process, open to all workers. The talks held were:
 - **November 2019:** Chile Today. Conversation panel with former Minister of Defense, Colbun Director Vivianne Blanlot and lawyer and analyst Jorge Navarrete.
 - **December 2019:** Chile and the New Constitutional Scenario, with the lawyer Eugenio Evans.
 - **January 2020:** Constituent Process, with the lawyer Patricio Zapata.
 - **March 2020:** Challenges of the Companies in the New Constitutional Scenario, by Bernardo Larrain, President of Sofofa.

CONCILIATION

- Launch Telework Program (March 2020).





WORKFORCE

In December 2019, the Company's workforce amounted to 949 workers, 2.3% less than in 2018. This is mainly due to departures in the Generation Division, due to the sale of the Antihue Power Plant where 14 workers were dismissed (they were hired by the new owner of the facilities).

In Peru, meanwhile, the Fenix affiliate registered a total of 92 workers on the same date.

In Chile, all workers have full time contract. 11 workers have a fixed-term contract (1.1% of the total workforce). All other workers have an indefinite contract.

At retirement age, in 2019 there were 7 men and 6 women.

COLBUN CHILE GLOBAL WORKFORCE, ACCORDING TO GEOGRAPHICAL LOCATION

(102-8)

| Region | Male | | Female | |
|---------------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2018 | 2019 |
| Metropolitan Region | 133 | 142 | 283 | 268 |
| Valparaiso Region | 15 | 16 | 167 | 171 |
| O'Higgins Region | 1 | 1 | 26 | 24 |
| Maule Region | 5 | 5 | 85 | 84 |
| Biobio Region | 17 | 17 | 200 | 197 |
| Los Lagos Region | 1 | 1 | 19 | 18 |
| Los Rios Region | 2 | 2 | 17 | 3 |
| Total | 174 | 184 | 797 | 765 |

FENIX GLOBAL WORKFORCE, ACCORDING TO GEOGRAPHICAL LOCATION

(102-8)

| Region | Male | | Female | |
|-------------------------|------|------|--------|------|
| | 2018 | 2019 | 2018 | 2019 |
| Total (Chilca and Lima) | 19 | 19 | 69 | 73 |

WORKERS BY NATIONALITY AND GENDER IN COLBUN CHILE

(405-1)



| Nationality | Male | Female | Total |
|--------------|------------|------------|------------|
| Chilean | 173 | 756 | 929 |
| Argentinian | 1 | 2 | 3 |
| Colombian | 2 | 1 | 3 |
| Venezuelan | 3 | 1 | 4 |
| Brazilian | 1 | 2 | 3 |
| Others | 1 | 6 | 7 |
| Total | 181 | 768 | 949 |

* Note: The total workforce considers workers and managers.



WORKERS BY NATIONALITY AND GENDER IN PERU

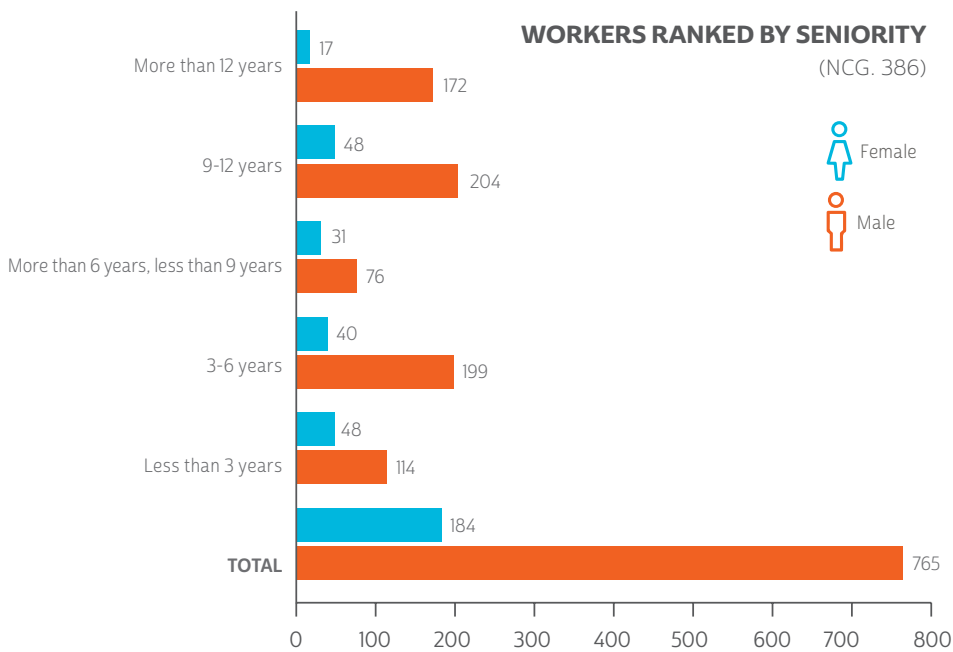
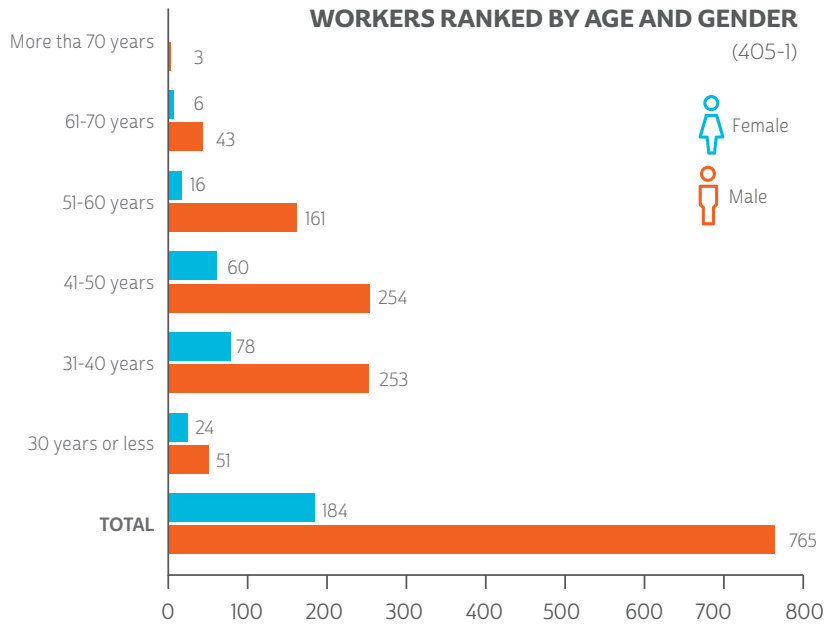
(405-1)

| Nationality | Male | Female | Total |
|--------------|-----------|-----------|-----------|
| Peruvian | 19 | 71 | 90 |
| Colombian | 0 | 1 | 1 |
| Chilean | 0 | 1 | 1 |
| Total | 19 | 73 | 92 |

* Note: The total workforce considers workers and managers.



Chile



FIGURES IN CHILE

184 

Females

765 

Males

FIGURES IN PERU

19 

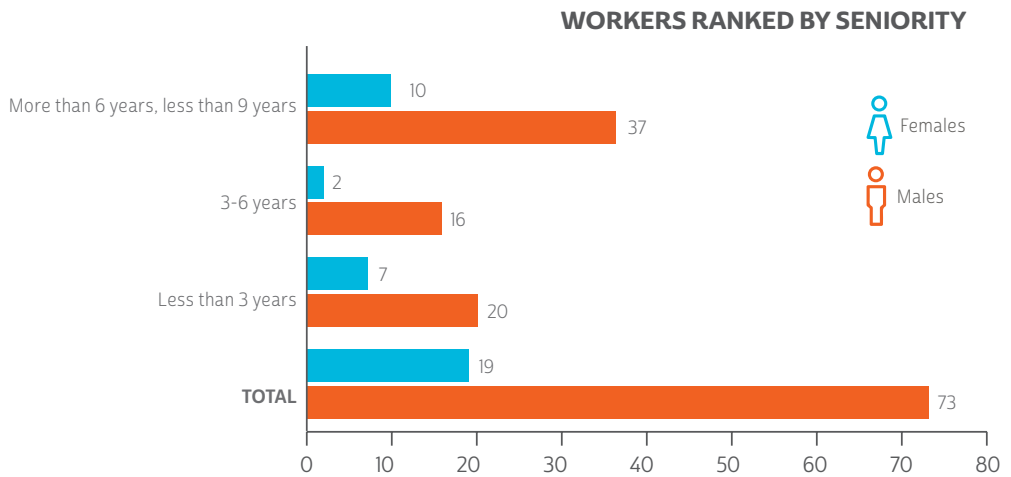
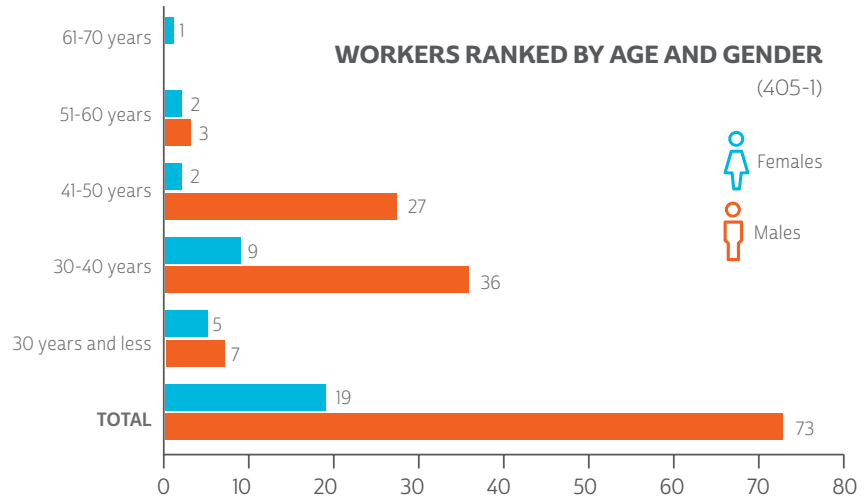
Females

73 

Males



Peru





COLBUN CHILE WORKFORCE BY ROLE, AGE AND GENDER AS OF DECEMBER 2019

(102-8)

| Job category | <30 | | | 30-50 | | | >50 | | | Totals | | |
|-----------------|-----------|-----------|-----------|------------|------------|------------|------------|-----------|------------|------------|------------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Grand total |
| Executives | 0 | 0 | 0 | 30 | 9 | 39 | 31 | 1 | 32 | 61 | 10 | 71 |
| Professionals | 19 | 18 | 37 | 211 | 97 | 308 | 61 | 6 | 67 | 291 | 121 | 412 |
| Administratives | 3 | 3 | 6 | 6 | 27 | 33 | 12 | 15 | 27 | 21 | 45 | 66 |
| Other roles | 29 | 3 | 32 | 260 | 5 | 265 | 103 | 0 | 103 | 392 | 8 | 400 |
| Total | 51 | 24 | 75 | 507 | 138 | 645 | 207 | 22 | 229 | 765 | 184 | 949 |

FENIX WORFORCE BY ROLE, AGE AND GENDER AS OF DECEMBER 2019

(102-8)

| Job category | <30 | | | 30-50 | | | >50 | | | Totales | | |
|-----------------|----------|----------|-----------|-----------|----------|-----------|----------|----------|----------|-----------|-----------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Grand Total |
| Executives | 0 | 0 | 0 | 5 | 1 | 6 | 1 | 1 | 2 | 6 | 2 | 8 |
| Professionals | 5 | 4 | 9 | 32 | 5 | 37 | 0 | 1 | 1 | 37 | 6 | 47 |
| Administratives | 0 | 3 | 3 | 2 | 3 | 5 | 1 | 0 | 1 | 3 | 6 | 9 |
| Other roles | 4 | 1 | 5 | 23 | 0 | 23 | 0 | 0 | 0 | 27 | 1 | 28 |
| Total | 9 | 8 | 17 | 62 | 9 | 71 | 2 | 2 | 4 | 73 | 21 | 92 |



energía,
fianza



INTERNAL CULTURE

CHANGE MANAGEMENT: CORPORATE STRATEGY AND DIGITAL TRANSFORMATION

In the transformation context the energy industry is facing and the challenges this imposes, in 2019 different initiatives were developed focused on promoting flexibility, adaptation and commitment to the value of collaboration this new scenario demands.

Protagonists campaign

At Colbun each worker has a fundamental role in the challenges they face in the industry. Therefore we have a purpose that involves and commits us and a way of doing things described in our corporate values.

To motivate our workers with this commitment and values, the “Protagonistas” campaign was launched, the campaign highlights Colbun’s values and the practices and behaviors expected in relation to each of them.

To run this campaign, 20 workers from our different power plants and Headquarters were chosen, each of whom represented a conduct associated with the values they wanted to promote.

Sustainability Weeks

Sustainability Week in Headquarters and power plants has become a tradition in the Company, it’s a great opportunity to spread the values and principles of Colbun’s culture, as well as collaborative dynamics, to our workers. In addition, these talks are intended to highlight strategic issues of the Company, as well as to bring workers closer to the progress and management of the Digital Transformation Colbun is joining.

Although during 2019 they were carried out in the Headquarters and the Santa María, Los Pinos, Nehuenco, Carena, Aconcagua and Candelaria power plants, it was not possible to carry out this instance in all the power plants due to the social contingency.



New Offices

Colbun Power Plant: In September, the new offices at Colbun Complex in Talca were inaugurated, which allowed the unification of different areas such as maintenance, planning, administration, operations, and MASSO, which were formerly in separate places.

During the project recycled paints were used that, by incorporating virgin raw materials, allowed the reduction of between 50% and 70% of volatile organic compounds. This saved 11 tons of CO2. The new facilities are awaiting the Sustainable Building Certification (CES) granted by the Chilean Construction Institute, which should be completed by the end of this year.



Headquarters: In December, Colbun inaugurated two new apartments in its Headquarters. Through open, illuminated, interactive and innovative spaces, the new offices have as a fundamental pillar to promote collaboration. As part of the Change Management carried out for these new floors, a Coexistence Guide was created that seeks to better understand the uses of each space and develop new habits of coexistence.



Collaborative Tools

During 2019, a deployment of Office 365 Collaborative Tools was carried out among all Colbun workers.

This program's strategic focus is to promote collaborative work in the company through tools that allow a quick and efficient connection between people, optimizing time and resources.

As of December 2019, more than 400 workers were trained in Teams, One Drive and Planner, including workers from power plants and Headquarters.

To bring tools closer to daily work, 35 workers were designated "Champions".

They received further training and their role is to support and spread the use of Office 365 collaborative tools.



DIVERSITY AND INCLUSION

At Colbun we are committed to promoting diversity, inclusion and respecting differences, because we believe that diversity and inclusion add value to our Company.

In addition, we have placed special emphasis on the mutual respect of Colbun workers, through dignified, fair and non-discriminatory treatment, valuing and respecting the diversity of race, gender, age, disability, marital status, association, religion, political opinion, nationality, ethnic descent or social origin.

Each of us has the responsibility to contribute to the construction and maintenance of an environment free of discrimination at work, with our clients, suppliers and third parties in general.

At Colbun, we are convinced that diversity and inclusion generates value in the business. That is why in 2019 we prioritized two focuses: **People with Disabilities and Gender Equity.**

DISABILITY

After the Company carried out its First Cadastre of Disability in 2018, in 2019 an action plan was implemented to work on the gaps and challenges in this area.

1. Support in the National Registry of Disability for Colbun workers (4 in 2019), within the framework of the normative commitment (Law 21,015) to have 1% of the staff in a situation of disability.
2. Lifting of reasonable adjustments for Persons with Disabilities in Colbun. (PcD).
3. Participation in Congress and Inclusive Fair and search for new sources of recruitment (Pegas con Sentido, Fundación Tacal).
4. Inclusive publications in professional search notices ("This position is compatible with People with Disabilities, within the framework of Law 21.015 that encourages the entry of people with disabilities into the world of work")

5. In the cadastre process of contractors (working in Colbun facilities) as a possible alternative compliance measure (only first 2 years).
6. Conducting Job Analysis.
7. Construction of a bathroom for People with Disabilities in Headquarters (before the new floors were built, which also included this type of facility).

Although according to the legal framework Colbun should have nine people with disabilities in its own staff, in practice as of December 2019 the number of people within the National Registry of Disability (NRD) reached eight, by the time of completion of this Annual Integrated Report, there is a person under evaluation.





GENDER EQUALITY

Over the years, Colbun has implemented programs that have allowed it to reduce gender parity gaps.

In the last 15 years, the Company has increased female participation in its workforce by 12 points, reaching 19% in 2019. Additionally, 33% of the Board of Directors is female and 17% of leadership positions (managers, submanagements, headships and supervisors) are occupied by women (with 26% of female vertical promotions).

2019 GOALS

During 2019, the company set itself three specific objectives in this management area:

Recruitment: increase from 14% (2018) to 22% the percentage of recruitment of women in masculinized areas and functions. The year closed with 22.45%.

Salary gap: ensure fairness in remuneration in comparable positions.

See more details in the section “Compensations and Career Development” below.

Leadership positions: Increase the presence of women in leadership positions from 14% in 2018 to 16% in 2019, a figure that finally closed at 17% at the end of the year.



2020 CHALLENGES

By 2020, the challenges of Diversity and Inclusion will be focused on four main areas:

Governance and Strategic Management, where the Diversity and Inclusion Committee will be created along with designing a policy related to this topic;

Inclusive Culture, to raise awareness of diversity plans, as well as sexual harassment and treatment issues;

Participation and Leadership, through the second phase of the Leadership Program for Women and the alliance with universities and technical training institutes;

Conciliation and Co-responsibility, where a telework program will be launched and leadership and example in co-responsibility will be promoted.

2025 CHALLENGES



women in the total Colbun workforce.



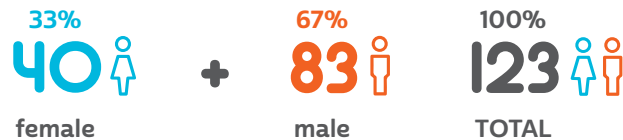
MILESTONES 2019 GENDER EQUITY ACTION PLAN

1. Launch of the Colbun Gender Action Plan 2019-2020.
2. Organization of the Women in Directories seminar.
3. Implementation of Recruitment Publications (internal and external) with inclusive language.
4. Short lists of applicants with the presence of at least one woman.
5. Monitoring of the recruitment of women.
6. Launch of the Colbun Women's Leadership Program (RED-EG).
7. Participation in Fairs, Panels and Sex Equity Initiatives (IPG, Club 30%).
8. Commitment to the Energy + Women Plan (Ministry of Energy) and the Manifesto Signature.
9. Club Commitment 30% (Presentation Hernán Rodríguez).

In the 123 vacancies we had in 2019, 40 were filled by women (33%), increasing 4% compared to 2018.

Of these 123 vacancies, 96 belong to positions in masculine areas and functions, of which 25% were occupied by women.

Vacancies occupied by gender



Colbun's Gender Equity Plan contributes to SDG No. 5 to

N°5 para "Achieve gender equality and empower all women and girls". particularly in its indicator 5.5.2.







LABOR RELATIONS AND HUMAN RIGHTS ASSOCIATED WITH LABOR MANAGEMENT

102-41, 407-1, 408-1, 409-1

The continuous improvement of labor relations is one of the goals that we pursue at Colbun. Mutual respect and permanent dialogue between the administration and union representatives is a very relevant aspect to achieve these objectives.

Within this framework, in 2019 two annual conferences with union leaders were organized by the Organization and People Management, which had the participation of the CEO.

Additionally, this same Management had ten meetings with various union leaders in which various topics of mutual interest were discussed.

TRADE UNIONS AND NEGOTIATING GROUPS

Regarding the freedom of association and the right to join collective agreements, there are no risks in this matter: the Company respects the free decision of the workers to establish the organizations they deem necessary for the achievement of its objectives and the well-being of the workers and their families. **During the year 2019, the workers were grouped into eight collective instruments, which involve 46% of the total workforce** (17% of the female staff and 53% of the male staff). Of these eight instruments, five correspond to unions and the rest correspond to negotiating groups.

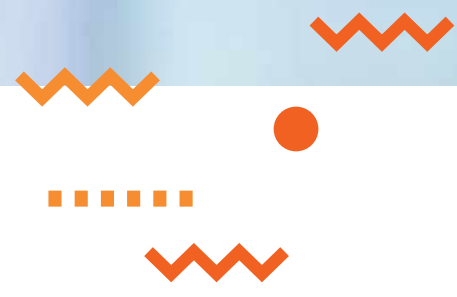
In the course of 2019 there were no collective bargaining. However, in the course of the year 2020, the renewal of six collective agreements and / or contracts corresponds to 82% of the workers who bargain collectively.

At Fenix, we do not have unionized workers.

OTHER MATTERS OF HR

408-1, 409-1

Child or Forced Labor: In specific Human Rights matters, based on what Colbun has reviewed, there are no risks of child labor or forced labor in our operations, and the Company's explicit policy is to reject both practices.



The recruitment and selection processes include rigorous criteria, which together with validating that the technical competencies are met, also ensure compliance with the legal requirements, being the age suitable for work one of them.

Working hours: Colbun follows the current labor legislation and complies with the workers need for breaks and days off and compliance with the agreed working hours.

In cases where, due to necessity and / or force majeure overtime work must be done on days that for the rest of the workers are days off, they are paid with a higher surcharge than that established by labor legislation.

COMPENSATIONS AND CAREER DEVELOPMENT

COMPETITIVE REMUNERATIONS

(405-2 - NGC-386)

To ensure competitive remuneration, we systematically compare our incomes with those of the industry, seeking to compensate each worker based on their abilities and experience, with a sense of internal and external equity.

The company uses an internationally validated remuneration scale (HAY scale) that allows setting remuneration and incentives in a scientific way. Regarding severance payments, they are similar in their application to all Company workers, using the criterion of a gross monthly remuneration for each year of service, with no years cap or remuneration. Regarding retirement benefits, they only apply to those who are affiliated to collective bargaining agreements.

Specialized compensation consultants provide market income studies, benefit or related studies, and compensation training, but do not participate in determining compensation.

At Colbun, no individual worker has a monthly salary of less than CL\$ 674 thousand (gross income, including bonuses and collation and mobilization allowances), that is, more than double the minimum wage.

GENDER SALARY GAP

Regarding the gender pay gap, there are different methodologies depending on the entity to which this matter is reported or monitored. For comparison purposes, only those positions and / or roles in which there were more than four female workers with equivalent responsibilities were considered.

CMF Methodology (CMF - FINANCIAL MARKET COMMISSION)

If the methodology of the CMF Norm 386 is taken, which compares the average gross base salary of women regarding men in a company, Colbun in Chile registered a salary gap of 27.1% in executives, 12.5% in headships and -11.5% in the case of workers without headship. These figures are compared with the results of 2018 where the executive pay gap registered 32.4%, in headquarters 23.1% and in non-managerial workers + 10.5%, which represents a significant improvement in pursuit of gender equity.

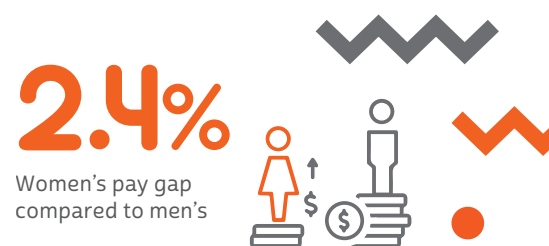
IPG Methodology

The methodology proposed by the Gender Parity Initiative (IPG) - an alliance of the IDB, the World Economic Forum and the Women's Community of which Colbun is a part - is equivalent to the CMF Methodology, thus resulting in the same gaps wages already specified in each

job category and registering a predicted global gap of 5.6% in favor of women in Chile.

GRI Methodology

According to this methodology, which compares the base salary of women regarding men by job category -considering only similar positions in terms of roles, seniority and age, where there are men and women-, the gap improved from 6.4 in 2018 to 2.4 in 2019 (that is, women have an average base salary equivalent to 97.6% of men's base salary). This is explained because in 2019 in Chile the gap in the group "Professionals and Headships" narrowed. In turn, for the first time the indicator was calculated in the "Technicians" category, where the wage gap is favorable for women. Finally, in the "Administrative" category, the salary gap in favor of women increased compared to 2018. In the case of Peru, the average wage gap improved from 20% in 2018 to 16% in 2019.



WAGE GAP, ACCORDING TO CMF AND IPG METHODOLOGY, IN CHILE AND PERU

(NCG 386)

| | Chile | | | Peru | | |
|----------------------|------------|--------------------------------------|-------------------------------------|-----------|--------------------------------------|-------------------------------------|
| | N° people | % of women's wages compared to men's | Salary gap of women compared to men | N° people | % of women's wages compared to men's | Salary gap of women compared to men |
| Executives | 71 | 72.9% | 27.1% | 6 | 69.1% | 30.9% |
| Management level | 117 | 87.5% | 12.5% | 10 | 116.1% | -16.1% |
| Non-management level | 761 | 111.5% | -11.5% | 76 | 54.7% | 45.3% |
| Total | 949 | 105.6% | -5.6% | 92 | 62.3% | 37.7% |

Note: A positive number indicates that the wage gap is favorable to men; a negative number indicates a wage gap in favor of women. Considering the consolidated numbers for Chile and Peru in 2019, the percentage of women's wage compared to men's are: 69% for Executives, 89% for Management level, and -6% for Non-management level.

WOMEN'S BASE SALARY RELATION TO MEN'S, BREAKDOWN BY PROFESSIONAL CATEGORY, ACCORDING TO GRI METHODOLOGY, IN CHILE AND PERU

(405-2)

| Positions assessed | Salary gap of women compared to men (average gross salary) Chile | Salary gap of women compared to men (average gross salary) Peru |
|-----------------------------|--|---|
| Submanagers | 8% | |
| Professionals and headships | 6% | 16% |
| Technicians | -2% | |
| Administratives | -37% | 17% |
| Other positions | | |
| Overall average gap | 2.4% | 16% |

Note: A positive number indicates that the wage gap is favorable to men; a negative number indicates a wage gap in favor of women. The salary gap could only be analyzed with a reasonable degree of confidence, using the GRI methodology, in those cases in which there are comparable positions in terms of roles, seniority and age



EXECUTIVE REMUNERATION

102-35, 102-36, 102-37

Regarding the main executives, the policies and structures of the fixed and variable component of their remuneration are reviewed and validated by the Directors Committee, for subsequent ratification by the Board of Directors.

The variable remuneration of the CEO, the main executives and all the workers is calculated based on factors linked to financial results, business development, socioenvironmental management, operational management, commercial management and safety management.

The Company has agreed with some of its main executives a variable permanence bonus, which is intended to reward the worker's relationship with the Company.

EXPENDITURE ON MAIN EXECUTIVE REMUNERATIONS, CHILE AND PERU

(102-35)

| US\$ | CHILE | | PERU | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2019 | 2018 | 2019 |
| Main Executive Remuneration | 5,167,211 | 5,087,413 | 1,304,400 | 1,235,173 |
| Fixed | 2,750,434 | 2,998,796 | 984,658 | 1,044,716 |
| Variable | 2,416,777 | 2,088,617 | 319,742 | 190,457 |
| Main Executive Compensation | 91,615 | 0 | 188,268 | 0 |
| Fixed | 91,615 | 0 | 0 | 0 |
| Variable | | 0 | 188,268 | 0 |

Performance Bonuses (variable), are paid in February of each year with respect to the management of the immediately previous year. Compensations are fixed and agreed in advance in employment contracts.

PERFORMANCE EVALUATION

404-3

The Performance Evaluation Process is carried out for all personnel under an indefinite contract.

In 2019, 938 workers (equivalent to 98.8% of the workforce) were evaluated in Chile, maintaining the proportion of workers evaluated compared to the previous year. This year, objectives related to the Company's strategy and sustainability were considered, such as socio-environmental management, worker safety management, financial results, commercial results, growth plan and efficiency in plant operation.

In turn, this year the Qualitative Factors were updated according to the purpose and strategy of the Company. The qualitative factors or behaviors desired by the organization measured were:

- Relational Skills
- Communication and Service Orientation
- Excellence at Work
- Collaborative Work
- Flexibility and Adaptation and Innovation.

In the case of Peru, in 2019 96% of the total workforce was evaluated, in a process with the same characteristics as that carried out in Chile.

TRAINING AND TALENT DEVELOPMENT

Colbun-8 TR, 404-1, 404-2

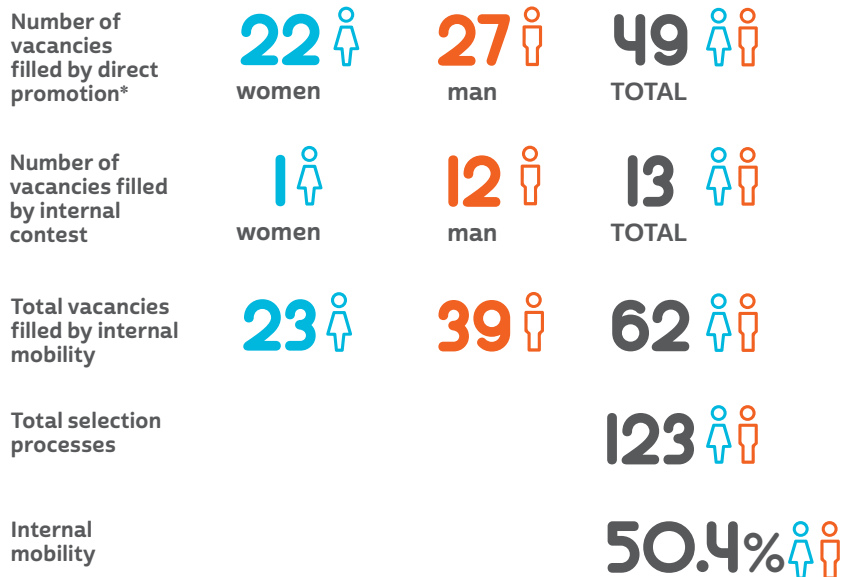
Human capital is the total sum of workers' knowledge and skills, which contribute to promoting their own professional and personal development and that of the company. The Company is committed to training and internal promotion as mechanisms to enhance excellence in people management, one of the objectives that we have set ourselves within our corporate guidelines.

Internal mobility

Of the 123 selection processes in 2019, 62 (50.4%) were occupied by workers of the company. Of these, 23 cases (37.1%) corresponded to women, increasing this figure by 8% compared to 2018. In the case of Fenix, during 2019 internal mobility translated into five direct promotions, three of which were women.

LABOR QUOTES FILLED THROUGH INTERNAL MOBILITY IN CHILE

(Colbun-8.TR)



Notes: "Direct Promotion" means the movements made directly by the headship. Both the movements carried out directly by the headships and the internal competitions can be a type of promotion movement (vertical) or lateral movement (horizontal).

66.0

hours of training per worker 2019.



TRAININGS

EUI4

During 2019, 62,593 hours of training were carried out in Chile, an average of 66.0 hours per worker, which represents a decrease of 5.8% compared to 2018, a result that reflects the contingency faced from October 18th.

Some of the featured programs of 2019:

Leadership Program: its focus is to generate an instance of learning and development of skills to lead work teams. In addition, in 2019 the first Female Leadership program began, exclusively aimed at women within the Company.

Train yourself program: this program, which is in its seventh version, promotes learning and training in transversal skills, in an elearning and face-to-face format, compatible with people's workload.

Technical Academy: a program that trained 230 power plant workers that seeks to reinforce their technical knowledge to achieve power plant operational excellence and high availability.

Training sessions were also held on Collaborative Digital Tools (see Digital Transformation section in this chapter), new sources of renewable energy, management tools, security, regulations and the environment, among others. In addition, each semester around 36 undergraduate study scholarships were awarded to those who apply and meet the defined requirements.



PERU

In Peru, the total training reached 3,501 hours, with an average of 38.1 total training hours per worker. This year's focus was on programs of operational excellence, oriented to the areas of Operations and Maintenance, Commercial Management and development of supervision and leadership skills for managers and area managers.

38.1

hours of training per worker 2019.



TOTAL OF TRAINED WORKERS IN CHILE

(404-1)

| Category positions | Women | | | | | Men | | | | |
|--------------------------------------|------------------------------|------------------|-----------------|-------------------------|-------------------------------------|----------------------------|----------------|---------------|-------------------------|-----------------------------------|
| | N° of women in the workforce | N° trained women | % women trained | Total hours of training | Average hours of training per woman | N° of men in the workforce | N° trained men | % men trained | Total hours of training | Average hours of training per man |
| Executives | 10 | 10 | 100.0% | 997 | 99.7 | 61 | 62 | 101.6% | 2,762 | 45.3 |
| Professionals | 121 | 125 | 103.3% | 7,222 | 59.7 | 291 | 305 | 104.8% | 24,551 | 84.4 |
| Administrative | 45 | 31 | 68.9% | 465 | 10.3 | 21 | 17 | 81.0% | 461 | 22.0 |
| Other positions | 8 | 8 | 100.0% | 326 | 40.8 | 392 | 413 | 105.4% | 25,809 | 65.8 |
| Total | 184 | 174 | 94.6% | 9,010 | 49.0 | 765 | 797 | 104.2% | 53,583 | 70.0 |
| Average hours per person | 65.96 | | | | | | | | | |
| Total invested in training | USD 230,342 | | | | | USD 957,673 | | | | |
| Average investment per person | USD 1,324 | | | | | USD 1,202 | | | | |

Note: In some categories, the number of people trained exceeds the workforce, since it includes people who as of December are not in the Company, and were trained during the year. In this table, the information of trained people on the workforce by job category was included, in order to identify the percentage of people with coverage in 2019. Both in executive, professional and other positions, the coverage was 100% of the workforce. In the case of administrative positions, 73% of the staff were trained. The difference between the average hours of training of men versus women is mainly due to the Undergraduate Scholarship program, which considers 250 hours per person, and which is mainly directed to the power plants (where the majority are men).

TOTAL OF TRAINED WORKERS IN PERU

(404-1)

| Category positions | Women | | | | | Men | | | | |
|--------------------------------------|------------------------------|------------------|-----------------|-------------------------|-------------------------------------|----------------------------|----------------|---------------|-------------------------|-----------------------------------|
| | N° of women in the workforce | N° trained women | % women trained | Total hours of training | Average hours of training per woman | N° of men in the workforce | N° trained men | % men trained | Total hours of training | Average hours of training per man |
| Executives | 1 | 1 | 100.0% | 4 | 4.00 | 5 | 5 | 100.0% | 235 | 47.00 |
| Professionals | 10 | 8 | 80.0% | 854 | 77.64 | 36 | 24 | 56.1% | 1,345 | 35.40 |
| Administrative | 7 | 3 | 42.9% | 403 | 67.13 | 3 | 0 | 0% | 0 | 0.00 |
| Other positions | 1 | 1 | 100.0% | 30 | 30.00 | 29 | 11 | 57.3% | 630 | 23.33 |
| Total | 19 | 13 | 68.4% | 1,291 | 67.93 | 73 | 40 | 54.8% | 2,210 | 30.28 |
| Average hours per person | 38.1 | | | | | | | | | |
| Total invested in training | USD 11,775 | | | | | USD 42,563 | | | | |
| Average investment per person | USD 905.8 | | | | | USD 1,064.1 | | | | |

ORGANIZATIONAL CLIMATE

Colbún-10, 401-2

Within Colbun we periodically carry out an Organizational Climate measurement, to measure strengths and opportunities for improvement. Based on this measurement, we focus work plans, especially on those teams that obtain low levels of satisfaction.

ORGANIZATIONAL CLIMATE RESULTS

Chile

In September 2019 the Great Place to Work® survey was carried out, which measures the perception of workers regarding the work environment in the following dimensions:

Credibility, Respect, Impartiality, Pride and Camaraderie. 896 people participated in this measurement (92% response rate). In 2019 Colbun presented 83% satisfaction in the global average (“Trust Index”) area vision and 79% in corporate vision, a result virtually identical to 2018. However, these percentages for the year 2019 are aligned with the average result of the 50 best companies participating in the evaluation in Chile (Reference Ranking 2018).

Pride and Camaraderie were the dimensions best evaluated in 2019, with satisfaction percentages higher than 89%. On the other hand, Impartiality was the dimension with the least satisfaction in 2019.



RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN CHILE

| | 2016 | | 2017 | | 2018 | | 2019 | |
|------------------------|-------|-----|-------|-----|-------|-----|-------|-----|
| | Women | Men | Women | Men | Women | Men | Women | Men |
| % worker satisfaction | 79% | 73% | 86% | 83% | 85% | 84% | 83% | 83% |
| % overall satisfaction | 73% | | 83% | | 84% | | 83% | |
| % of total workers | 90% | | 93% | | 93% | | 92% | |

Note: Those with a fixed-term contract, a contract for work, those who have less than 3 months in the company, or those who took long-term medical leaves do not participate in the Climate survey.



Peru

The survey was applied during December and January 2019 to a universe of 105 people, achieving a response rate of 95% (91 responses). The result yielded a General Acceptance Index of 85%, reflecting an increase of nine points compared to 2018.

All the sub-dimensions obtained scores over 80%. The strengths that stood out were: Credibility (84%), Respect (83%), Impartiality (83%), Pride (89%) and Camaraderie (90%).



RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN PERU

| | 2017 | | 2018 | | 2019 | |
|------------------------|-------|-----|-------|-----|-------|-----|
| | Women | Men | Women | Men | Women | Men |
| % worker satisfaction | 82% | 81% | 85% | 74% | 91% | 84% |
| % overall satisfaction | 82% | | 76% | | 85% | |
| % of total workers | 82% | | 80% | | 88% | |



LIFE QUALITY PROGRAM COLBUN

Family

Actions that help reconcile work and family positively affect the integral development of our workers. Among the actions of this program are:

- Labor Day with Children;
- Days for Oneself (two days or four half days of free disposal);
- Christmas party in all the power plants and Santiago
- Improvements in transportation services in power plants (which has reduced the travel times of workers)
- Part-time job on Fridays at power plants and headquarters
- Inter holiday
- Flexible schedule program in the Santiago offices.
- Bi-annual magazine + Family Energy

Culture

We believe that culture and knowledge of our history is an essential part of people's development. Since 2010, Cultural Talks cycles have been held in Santiago and regions for workers and their families. For 2019 the talks were scheduled for October, so they were suspended due to social contingency, being replaced by a cycle of talks on contingency and the constitutional process.



Healthy Life

We encourage sports and healthy living in our workers and their families. **During 2019, we assigned 46 Quality of Life Competitive Funds to sponsor different disciplines administered by workers themselves**, such as cooking classes, fishing, soccer, craft workshop, trekking, etc.



Education

Once a year we carry out Academic Excellence ceremonies in regions and Santiago where we distinguish the good performance of the children of workers at the school and university level. During 2019, 220 schoolchildren were awarded with a grade average equal to or greater than 6.5. 10 university students were awarded scholarships and for the second year 10 students were recognized with outstanding achievements in a sports or artistic discipline such as swimming, dance, skating, among others.





CORPORATIVE VOLUNTEERING

At Colbun, we believe that volunteers must be aligned with the purpose, strategy and values of the Company.

In 2019, 14 corporate workers were trained to participate in the “Protagonists, Young Builders of the Future” program - led by SOFOFA, Hogar de Cristo and Actitud Lab-, which seeks to promote the development of socio-emotional skills of students from Betania School, from La Granja.

This program began in 2018 and allows 10 students to visit Colbun periodically, where they meet with their tutor and together explore the working world, which allows them to have tools for their future employability.

100% of Colbun volunteers said they were very satisfied with the program, since it allows sharing experiences and trying to empower young people, promoting responsibility, commitment, discipline, among others.

14 

workers participate in the “Protagonists, Young Builders of the Future” program



COMMUNICATION CHANNELS WITH WORKERS

102-43

The main internal communication channels of the Company are described below.

Intranet Portal:

The Intranet is Colbun's main internal means of communication. It is updated daily and contains the most relevant news, birthdays, photo galleries, internal contests and personal information of each worker, among other matters.

Emailing:

Internal emails where organizational changes, relevant news, contests, births and deaths, etc. are reported.

Digital Screens::

We have 34 television screens in total: 9 in Headquarters and 25 in Power Plants. The screens are intended to be a dynamic showcase for the different internal and external activities of the Company, strengthening and speeding up communication.

Periodic meetings:

One of the most effective means of dissemination in the organization is face-to-face communication. Thus, within Colbun, a series of milestones have been implemented throughout the year with the aim of informing workers and promoting alignment within the Company. One of them is the Extended CEO Meeting, the quarterly management meetings with the Executive Role, the weeks of sustainability and visits by executives – including the CEO and the Board of Directors to Headquarters.





4.2 CONTRACTORS AND SUPPLIERS

102-9, 103-2, 103-3

Contractors and suppliers are an extension of our operations and play a fundamental role to ensure, promote and increase the sustainability of the business, and is therefore relevant that they accompany us in the necessary steps to maintain competitiveness in the medium and long term.

This participation in the supply chain requires the commitment to respect and comply with all our policies and procedures, including our Code of Ethics, the Human Rights Policy, the Occupational Health and Safety Policy, Environment and Quality Policy; this makes the relationship and collaboration with contractors and suppliers strategic.

Our commitments:

1. Ensure traceable and auditable, transparent processes that generate a reliable framework that provides optimal conditions for competitiveness, and thus allow for honest, ethical and fair agreements to be reached, with a focus on long-term relationships and shared value.
2. Good treatment, close, honest and respectful relationship with all our contractors and suppliers, promoting integration in a framework of joint growth.
3. Ensure that all the actions associated with the supply process are in compliance with the Company's Code of Ethics.
4. Respect for our commitments, paying fair and timely to all of our contractors and suppliers.



SUPPLIERS:

Ensure a timely and sustainable supply, reassuring that each stage of the supply chain is part of a traceable and auditable process, which guarantees transparency, generating a reliable framework that provides optimal conditions of competitiveness, achieving honest, ethical and fair agreements, in a framework of respect with long-term relationships generating shared value.

REGULATORY FRAMEWORK:

The regulatory framework that supports these principles is shaped by our policies, standards and procedures.

SUPPLIER AND CONTRACTOR MANAGEMENT MODEL



O1.

EXCELLENCE MANAGEMENT

Achievement of results with a sense of Quality and Responsibility

- Contract Management Model
- Supplier Registration (Achilles)
- Provider segmentation
- Tender processes
- Quotation and tender platform
- Standard materials
- Risk management
- Pro SME seal
- Compliance with our commitments

O2.

COLLABORATIVE WORK

Search for alliances that allow mutual benefit

- Local supplier development
- Health and safety
- Labor Relations
- Supplier Portal
- Local Employment Incentive
- Environment
- Communities
- Human rights
- Local Meetings with Suppliers
- Training

O3.

INNOVATION MANAGEMENT

Creative solutions to face risks and opportunities

- Strategic Alignment
- Improvement programs
- Training
- Local critical vendor programs
- Evaluation and Recognition
- Provider's Day
- Annual supplier survey
- Emission reduction

CONTRACTORS AND SUPPLIERS IN FIGURES 2019

102-9, 204-1



Chile

2,639

Provider companies worked with Colbun in 2019, without considering fuel, energy and tolls contractors (with the latter the figure rises to 3,157)

US\$208

million was the amount of purchases from contractors in 2019 (without considering those that deliver fuel, electricity and transmission)

518

fuel, electricity and transmission suppliers had the Company

66

Suppliers concentrated 80% of expenses on fuel, energy, tolls and other purchases.

Peru

577

Provider companies had Fenix Peru in 2019, without considering fuel, electricity and tolls contractors (with the latter the figure rises to 670)

US\$21.8

million was the amount of purchases from contractors in 2019 (without considering those that deliver fuel, energy and transmission)

93

fuel, energy and transmission suppliers had Fenix

9

suppliers concentrate 70% of expenses for fuels, energy and transmission



CRITICAL CONTRACTORS

Colbun has identified as critical contractors those whose performance is essential for the operational continuity of our power plants, including contractors of critical components and those who are not substitutable, or those who, due to the nature of their work, may cause some serious environmental incident. From the total of 3,157 contractors in Chile, Colbun identified 33 critics, which represent 1.0% of the total contractors and 48% of the volume of purchases. These are mainly from the financial, engineering, fuel supply and waste treatment sectors.

In the case of Fenix, there are 16 contractors identified as critical, representing in 2019 2.4% of the total number of provider companies and 66% of the purchases made by this Company.

AVERAGE TOTAL WORKFORCE OF COLBUN CONTRACTOR WORKERS IN CHILE *

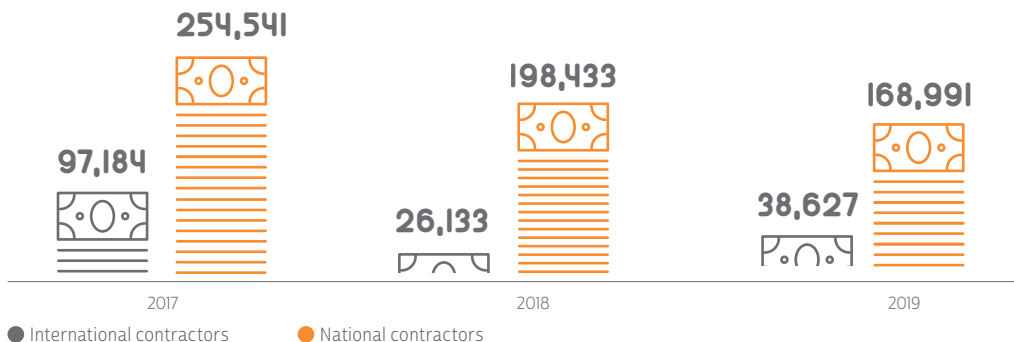
| Contractors and Subcontractors | 2019 |
|--------------------------------|--------------|
| Power Plants and Headquarters | 905 |
| Projects | 348 |
| Transmission | 147 |
| TOTAL | 1,400 |

* Workers of the 412 provider companies subject to the Subcontracting Law. Contractors of energy, power, tolls and fuels are excluded, which are not considered in the numerical analysis of the distribution of suppliers in this chapter.

EVOLUTION OF THE NUMBER OF PROVIDER COMPANIES IN CHILE *



EVOLUTION PURCHASES FROM CONTRACTORS CHILE (IN US \$ THOUSANDS) *



57%

of our contractors in Chile are SMEs (without considering fuel, electricity and tolls contractors)

* Note: Disregarding the contractors of fuel, energy and transmission tolls.



GEOGRAPHICAL DISTRIBUTION OF PURCHASES IN CHILE

(204-1)

| | 2018 | | 2019 | |
|---------------------------------|---------------------|------------------------|---------------------|------------------------|
| | Number of Suppliers | Amount US \$ Thousands | Number of Suppliers | Amount US \$ Thousands |
| Valparaiso Region | 221 | 14,691 | 215 | 11,334 |
| Metropolitan Region | 1,439 | 144,381 | 1,456 | 125,342 |
| Lib. Bdo. O'Higgins Region | 54 | 1,177 | 60 | 1,402 |
| Maule Region | 129 | 8,045 | 129 | 4,896 |
| Biobio Region | 480 | 24,437 | 414 | 21,786 |
| Los Rios Region | 52 | 1,075 | 60 | 590 |
| Los Lagos Region | 67 | 1,171 | 69 | 634 |
| Other Regions | 52 | 3,456 | 55 | 3,008 |
| TOTAL National Suppliers | 2,494 | 198,433 | 2,458 | 168,991 |

Note: The location of the suppliers reflects the RUT where they pay their rights, taxes and commercial patents. Purchases of energy, power, tolls and generation fuels are excluded. As a reference, within the latter, three suppliers represent 35% of Colbun S.A.'s purchases. These suppliers are: ENAP Refinerías S.A., Transelec S.A. and Empresa Chilena de Gas Natural S.A.

GEOGRAPHICAL PURCHASES DISTRIBUTION IN PERU

(204-1)

| | 2018 | | 2019 | |
|----------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | Amount of Suppliers | Expenditure on suppliers by Region | Amount of Suppliers | Expenditure on suppliers by Region |
| International | 73 | 1,869 | 47 | 3,496 |
| National | 489 | 15,752 | 530 | 18,260 |
| Metropolitan Lima | 471 | 15,614 | 518 | 18,120 |
| Chilca-Salinas | 7 | 51 | 7 | 71 |
| Others | 11 | 87 | 5 | 69 |
| TOTAL | 562 | 17,620 | 577 | 21,756 |

Note: Purchases of energy, power, tolls and generation fuels are excluded.

RISKS AND CONTROLS

The document that contains the principles, values and practices that must guide the daily action and decision-making of our workers, contractors and suppliers, when appropriate, is the Code of Ethics.

The Code is applicable to all of our Colbun contractors and suppliers and its affiliates in Chile and Peru, and is part of all our

contracts, published on the Suppliers Portal www.Colbun.cl/suppliers and in annual meetings with contractors and suppliers.

Another regulation applicable to our suppliers is the Special Regulation of Contractor and Subcontractor

Companies (RECCS) with annual review and update.

The following diagram shows the risks and controls that the Company monitors and implements in the supply process.

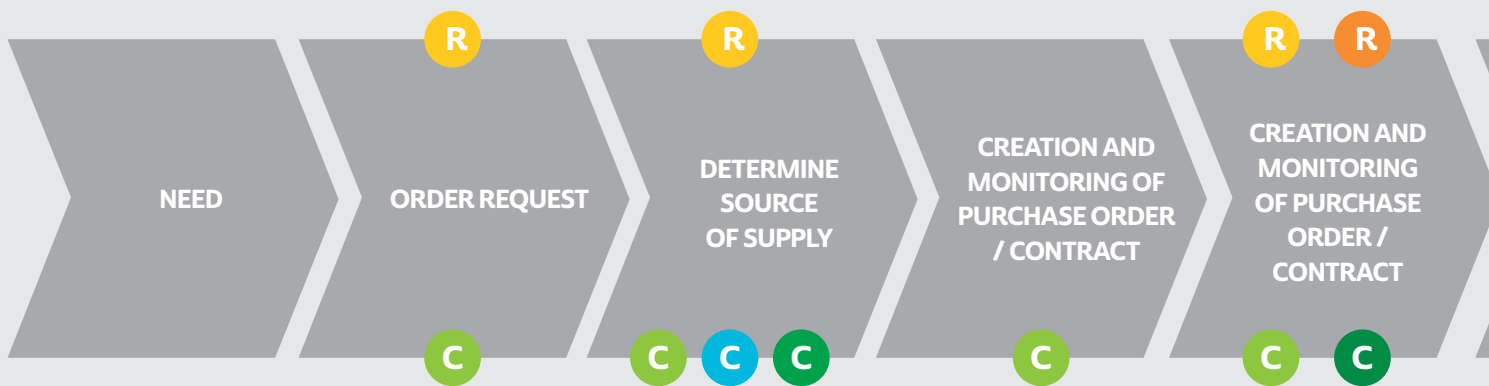
Supply: Risks and Control

OPERATIONAL AND SUSTAINABILITY RISKS

- Opportunity of need
- Quality of service or supply
- Unqualified provider
- Supplier bad labor practices
- Breach of social laws
- Work accident
- Extra cost
- Non-timely supply
- Errors when paying
- Payment made in advance and service not provided
- Payment for services not provided
- Foreign tax overruns

ENVIRONMENTAL AND SOCIAL RISKS

- Environmental incident
- Social incident affecting contractor workers or the community

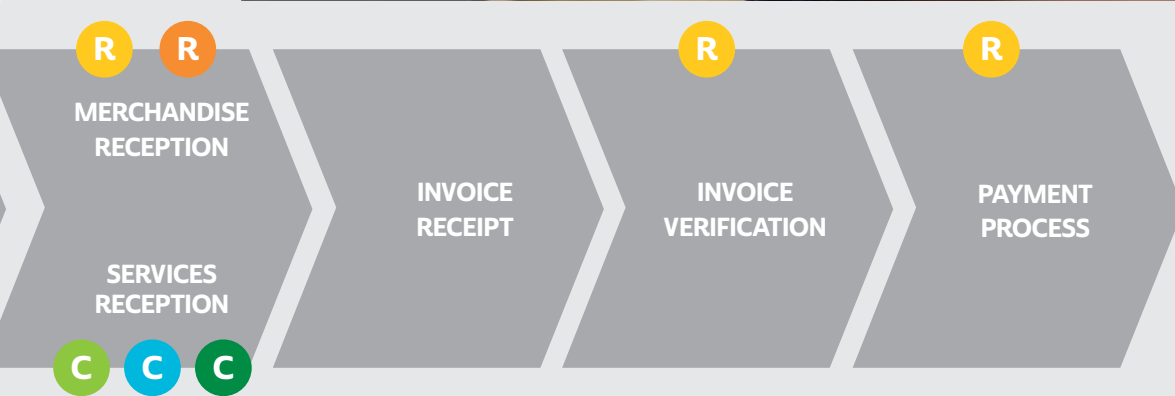


CONTROL: EVALUATION OF SUPPLY OR SERVICE

- Opportunity and Deadlines
- Technical, economic and sustainability evaluation
- Authorizations and Releases
- Award reports
- Additional Tax Form

CONTROL: HOMOLOGATION AND EVALUATION PROCEDURE

- Economic Risk, Activity, Country, Supplier Qualification, Labor, Financial and Sustainability
- Supplier registration
- Contract administration



CONTROL: CONTRACT CLAUSES AND STATEMENTS IN CONTRACTS, ORDERS AND BIDDING

- Code of ethics
- Code of conduct
- REECS
- Contract models
- Human rights
- Crime Prevention

CONTROL: SUSTAINABILITY MANAGEMENT

- Surveys and self-evaluations
- Human Rights and social action
- Safety and Health
- Quality and Environment Audits



EXCHANGE OF GOOD PRACTICES

203-2, 308-1, 308-2, 414-1, 414-2

Colbun promotes the exchange of good practices with our contractors and suppliers, on:

- Safety standards,
- Quality standards,
- Environmental and social standards

In all our bidding and award processes with partner companies, we have incorporated environmental principles along with other labor and occupational safety issues.

These guidelines are in the Special Regulations for Contractor and Subcontractor Companies (REECS) and in the Code of Ethics.

Furthermore, the accident rate of our contractors is part of the objectives that affect the performance evaluation of the entire Company.

100% compliance with the requirements indicated in the Environmental Qualification Resolution (RCA-environmental permit) of the service being contracted is reviewed. In case of detecting faults, Colbun communicates directly with the contractors, they are asked for an explanation and their due regularization. The serious or repetitive fault can derive in the anticipated term of the contract or service.



321

Number of current suppliers / contractors in "Equifax", a review tool for sustainable management⁽¹⁾

(1) Equivalent to 12% of the providers that work in Colbun.



MILESTONES AND INITIATIVES 2019

1

PROPYPE SEAL (1,516 SMES BENEFITED)

For the eighth consecutive year, Colbun has obtained the ProPyme Seal, a quality certificate that is granted to SMEs companies that manage to verify (through external auditors)

that they pay their suppliers' invoices in a period of no more than 30 days.

2

UPDATE OF THE SPECIAL REGULATION FOR CONTRACTORS AND SUBCONTRACTORS (REECs)

We carry out a review and simplification of the REECs, updating our standards for zero fatalities -orienting them to be simpler

and more efficient-, pension plans, and Hygiene, Industrial Safety and the Environment, among others.

3

LOW-COST FINANCING OPTIONS (PRODUCT EXCHANGE)

In mid-2018 we closed an agreement with the Product Exchange (BPC) that allows all of our suppliers and contractors to market their invoices and other instruments in a web platform

provided by the Satiago Stock Exchange, this is a very competitive alternative to Factoring and Banks. During 2019, 207 Colbun invoices were traded.

4

SUPPLIER SURVEY

For the third consecutive year, we applied the ESG survey to our different stakeholders, in order to be evaluated in terms of sustainability and also to have our contractors evaluate themselves. 86.6% of 157 suppliers surveyed positively evaluated

our sustainable management.

In the case of Fenix, 2019 this same supplier survey was applied for the first time. 84.8% of 37 suppliers surveyed positively evaluated our sustainable management.

5

RECOGNITION AND IMPROVEMENTS TO WORK CONDITIONS

The social crisis accelerated a series of initiatives associated with our contractors and their workers, which were under study. Their main objective is to deliver conditions and recognition to the commitment and well-done work of our contractors as an extension of our activities. Among the initiatives implemented, the following stand out:

- **Extraordinary bonus:** The Board of Directors decided in 2019 to grant an extraordinary bonus to all Colbun workers for a single amount (and identical for all) of CL\$ 1,250,000 gross, which was extended under the same conditions to 453 workers of 42 Company contractor companies that work permanently in Colbun.

- **Secure minimum income for permanent service workers:**

It was decided that as of January 2020, the salary of permanent contractor workers cannot be less than CL\$ 500,000 taxable and net at the same time.

- **Support for SMEs - Payment in 15 days**

In the first week of November 2019, the change in the payment date to suppliers was implemented, it went from a 30 days payment date to a 15 days payment date for all SME suppliers, a measure that impacted 1,516 SME suppliers of this type.

| See Annexes for other milestones of supplier management 2019.

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

Based on the information Colbun has been able to gather in Chile and Peru, there are no verifiable records that allow us to conclude that there are risks of child labor or forced labor in our contractor companies. Nor have any activities been identified in which the rights of contract workers to freely associate or bargain collectively may be threatened. At Colbun we comply with labor legislation, we have a Code of Ethics and we adhere to the principles of the United Nations Global Compact, all of which contain human rights issues. Both the Internal Regulations of contractor companies and the Colbun Code of Ethics are delivered to contractors as part of the purchasing and general services procedures. Our contractor companies must present the employment contracts of all the personnel that work in one of our facilities, as well as the modalities of work and shifts.

The Company also has a platform called Clever, which allows us to accredit the personnel of contractor companies and obtain indicators related to environmental (monitoring matrices) and social aspects such as age, gender, people with disabilities, among others, and where it evaluates, for example, the accident rate or the claims before the Labor Inspectorate.

SOCIO-ENVIRONMENTAL PRACTICES ASSESSMENT

412-3, 414-1, 414-2, 308-2

In the selection processes of new suppliers, 100% of national suppliers are evaluated with social criteria, considering aspects such as payment of social laws, DICOM (acronym for the Commercial Information Registry for individuals and companies), politically exposed people, among others. Regarding environmental criteria, all new suppliers that go through a bidding process to carry out works in our power plants, projects and transmission lines are evaluated under an environmental criterion.

During 2019, services were contracted with 415 supplier companies subject to the Subcontracting Law, to which the REECS regulation is applied, which annually evaluates their social impacts (including labor practices and human rights). Among these, 185 contractor companies with the potential to generate significant social impacts were identified, either because they are labor intensive (eg: compliance with salary payments and social security contributions and the risk of strikes), or due to labor safety issues (potential serious and fatal accidents due to work with energized equipment, work at height, heavy machinery, work in confined spaces, among other plant maintenance activities). None of them had significant social impacts in 2019.

In 2019, of the contracted companies, 40 companies were identified with the potential to generate some type of significant environmental impact (fuel

transport companies, oil and lubricant handling in power plant maintenance, waste disposal). None generated significant negative environmental impacts.

In the case of Peru, in the process of selecting new suppliers, 100% were evaluated according to social criteria, considering politically exposed people and based on the public list of companies with corruption. On the other hand, all the tenders for contractor companies of the Fenix power plant were evaluated with environmental criteria.

Regarding the 670 companies contracted in 2019, 37 were identified with the potential to generate significant environmental impacts and 26 in the social field. There was no significant environmental or social impact during the year, however there was a company with which improvements had to be made in the social field.

Some of the tools that Colbun uses to monitor the social and environmental performance of its contractor companies are:

- Reputation and Risk Survey (annual): considers specific questions regarding their working conditions, related to occupational health and safety, child and forced labor, freedom of association, etc. No relevant risks were identified through this tool.
- Sending of the certifications of

SOCIO-ENVIRONMENTAL EVALUATION OF SUPPLIERS

308-2, 414-2

| SUPPLIERS THAT WORK WITH COLBUN 2019 | CHILE | | PERU | | |
|---|--|--------------------------------|-----------------------|--------------------------------|--------|
| | Total N° of suppliers | Total N° of critical suppliers | Total N° of suppliers | Total N° of critical suppliers | |
| N° of suppliers that work for the company | 3,157 | 33 | 670 | 16 | |
| Environmental Evaluation (308-2) | No. of suppliers evaluated in relation to environmental impacts. | 613 | 18 | 159 | 5 |
| | No. of suppliers identified as suppliers with significant potential negative environmental impacts/ actual | 40 / 0 | 7 / 0 | 37 / 0 | 15 / 0 |
| | Number of suppliers identified as suppliers with significant negative environmental impacts - potential and real - with whom improvements have been agreed as a result of an evaluation / with which the relationship has ended as a result of the evaluation. | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 |
| Social Evaluation (414-2) | No. of suppliers evaluated in relation to social impacts. | 415 | 13 | 74 | 4 |
| | No. of suppliers identified as suppliers with significant potential negative social impacts / actual | 185 / 0 | 9 / 0 | 26 / 0 | 4 / 0 |
| | Number of suppliers identified as suppliers with significant negative social impacts -potential and real - with whom improvements have been agreed as a result of an evaluation / with which the relationship has ended as a result of the evaluation. | 2* / 0 | 2* / 0 | 1 / 0 | 0 / 0 |

Note: * Contractor companies included in the list of those with the potential to generate significant social impacts, which had lost time accidents. Improvement plans were agreed with them and they showed progress in their performance during 2019.

RECOGNITION OF GOOD PRACTICES TO SUPPLIERS

(412-3)

| | Chile * | Peru * |
|---|---------|--------|
| No. of Significant Contracts. | 412 | 84 |
| Number of Significant Contracts with Clauses in Human Rights. | 412 | 84 |
| % of Significant Contracts with Clauses in Human Rights. | 100% | 100% |

Note: * All contracts include clauses linked to the Code of Ethics.

the fulfillment of labor and social security obligations, delivered by the respective Labor Inspection.

- On-site audits.
- The Colbun Contract Administrator, with the support of the Environment area, monitor the commitments included in the terms of reference of the contracts with potential for environmental impact, where potential environmental risks and the respective control measures are identified.

SECURITY CONTRACTORS AND HUMAN RIGHTS

In Chile, the number of security guards and private security guards reached 143 people in 2019, while in Peru there were 7 guards. Like all contracting companies, security companies must abide by the Colbun Code of Ethics, which includes human rights issues.

In the case of Chile, the supervisory authority - the OS-10 Police Department (Carabineros) - requires that private security guards and security guards attend security courses that incorporate topics that are related to human rights. These courses are valid for two years for security guards and three years for security guards. During 2019, from the Chilean security personnel, 6 received this course. In the case of Peru, the 7 security guards were trained in the Occupational Safety and Health Policy,

which makes explicit the obligation to work respecting Human Rights and Fundamental Freedoms, complying with the good practices of ICOCA (International Code of Conduct) and rejecting all acts of discrimination.



4.3 OCCUPATIONAL SAFETY AND HEALTH

Power generation involves working in facilities where there are potential risky conditions for people's safety and health. Therefore, it is of most importance to have these factors evaluated and controlled to protect the integrity of those who work in, and live near, the facilities.

GENERAL PURPOSE:

That our workers and their families enjoy good health.

SPECIFIC OBJECTIVES:

- Strive and management of "zero accidents"
- Maintain a healthy and fit working population.
- That the communities feel safe regarding the operation of our plants

The Company has made security a central axis in its management in recent years, with the focus placed on developing its own culture that transforms it into a benchmark, seeking that each worker and contractor is a passionate security leader in their daily performance.

1.2

was the Colbun accident frequency index (consolidated Chile and Peru) in 2019.



SECURITY MANAGEMENT

(403-2)

Chile

Within Colbun we have a Safety, Occupational Health, Environment and Quality Policy that is actively promoted among our workers and collaborators. The basic principles of this Policy are:

- Comply with the requirements established in current legislation.
- Comply with the commitments voluntarily acquired.
- Meet our standards in the areas of safety, occupational health, environmental aspects and quality.
- That no production goal or operational emergency justifies exposing yourself to uncontrolled risks.

In 2016 we hired DuPont, an international company with vast experience in risk prevention, their task aimed at:

- a) Learning the status of Colbun's security performance.
- b) Support in the development of a strategy that will help to continue improving performance in this area.



2019 Milestones

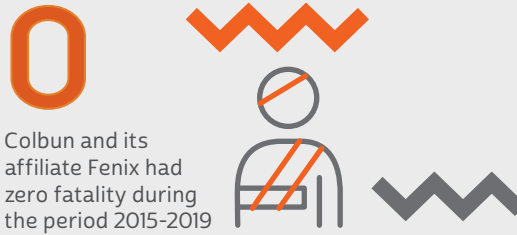
- **Review of progress:** the company DuPont was hired again to review the work done in security in different areas, which allowed identifying the focus that offer an opportunity for improvement.
- **New “Mutual”:** There are different entities in charge of the administration of Law 16,744, since April the company switched to the Chilean Security Association, ACHS.
- **Media campaign:** the security campaign “Don’t ever die” and “Zero Fatality Standards”, among others (more details in this section later) were developed.
- **Results:** in 2019 we had no fatal or serious injury (LGF) accidents.

Peru

In the case of our affiliate Fenix, the development and deepening of the SSO Management System continued through plans and projects aimed at ensuring that safety became an intrinsic value of each worker.

Despite efforts in 2019, he had a lost time accident.

In 2019, the diagnosis was updated to identify the elements that are necessary to work to deepen the safety culture within the Company, which will be the focus of improvement in 2020.



Colbun and its affiliate Fenix had zero fatality during the period 2015-2019

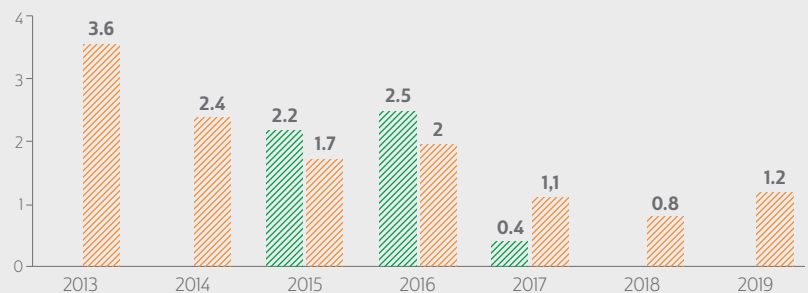
CORPORATE SECURITY GOALS IN PERU

| Goal | Indicador | Target |
|--------|---|----------------------------|
| PAHSE* | % of compliance with PAHSE (20%) | 100% |
| | IF (frequency index): number of accidents that generate a medical leave (15%) | 0.5 |
| | IF (frequency index - high potential): number of accidents with high potential defined by special committee (15%) | 0.3 |
| | Environmental incidents, according to corporate compliance scale (50%) | Maximum 1 level 2 incident |

* Health, Safety and Environment Program

FREQUENCY INDEX OF OWN WORKERS AND CONTRACTORS (CHILE AND PERU)

(403-2)



| Man-hour | 10,563,913 | 4,936,226 | 5,435,550 | 7,020,716 | 5,257,212 | 5,052,752 | 5,055,901 |
|---------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Lost time accidents | 38 | 12 | 9 | 14 | 6 | 4 | 6 |

● IF High potential ● IF

Note: (Number of accidents x 1,000,000 / working hours).

ACCIDENTABILITY INDICATORS IN CHILE 2019 (COLBUN AND CONTRACTORS)

| (403-2) | Colbun | Contractors | Total |
|----------------------------------|-----------|-------------|-----------|
| Incident Rate (1) | 0.0 | 6.2 | 3.65 |
| Accident Rate (2) | 0.1 | 0.3 | 0.2 |
| Frequency Index (3) | 0.4 | 1.8 | 1.1 |
| Severity Index (4) | 0.0 | 39.4 | 19.26 |
| N° Average workers | 971 | 1,409 | 2,381 |
| Total of men-hour | 2,306,330 | 2,209,642 | 4,515,972 |
| Lost Time Accidents | 1 | 4 | 5 |
| Lost days | 0 | 87 | 87 |
| Serious and / or Fatal Accidents | 0 | 0 | 0 |
| Non-lost time accidents | 7 | 6 | 13 |
| Vehicle Accidents | 1 | 2 | 3 |

Notes

- (1) Days lost per 100, divided by average number of workers for the period.
- (2) Number of accidents per 100, divided by average number of workers for the period.
- (3) Number of accidents per 1,000,000, divided by the total man hours of the period.
- (4) Days lost by 1,000,000, divided by the total man hours of the period.

ACCIDENTABILITY INDICATORS IN PERU 2019 (FENIX AND CONTRACTORS)

| (403-2) | Fenix | Contractors | Total |
|----------------------------------|---------|-------------|---------|
| Incident Rate (1) | 2.2 | 0 | 0.9 |
| Accident Rate (2) | 1.1 | 0 | 0.4 |
| Frequency Index (3) | 3.6 | 0 | 1.9 |
| Severity Index (4) | 7.2 | 0 | 3.7 |
| N° Average workers | 90 | 147 | 236 |
| Total of men-hour | 279,528 | 260,401 | 539,929 |
| Lost Time Accidents | 1 | 0 | 1 |
| Lost days | 2 | 0 | 2 |
| Serious and / or Fatal Accidents | 0 | 0 | 0 |
| Non-lost time accidents | 0 | 0 | 0 |
| Vehicle Accidents | 0 | 0 | 0 |

Notes

- (1) Days lost per 100, divided by average number of workers for the period.
- (2) Number of accidents per 100, divided by average number of workers for the period.
- (3) Number of accidents per 1,000,000, divided by the total man hours of the period.
- (4) Days lost by 1,000,000, divided by the total man hours of the period.



STRENGTHENING THE SAFETY CULTURE

During 2019, the Strategic Plan for Occupational Safety and Health focused on five lines of action:

1. Security Leadership Development
2. SHO goals
3. Security Communication
4. Procedures and Rules
5. Occupational Health Management

2019 MEDIA CAMPAIGNS AND COURSES

“Don’t ever die” Campaign, which sought to raise awareness of the importance of preventing accidents that cause serious and fatal injuries (LGF).

Broadcasting of the Zero Fatality Standards, developed in a cross-sectional way throughout the Company, with great participation of own workers and contractor companies.

Diploma of Electrical Risks (USACH).

Safe Driving Course, this time in a digital version developed by professionals from the People Organization Management, the Occupational Safety and Health Management and Tramtec consultant, which enabled 277 Colbun workers to be trained.

Courses in the e-learning modality from Mutual de Seguridad and the ACHS, such as Fire Extinguisher Management, First Aid and Health Protocols.

227

People took the safe driving course in power plants and Headquarters



Defensive driving course.
Prevention and time



SAFETY IN OUR FACILITIES

During the year 2019, the “Emergency Response Procedure” was updated, it includes a complete review of the procedures that Colbun facilities must follow in the event of any type of emergency. The new procedure established a framework to prepare Emergency Plans, training and simulation standards, and communication flows, among other matters.

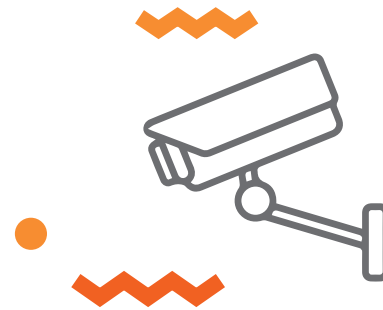
The objectives and scope of this procedure include:

- Control the emergency, with available means and defined in Colbun S.A.
- Minimize eventual losses, both human and material.
- Control or mitigate possible socioenvironmental effects.
- Avoid or minimize consequences in communication with the environment.
- Optimize the resources available to resolve the emergency.
- Avoid repetition, as a form of continuous improvement.

Other Milestones

During 2019 we continue to implement the Technological Surveillance Systems (SVT) in our facilities. After installing this system at the Angostura Power Plant in 2018, in 2019 it was installed at the Mulchén Substation, which operates from the Security Operation Center (COS) located at the Angostura Hydroelectric Power Plant.

During the events that occurred from October 18, the security systems of each of our facilities were on permanent alert, maintaining both internal and external communication networks, to be prepared for any event that could affect workers and facilities.



OCCUPATIONAL HEALTH AND HEALTHY LIVING

403-2, 403-3, Colbún-12.TR

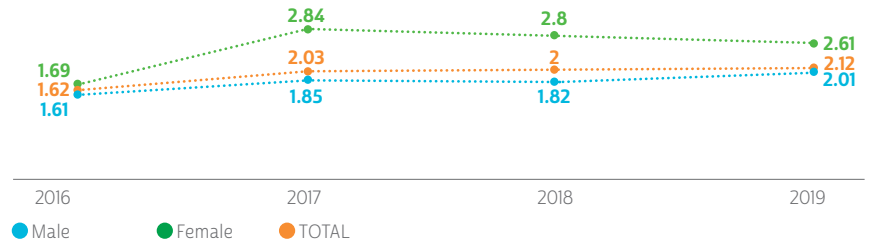
The objective of the Occupational Health policy in Colbun is that workers are not exposed to risks that compromise their health, and that they can be related to high safety standards for the substances they handle, the equipment, machinery and tools they use, and the conditions of the environment in which they carry out their activities.

In 2019, 85.9% of the total of workers who were scheduled to undergo a preventive health examination did so, while the occupational evaluation was carried out by 75.7% of scheduled workers.

Regarding this last exam, 53% of the workers were in a healthy range.

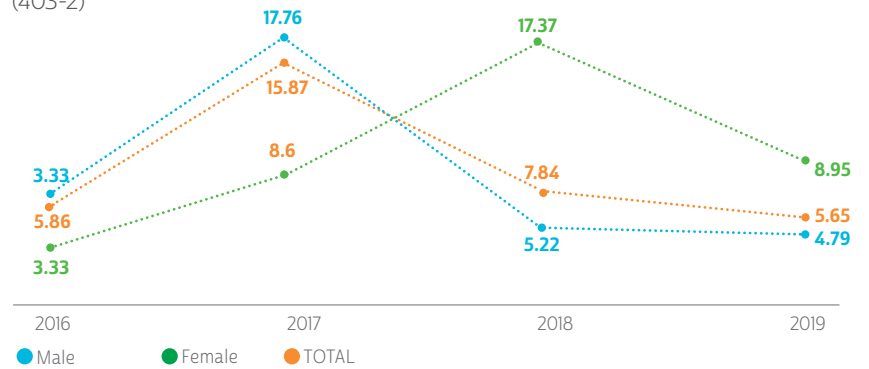
COLBUN CHILE ABSENTEEISM RATEZ

(403-2)



FENIX ABSENTEEISM RATE

(403-2)



Note: Days of continuous absenteeism (No. of days) / Average number of employees (No. of people)

Peru

In 2019, no occupational diseases were generated in Fenix. A medical examination was performed on 100% of the collaborators, allowing information to be established for the actions for the occupational health surveillance plan to be carried out in 2020.

SAFETY MILESTONES IN PERU IN 2019

- The Occupational Safety and Health System Audit was carried out by the Company's Internal Audit area
- Safety Culture diagnosis was made
- The award for good performance in HSE was held.
- The Plant Risk Study and Contingency Plan was updated.

PILLARS OF OCCUPATIONAL HEALTH IN COLBUN



EPIDEMIOLOGICAL SURVEILLANCE

The exposure of workers in their work places is monitored, identifying risk agents present (doses, concentrations and exposure times) that allow quantifying their magnitude to propose control measures. Likewise, health conditions are verified regarding specific risk agents, measuring biological indicators and conducting tests that could detect any damage in key systems such as cardiovascular diseases and specific organs.



OCCUPATIONAL HEALTH PROTOCOLS

Health protocols are focused on minimizing the risks workers face and allowing monitoring of individual health status. Noise is the main health risk identified at Colbun power plants. However, health protocols have been applied that involve a systematic sequence of actions for compliance. Among the protocols are:

- Occupational Noise Exposure Program (PREXOR),
- Plan for the Eradication of Silicosis by 2030 (PLANESI)
- Muscle Skeletal Disorders Related to Upper Extremity Work (TMERTEESS)
- Manual Cargo Handling (MMC)
- Psychosocial Disorders (TPS), Asbestos, and Non-Ionizing Radiations (Rad UV A / B).

All of them are framed in the hygiene plan that includes, among other actions, qualitative evaluations and previous studies in all the plants.



PUBLIC HEALTH SURVEILLANCE

To ensure that workers have the physical skills necessary to carry out their work, the health of workers is systematically evaluated through occupational examinations batteries, incorporating a monitoring program for workers who result in some degree of alteration in their health assessment. This allows the worker to be encouraged to consult through his forecast and to get adequate medical treatment.

The information collected is reported to the Health Commission made up of three members of the Organization and People Management and three of the Occupational Safety and Health Management, headed by their respective managers. Not having professional patients (PD) has been the focus of Colbun and in 2019 the goal of "0" PD was again reached.



PROFESSIONAL ILLNESSES

From a Public Health point of view, during 2019 the voluntary medical examination program was continued for all Colbun workers, through the "Colbun battery" with examinations aimed at detecting alterations in the cardiovascular environment, mainly due to being first cause of death in the country.

MANAGEMENT OF SAFETY ISSUES WITH OUR COMMUNITIES

EU21, 412-1

All Colbun plants have an emergency plan for fires, earthquakes and natural disasters. Drills are carried out annually, where entities such as firefighters or government emergency offices participate, and a matrix of the risks that our operation could generate in the surrounding communities is periodically updated.

In relation to the above, some measures already in progress are detailed as follows.



COLBUN COMPLEX

Protocol for Reservoirs Law: In 2016 Colbun signed the protocol of “Delivery of Information and Communication of Declarations of Flood Alert and Other Measures For Reservoir Law No. 20,304” which governs for Colbun Reservoir. The DGA, the Meteorological Directorate, ONEMI, Colbun and other companies in the sector participated in this agreement, seeking to adopt preventive measures aimed at avoiding or mitigating the risks to life and the affectation for public and private assets due to floods of the Maule River.

Discharges: when the Colbun Reservoir must pour water, the Company coordinates with ONEMI and previously informs the local and regional authorities, in order to prevent any risk situation in the basin.

Colbun Power Plant Return Streamflow:

In 2019 a safety broadcasting campaign was carried out concerning this streamflow, which included radio announcements and the delivery of informational brochures to raise awareness on the importance of self-care in the communes of Colbun and Yerbas Buenas.

Machicura Reservoir Beach: various safety measures were agreed with the Municipality of Colbun so that bathers could enjoy the summer season on the beach (summer 2020).

ANGOSTURA POWER PLANT

Protocol to floods: in this power plant there is a communication protocol with the authorities and other interest groups to give notice of when there will be opening gates due to a significant increase in the natural flow of the river. Being a minimally regulated reservoir, when the river increases its natural flow, the plant must gradually open its floodgates to discharge the water that cannot pass through the turbines. Such opening can occur several times in the year.

Winter campaign: every year, prior to the winter season, a winter broadcasting campaign is carried out, which includes a meeting with regional media, in addition to the delivery of brochures and the issuance of radio sentences, to reinforce information in the event of possible events. flooding of the river by climatic situations.

Additional Safety Measures: due to the increasing income of wind and solar power plants that have a high variability in their generation, the reservoir power plants have begun to fulfill the role of covering such variability more frequently, to give security to the electrical system. In these circumstances, the National Electric Coordinator finds it necessary to request the reservoir power plants to operate, which sometimes produces a rapid increase in the amount of turbinated water and the river flow downstream from the plant. For this reason, and in response to these operational changes, various measures have been taken that aim at the installation of warning signs, broadcasting and operational measures.



Angostura Park: Regarding the Angostura Park tourists, a dissemination campaign was again carried out promoting self-care in the use of the beaches and the reservoir. In these places, during the summer season there are permanent security measures, such as lifeguards, informative signs and a general security review at the beginning of the season.

ACONCAGUA COMPLEX

Road campaign: in 2019 a road safety project was added that was carried out with three neighboring educational establishments of Colbun's power plants in Aconcagua.



This project had a stage of broadcasting among students and delivery of reflective markers in order to increase their visibility on the route.

Safety signage: since 2015, signs and sirens have been permanently displayed to indicate the occurrence of increases in flow due to sudden discharges in different areas of the basin.



4.4 COMMUNITY RELATIONSHIP

102-17

One of our objectives in community management is to seek that our presence and relationship plans with the communities where we are present avoid, mitigate or compensate for the negative impacts and enhance the positive effects of our presence.

This requires a long-term and trusting relationship with the communities, which in turn demands excellent operational performance. The following model explains this vision.



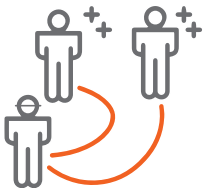


PRINCIPLES OF THE COMMUNITY RELATIONSHIP POLICY

The Community Relations Manual is governed by three principles:



Build relationships with the community based on transparent and collaborative dialogue.



Generate opportunities in the localities of which we are part.



Contribute to the improvement of the quality of life of the communities.



COMMUNITY RELATIONSHIP MODEL

103-2; 103-3, 413-11

The objectives and focuses of our relationship strategy with communities and authorities in the more than 20 communes where we operate in Chile -including a district in Peru- are shown below.



Final Goal
 To be and be recognized as a Company that generates sustainable shared value with its neighboring communities



In all the power plants and projects owned by Colbun, the company has implemented initiatives with the community in one or more of these dimensions.

DIALOGUE WITH THE COMMUNITY AND SOCIETY: GENERATING TRUST

203-2, 413-1, 413-2, EU19

What do we do?

Aiming to establish an early approach and a level of fluid dialogue with the communities where we seek to locate our projects, the Company informs the communities and local authorities early on the activity to be carried out and, at the same time, listen to their vision and priorities.

Who do it?

It is a joint work of the Engineering and Projects Division, the Environment Management and the Public Affairs Management.

When do we do it?

This process is developed prior to the presentation of the corresponding environmental impact study or declaration, in order to be able to know the local opinions regarding the project and facilitate its integration in the territory. This internal integration approach is then maintained during the construction and operation of the plant, where it works together with the Engineering and Project Divisions and the Generation Division, respectively. The same philosophy applies to Fenix, where there is a relationship strategy with neighboring communities that considers guided tours, informative meetings, the complaints and claims system and suggestion boxes.

POTENTIAL POSITIVE IMPACTS



| Construction | Operation |
|---|--|
| <ul style="list-style-type: none"> • Generation of local labor • Demand for local and regional products and services • Social investment in the commune • Strengthening of trade union activity • Archaeological findings • Income from concession for onerous use (solar and wind) | <ul style="list-style-type: none"> • Demand for local and regional products and services • Reductions in rates for communes with power plants • Social investment in the commune • Strengthening of trade union activity • Tourist activities (hydroelectricity) • Storage of water for irrigation (hydroelectricity) • Income from concession for onerous use (solar and wind) |

POTENTIAL NEGATIVE IMPACTS



(413-2)

| Construction | Operation |
|---|--|
| <ul style="list-style-type: none"> • Noise • Particulate matter emission (dust) • Transitory demographic increase • Potential alteration of the landscape • Potential resettlement of communities • Potential overload of infrastructure and services • Potential alteration of ecosystems | <ul style="list-style-type: none"> • Alteration of terrestrial and aquatic ecosystems (hydroelectric) • Changes in the river regime and changes in flow (hydroelectric) • Landscape alteration (hydroelectric and thermoelectric) • Potential impact on the terrestrial connectivity of the communities (hydroelectric) • Potential impact on community access to water (hydroelectric) • Potential increase in perception of safety risk (hydroelectric) • Effluents and hazardous and nonhazardous waste (thermoelectric) • Atmospheric emissions and discharges (thermoelectric) • Water consumption (thermoelectric) • Noises (thermoelectric) |



CITIZEN PARTICIPATION AND EARLY CONSULTATION

EU19

Colbun has a relevant portfolio of renewable energy projects with variable sources. Although these initiatives are usually located where there is no or very low population density, the Company makes an exhaustive survey of the human component where it places its projects - when this is pertinent - and establishes early communication channels that allow for dialogue at the level of local, with the purpose of establishing relationships of trust, transparency and cooperation.

PACA Horizonte

In the case of communities residing in the territory where the Horizon Wind Project is inserted, a process of early citizen participation (PACA) was implemented in 2019, to report on the project, and receive and respond promptly to questions and observations from the community.

PACA actions executed prior to the presentation of the EIA included: informative meetings with local authorities, representatives of the local community, citizen and functional organizations, individuals, and meetings with specific interest groups linked to the project.



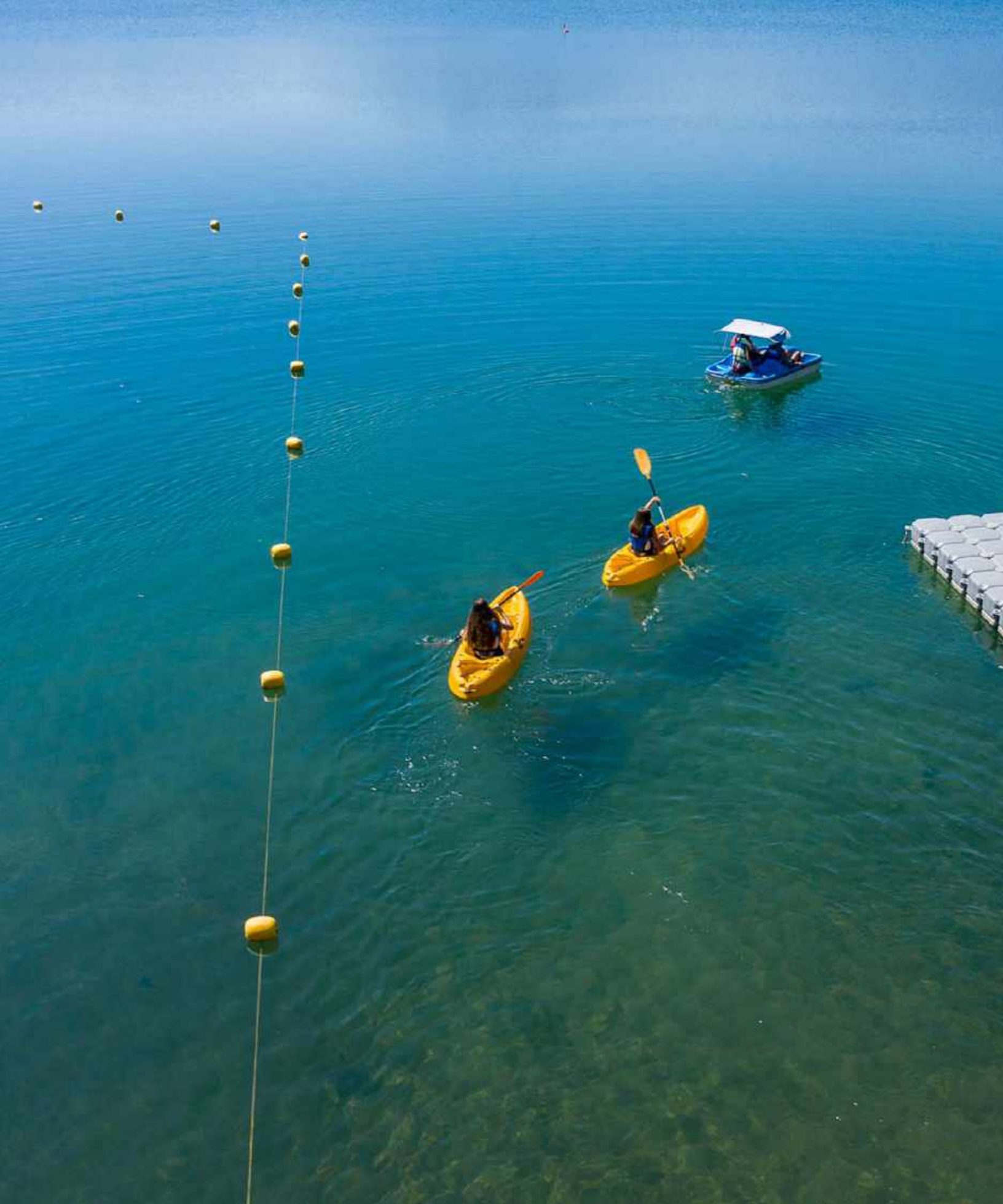
The latter were developed with the objective of providing specific information about the project and receiving information from the communities or stakeholders involved.

The expanded meetings were carried out mainly through the holding of two cycles of meetings during the month of August and November of the year 2019, in the localities of the area of influence defined for the human environment, corresponding to Taltal, Paposo and Agua Verde.

DIA Nehuenco Citizen Participation

Within the framework of the optimization project for Unit 2 of the Nehuenco Complex, in mid-2019 the SEA developed a process of citizen participation in the Quillota district.

However, it should be remembered that the Company withdrew from this DIA and postponed the project pending regulatory conditions that promote the flexibility of the system due to greater penetration of renewable energy.





PARTICIPATORY DESIGN IN COMMUNITY INFRASTRUCTURE

(EU19, 203-1)

Machicura Reservoir Beach

After the Machicura Reservoir Beach -initiative developed along with the Municipality of Colbun was launched in the summer of 2019, during 2019 a round of talks was held in order to collect the perception of the progress of the project among residents of the commune, local authorities and entrepreneurs of the reservoir beach. Particularly, an attempt was made to define a list of possible improvements that began to be implemented towards the end of the year.

It should be noted that when this project was conceived, in 2018, together with the Municipality of Colbun, an extensive socialization process was carried out prior to the reservoir beach enabling.



Lake Chapo Coastal Walk

This project included the construction of tourist infrastructure on the edge of Lake Chapo, which provides information on the natural environment and attracts visitors. The community through the directives of the Chapo Lake and Blanco River.

Neighborhood Boards participated in a Tourism and Productive Development Working group to design and promote this initiative.

Remodeling of the Mirador Cerro La Virgen (Coronel)

It is a very emblematic view point of Coronel, located in the city downtown, and its remodeling considered the complete restoration of pavements, furniture, lighting, and green areas, to which the installations of participatory murals and fixed spyglasses were added. The design of this initiative was defined by representatives of the Board for the Development of the South Sector.

Fenix Participatory Environmental Monitoring

From the construction stage of Fenix Power Plant, participatory socioenvironmental monitoring is carried out. During 2019, the Environmental Monitoring Committee grouped 17 organizations from Chilca and Las Salinas, with which 63 environmental monitors were carried out in the area of influence.

The technical part of the monitoring was carried out with the support of the Golder Associates companies.



COMMUNICATION CHANNELS WITH COMMUNITIES

102-17, 102-43, 103-2, 413-1, 413-2, EU19

In recent years we have opened different channels of communication with the communities, seeking not only to report on the activities of the Company, but in particular to open spaces for dialogue and listening, which has been very important to know and understand the local vision and manage our relationship with the community. Here are some cases, which are complementary to the more traditional forms of relationships such as personal or telephone contact, meetings and work tables, letters and emails:



COMMUNITY THERMOMETER

Since 2014 Colbun annually conducts a massive perception survey of neighbors and stakeholders, where they are consulted for various aspects of company management. This Community Thermometer allows detecting gaps and has become an important support for community management, focusing on our biggest challenges.

In 2019, 300 people from the communities where Colbun is present were interviewed.



COMMUNITY WHATSAPP

In order to have a fluid communication with the communities and answer questions from the neighbors themselves, WhatsApp groups were created in 2019 where the neighborhood leaders and Colbun staff participate.

This direct communication makes it possible to make calls and answer questions from the community in an agile and transparent way.



COMPLAINT LINE AND CONTACT LINE

There is a Complaint Line on the company’s website. This same channel, under the name of Ethical Line, exists in Fenix. In 2019, 31 complaints were received in Chile and 5 in Peru.

Also on our website there is a Contact Line, which allows anyone to make comments, queries or complaints, which have a tracking number and response time. In 2019, 774 messages were received through this channel in Chile, of which 12 corresponded to complaints. At Fenix, 2 complaints were received in the complaints and claims system.



SOCIAL NETWORKS

In 2014 Colbun started a digital strategy that today allows it to have a presence on Twitter, Youtube, Facebook and LinkedIn. In 2019 we added an Instagram account. In all these channels, we seek to report on our activities, milestones of the communities that host us and issues in the energy industry.

They are also an important focus of consultation. In total, Colbun accounts add more than 70 thousand followers, to which are added the accounts of Angostura del Biobío, a Colbun project that has about 55 thousand followers on social networks.



VISITS TO OUR FACILITIES

Through the “Energy Tour” program, our power plants and facilities received 11,055 visits, which are distributed as follows:

8,207 visits to Angostura Power Plant, Biobío Region (Visitor Center)

605 Los Quilos Power Plant visits, in the Aconcagua Complex

1,848 visits to Colbun Power Plant, Maule Region

255 visits to Fenix Power Plant, Peru

140 visits to Canutillar Power Plant, Los Lagos Region

The “Energy Tour” program allows us to open our power plants to the community and collect feedback. In power plants where this program does not exist, visits are also received, but only occasionally.



ACCOUNTABILITY REPORTS AND COMMUNITY DIALOGUES

In 2019 Colbun strengthened a new methodology started in 2018 for its public reports, in order to turn these instances into spaces for conversation and dialogue with the community to share experiences and expectations of our neighbors. This is a very relevant instance to collect the concerns of the communities, an input that serves to elaborate the materiality of this Integrated Report.

In 2019, 7 accountability reports and community dialogues were held, covering 7 communes. This figure is lower than the 10 meetings in 2018 (14 communes) and the drop is due to the scenario that Chile lived since last October, which advised to suspend some of the scheduled public meetings. Three conversations were also held with residents of the Colbun Power Plant (leaders of neighborhood councils, scholars and direct family members, and environmental monitors and collaborators)

ACCOUNTABILITY REPORTS AND COMMUNITY DIALOGUES

| Complex/Power Plant | Date | Commune |
|-------------------------|--|-------------------------|
| Santa María Power Plant | Tuesday, April 23 | Coronel |
| Candelaria Power Plant | Friday, June 7 and Tuesday, | Montazal y Codegua |
| Los Pinos Power Plant | June 11 Wednesday, September 25 | Cabrero |
| Aconcagua Complex | Monday, September 2 and Wednesday, October 16 | Los Andes y San Esteban |
| Canutillar Power Plant | Wednesday October 16 | Cochamó |
| Colbun Complex | Tuesday, May 14, Wednesday, May 15 and Thursday, May 16. | Colbún |



SUPPLIERS AND LOCAL EMPLOYMENT: GENERATING OPPORTUNITIES

204-1

At Colbun we promote the purchase of goods and services from local suppliers, to the extent that they comply with the technical and commercial conditions required for a reliable commercial operation.

In 2019, we worked with 256 local suppliers in Chile, with purchases of US\$ 12.2 million.

During 2019 Fenix invested US\$ 70,528 in the purchase of goods and services from local suppliers.

PURCHASE IN COMMUNITIES WITH INFLUENCE COLBUN - PERU

(204-1)

| | No. of supplier companies | Amount USD |
|--------------------|---------------------------|---------------|
| Chilca-Las Salinas | 7 | 70,528 |
| TOTAL | 7 | 70,528 |

PURCHASING IN COMMUNITIES WITH INFLUENCE COLBUN - CHILE

(204-1)

| Region | Commune | Suppliers | Amount USD |
|---------------------------|---------------|------------|-------------------|
| Valparaíso | | 80 | 3,495,620 |
| | Los Andes | 51 | 2,321,816 |
| | Quillota | 27 | 1,167,040 |
| | San Esteban | 2 | 6,765 |
| Metropolitana | | 13 | 459,202 |
| | Curacaví | 12 | 395,236 |
| | Til til | 1 | 63,966 |
| Lib. Bdo O'Higgins | | 8 | 153,574 |
| | Codegua | 3 | 50,578 |
| | Mostazal | 5 | 102,996 |
| Maule | | 21 | 1,956,855 |
| | Colbún | 16 | 1,608,677 |
| | San Clemente | 3 | 280,079 |
| | Yerbas Buenas | 2 | 68,099 |
| Biobío | | 71 | 5,503,686 |
| | Antuco | 1 | 3,406 |
| | Cabrero | 15 | 475,626 |
| | Coronel | 34 | 4,175,207 |
| | Quilaco | 6 | 240,975 |
| Los Lagos | Santa Bárbara | 15 | 608,472 |
| | | 5 | 48,857 |
| | Cochamo | 5 | 48,857 |
| Los Ríos | | 58 | 564,583 |
| | Los Lagos | 4 | 4,821 |
| | Panguipulli | 4 | 6,719 |
| | Valdivia | 50 | 553,043 |
| Total | | 256 | 12,182,377 |

HIRING LOCAL LABOR

203-2

| Region | Commune | N° of workers |
|---------------|---------------|---------------|
| Metropolitana | CURACAVÍ | 20 |
| | LOS ANDES | 72 |
| Valparaíso | QUILLOTA | 20 |
| | SAN ESTEBAN | 13 |
| O'Higgins | CODEGUA | 1 |
| | COLBÚN | 9 |
| Maule | SAN CLEMENTE | 3 |
| | ANTUCO | 2 |
| | CABRERO | 5 |
| | CORONEL | 21 |
| Biobío | QUILACO | 1 |
| | QUILLECO | 1 |
| | SANTA BÁRBARA | 4 |
| Los Ríos | LOS LAGOS | 1 |
| | PANGUIPULLI | 2 |
| Los Lagos | COCHAMÓ | 1 |
| Total | | 176 |

30.5%

corresponds to local labor in power plants, projects and transmission facilities
(Base: 577 workers)



COMMUNITY DEVELOPMENT PROGRAMS: GENERATING FUTURE

Colbun-3.SO, 203-1, 203-2, 415-1

Colbun develops its community investments under the following principles, established in the Community Relations Manual:

1. The activities are developed based on a defined strategy (objectives, criteria, guiding principles).
2. Align strategic business issues with the development priorities of local communities, civil society and the Government to create “shared value”.
3. Position the Company as an ally that involves all interest groups and not as the main actor in promoting local development.
4. Seek to avoid dependency and instead, it encourages autonomy and the creation of long-term benefits that last over time.
5. Monitor changes in community perceptions to get real-time feedback on performance.
6. Pro-actively communicate the value generated by Community Investment to internal and external audiences.

Focus of Social Investment

The following shall be considered as community social investment: disbursements associated with community projects or programs in plants and projects, including the maintenance of Angostura Park, corporate centralized donations to non-profit foundations and administrative expenses of the Public Affairs area. ”

Notwithstanding that Colbun’s community investment must make sense and adapt to the reality of each community, in general terms it focuses on three areas:

1. **Energy for Quality of Life:** Initiatives focused on infrastructure and public spaces that encourage tourism or improve the quality of life of neighbors.
2. **Energy for Entrepreneurship:** programs that aim to strengthen capacities in areas of productive development and employability.
3. **Energy for Education:** support through scholarships, courses, infrastructure and interventions in schools in the communities where Colbun operates.



5.6

Millions of dollars was Colbun’s social investment in 2019 (Chile and Peru), benefiting more than 237 thousand people.



Main Programs and Social Projects 2019



| Project / Program Name | Commune or Benefited Community | Program Description and Associated Community Pillar |
|---|--|---|
| <p>Community Organizations Strengthening Program (I Take Care of My Planet Fund)</p> | <p>Candelaria, Carena, Ruta Internacional (Los Andes y San Esteban), Colbún</p> | <p>Program aimed at promoting the care of the planet through various initiatives and the strengthening of social organizations neighboring Colbun power plants. This program contributes to SDG No. 4 on "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", In its indicator 4.7.1</p> |
| <p>Energy for Education Program</p> | <p>Ruta Internacional (Los Andes y San Esteban), Curacaví, Yervas Buenas, Cochamó, Cabrero, Quilleco</p> | <p>Program that provides tools to high school students to perform in the job if they do not continue with higher studies. This program contributes to SDG No. 4 on "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", in its indicator 4.4.1</p> |
| <p>Scholarship Program for Technical-University Education</p> | <p>Curacaví, San Esteban, Quillota, Colbún, Yervas Buenas, Cochamó</p> | <p>Program aimed at financially supporting university students</p> |
| <p>Infrastructure Projects Energy for Quality of Life</p> | <p>Angostura, Quillota, Codegua, Los Andes, Colbún, Lago Chapo</p> | <p>Development of socio-community infrastructure projects designed collaboratively with the municipalities or JJVV, including trails and viewpoints in Angostura; lights on the International Route, Quilleco and Quillota; Support for the Codegua Theater infrastructure, Machicura Reservoir Beach, remodeling of the sports infrastructure of the Sports Club in Patagua Oriente (Maule), Paseo Costero Lago Chapo.</p> |
| <p>Entrepreneurship Centers</p> | <p>Coronel, Santa Bárbara, Quilaco, Antuco, Quilleco</p> | <p>It teaches training, advisory, pre-incubation, incubation, direct competitive financing and support for the application of public funds for entrepreneurs through two entrepreneurship centers located in the Biobío Region.</p> |

| Project / Program Name | Commune or Benefited Community | Program Description and Associated Community Pillar |
|--|--|--|
| Energy for Champions Program | Ruta Internacional (Los Andes y San Esteban) | Soccer School Program, through which it seeks to promote the healthy life and teamwork of children of the International Route, also involving their families. |
| Gray Water Recycling and Storage | Ruta Internacional (Los Andes y San Esteban) | Awareness program and installation of gray water recycling and storage systems to support Rural Drinking Water Systems on the International Route. This project contributes to SDG No. 6 on “Ensure availability and sustainable management of water and sanitation for all”, in indicator 6.3.1. |
| Recycling and Reuse of Clothes (EcoModa) | Quillota | Program that seeks to improve job opportunities for 100 women in the city of Quillota, through the recycling and reuse of textile waste. |
| Family Orchards Program | Ruta Internacional (Los Andes y San Esteban) | Program that seeks to improve eating habits in the population of the International Route and also positively impact the family economy. This program contributes to SDG No. 2 on “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”, in particular indicator 2.3.2 |
| Future Fishing | Coronel | Scholarship program for technical studies and comprehensive support for fishermen based on productive development |
| Municipal Support Program (Local Footprint) | Cochamó | It is about supporting the development of relevant projects for the municipality, which are formulated through an NGO, Fundación Huella Local, which puts professionals at the disposal of the Municipal Planning Secretariat to carry them out. |

COMMUNITY INVESTMENT IN CHILE

(Colbun-3.SO)

| Pilar | Subcategoría | Community investment 2019 (USD) | N° Direct Beneficiaries 2019 |
|-------------------|---|---------------------------------|------------------------------|
| Generating Trust | Energy for Participation | 450,651 | 24,533 |
| | Energy for Education | 540,125 | 1,750 |
| | Energy for Entrepreneurship | 592,232 | 1,188 |
| Generating Future | Energy for Quality of Life - Sport, Environment and Leverage of Funds | 568,668 | 3,812 |
| | Quality of Life - Public space and green areas | 448,349 | 2,260 |
| | Quality of Life - Promotion of tourism | 1,132,355 | 186,299 |
| Others* | Others | 623,262 | - |
| TOTAL | | 4,551.820 | 219,842 |

Notes:

Trainings carried out to local suppliers during the year 2019 that are part of the Generating Opportunities are excluded.

* "Others" refers mainly to administrative expenses and donations to charities.

It should be noted that, in accordance with the law, Colbun does not make political contributions in Chile or Peru (GRI standard 415-1).



**COMMUNITY PROJECTS
 HIGHLIGHTED IN CHILE IN 2019**

**REDESIGN AND NEW IMPULSE OF THE
 COLBUN ENTREPRENEURSHIP CENTER**

Founded in 2010 and 2012 in Coronel and Santa Bárbara respectively, the Colbun Entrepreneurship Centers of both cities were reformulated during the year 2019 -in a work with Tremuley-, with the aim of expanding their scope and impact on local development. This meant redesigning programs and spaces, promoting the concept of co-work to move towards more collaborative work, promoting the creation of communities of entrepreneurs, and moving towards the delivery of better tools for entrepreneurship.



This project has contributed to SDG No. 8 on “Promoting sustained economic growth, inclusive and sustainable, full and productive employment and decent work for all”, in its indicator 8.3.1, as well as to SDG N ° 10 on “Reduce inequality within and among countries” in its indicator 10.2.1.

**CEC Santa Barbara Main
 Figures**

356
 people sensitized

174
 trained

32
 advised entrepreneurs

55
 Public Fund applications
 (\$ 42 million leveraged)

5
 formalized companies

**Principales Números CEC
 Coronel**

2,160
 people sensitized

500
 capacitados

103
 advised entrepreneurs

25
 Public Fund applications
 (\$ 8 million leveraged)

1
 formalized companies

Entrepreneurs affected by 18-10

In addition, after the events of October 18, Colbun developed an alliance to go in support of capital for a group of entrepreneurs that was affected by bags and fires in the cities of Coronel and Talca.



PUBLIC INFRASTRUCTURE AND INCLUSIVE TOURISM

Convinced that the development of goods for public use can have a significant impact in communes that are often vulnerable and where second-generation goods such as green areas and recreation spaces are lagging behind, in 2019 Colbun continued with different programs and investments whose main focus has been promoting infrastructure that improves the quality of life of the neighbors.

Beach areas

One of the most relevant lines of work in this area has been the promotion of tourism, taking advantage of reservoirs and bodies of water, which generates spaces for the community and opportunities for entrepreneurs. Thus, after being inaugurated in the summer of 2019, during the year we worked together with the community and the Municipality of Colbun on improvements to the Machicura Reservoir Beach; a new attraction route was implemented in Angostura (bird watching), and through a public-private tourism board, the construction of a coastal walkway and local signage on Lake Chapo was supported.

Luminary

Additionally, in three communes (Cabrero, Coronel and Quillota) a lighting program was developed together with the municipal authority, which allowed different neighborhoods of said communes to have more efficient lighting and better lit public spaces, which means a significant improvement in their quality of life. This program will continue to expand in 2020.

These projects have contributed to SDG No. 7 on “Ensure access to affordable, reliable, sustainable and modern energy for all”. On your indicator 7.b.1

Other public spaces

The line of work around public spaces was also developed in the commune of Coronel, where in 2019 the remodeling of the Mirador del Cerro La Virgen was inaugurated, a project financed with the Social Development Fund (FDS) that the company Colbun promotes ten years with the Development Board of the South Sector of Coronel. Similar interventions in the past have been the Quillota Tricentennial Silver and the Arriero Monument in Antuco.



These projects have contributed to SDG No. 11 on “Make cities and human settlements inclusive, safe, resilient and sustainable”, in its indicators 11.3.2 and 11.7.1.



113,798

was the number of visitors to Angostura Park in 2019

68,579

was the number of visitors to Machicura Reservoir Beach



FEATURED COMMUNITY PROGRAMS IN PERU

203-1, 203-2, 303-3, 413-1

Some of the relevant community programs developed by Fenix in 2019 were:

Play to Learn

The “Play to Learn” Project aims to contribute to improving the reading comprehension and mathematical logic skills of boys and girls at the primary level of Educational Institution No. 20,960 in Las Salinas - Chilca.

In 2019, the number of students who achieved outstanding and expected achievements in the areas of Communication and Mathematics compared to 2018 increased.

Zero anemia

With the aim of reducing the percentage of anemia in boys and girls under 3 years of age in Chilca, the Chilca Health Micro-network, in agreement with Fenix, implemented the Zero Anemia Project.

This initiative included screening, treatment, follow-up; as well as educational and demonstrative sessions for parents and children on healthy eating.

The project implemented between the months of July to December 2019 achieved encouraging results for the second consecutive year, 76% of the boys and girls participating and identified with anemia managed to recover.

This project contributes directly to SDG No. 2 “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”, one of whose specific targets is 2.2.2 on “Prevalence of malnutrition among children under 5 years old”.

Sea water that transforms lives

As part of the original design of the project, Central Fenix considered the construction of a seawater desalination and purification plant with a capacity to produce nearly 2,000 m3 of drinking water per day, of which the majority is delivered free of charge to the Chilca district municipality for distribution,



for the benefit of 5,000 residents of the district.

In 2019, 417,401 m3 of potable water were delivered to the population, and as a complementary action, Fenix continued to develop the Hogar Azul program, installing flow regulators in houses, businesses and institutions in Salinas to promote water savings, achieving water efficiency. 5,984.89 m3 from January to December.

This program contributes to SDG No. 6 on “Ensure the availability and sustainable management of water and sanitation for all”, in its indicator 6.1.1

COMMUNITY INVESTMENT IN PERU

(Colbun-3.SO)

| Pilar | USD | N° Beneficiaries |
|----------------------------------|------------------|------------------|
| Energy for Education | 26,651 | 800 |
| Energy for Health | 362,737 | 2074 |
| Energy for Life Quality | 6,846 | 100 |
| Energy for Economic Development* | 14,070 | 17,055 |
| Water for Chilca | 621,927 | 5,000 |
| TOTAL | 1,032,231 | 17,055 |

(*) Corresponds to the Tourism Master Plan, which involves the entire Chilca district. In this way, the total number of beneficiaries amounts to this figure, since it includes the beneficiaries of the other programs.



MAIN SOCIAL AND ENVIRONMENTAL CHALLENGES

306-3, 411-1, Colbun-4.SO

Colbun has an on-site team from the Public Affairs Management whose objective is to assist in building a long-term relationship with the communities where we operate, generate development opportunities and manage potential socio-environmental conflicts that arise within the framework of our operations and projects. In this context, the following situations occurred in 2019:

| | Description | Actions Taken by Colbun |
|--|---|--|
| <p>Aconcagua Hydroelectric Complex</p> | <p>As has happened in much of the central south of the country, in 2019 the Aconcagua River Basin witnessed one of the worst years in terms of rainfall.</p> <p>As a result of the above, some residents of the International Road and the Colorado River (tributary of the Aconcagua River) have expressed their concern to Colbun about the lack of water in the area. It should be remembered that the Company operates six pass-through hydroelectric plants in the upper part of the basin.</p> | <p>The run-of-the-river hydroelectric plants do not consume water, but only use it for power generation purposes, returning it without alteration regarding its quality or volume.</p> <p>However, understanding the neighbors' concerns, in 2019 Colbun adopted various measures to mitigate possible effects on the population closest to our operations.</p> <p>Thus, respecting Colbun's water delivery obligations with the irrigation channels in the area, it was exceptionally arranged to stop generating some minimum flows to provide water to certain points on the International Road. In addition, during the year informative meetings were held with neighborhood councils in order to explain the situation, the system of operation of water rights, Colbun's obligations and, in general, clarify all the doubts that may arise on this matter.</p> <p>A relevant effort has also been made to increase communication channels with the residents of the area, in order to be available in the shortest possible time before any doubt that arises.</p> |
| <p>Santa Maria Thermoelectric Power Plant, Coronel, Biobio Region</p> | <p>The Coronel commune has had a significant industrial development in the last two decades, which has involved the arrival of numerous industries, including fishing, ports, cement factories, and electricity generation companies, such as Colbun's Santa María Thermoelectric Power Plant, which began operations the year 2012.</p> <p>This industrial development has meant opportunities, but also the emergence of socio-environmental conflicts, where part of the population holds industries responsible for episodes of contamination.</p> <p>In this context, throughout these years several legal actions or complaints have arisen against the Central Santa María. To date, however, none of these actions has prospered, and it has been demonstrated in different judicial instances that the operation of the power plant has complied with all the current legal regulations.</p> <p>It should be noted that after an investigation of almost Six years of the Public Ministry for a complaint of alleged contamination, in 2018 the Prosecutor's Office decided not to persevere in said case in the Colbun case, since there was no history to support the complaints.</p> <p>Similarly, in 2019 the Superintendency of Environment decided to file a complaint for alleged breaches of the RCA after an investigation that lasted almost four years, and where it concluded that there were no facts that warranted a violation. This resolution was claimed before the Valdivia Environmental Court, which in 2020 ordered to reopen the process.</p> | <p>At Colbun, we believe that good community relations first require good operational and environmental performance of our facilities.</p> <p>Therefore, the first focus of Central Santa María has been to have a high standard environmental performance, implementing the necessary technologies to reduce significant air emissions as much as possible and permanently seek other opportunities for improvement.</p> <p>However, aware that the environmental concern is a topic of increasing importance in the general population, and in Coronel in particular, Colbun has sought to open spaces for information and dialogue that allow us to deal with this type of concern. These communication channels include the installation of work groups since 2011 with neighborhood boards; regular assistance to local television channels and radio programs; the issuance of informational capsules with the environmental performance of the power plant, and an active participation in the Council for the Environmental and Social Recovery of Coronel (CRAS) promoted by the Government.</p> <p>During the year 2019 especially relevant was a change of format that we apply to our account program public, promoting a dialogue methodology that would allow participants of this instance -about a hundred representatives of the community- discuss in depth about some of the environmental issues that most interested them in relation to the operation of Santa María. This was a very relevant learning instance to know the concerns of the community and seek to alleviate the information gaps.</p> |

| Descripción | Actions Taken by Colbun |
|---|--|
| <p>Canutillar Power Plant, Cochamo, Los Lagos Region</p> <p>A few years ago a number of residents of Lake Chapo expressed their concern about the variations in the level of the lake, where the Central Canutillar is located, in particular because of its impact on tourism and connectivity.</p> | <p>At the end of 2018, and at the request of the Lake Chapo Neighbors Board, the Company proposed to the National Electric Coordinator to adapt the conditions of operation of the Canutillar Power Plant to the new hydrology conditions of the south central zone, in order to increase Chapo's permanent level of operation.</p> <p>As of the previous milestone, in 2019 a new Tourism Board began operating with the participation of the lake's residents, the Municipality of Puerto Montt, various public services in the region and Colbun. This Board implemented a work program that to date has resulted in training of local actors for the provision and development of tourist services and products, development of tourist information for visitors to the lake, a program of competitive funds for the residents of Río Blanco and Lago Chapo, and the construction of a new coastal promenade that will serve as a catalyst for greater tourist activity on the lake.</p> |
| <p>San Pedro Hydroelectric Power Plant Project, Los Lagos - Panguipulli, Los Rios Region</p> <p>In December 2018, Colbun presented an Environmental Impact Study (EIA) in order to make adjustments to the San Pedro Hydroelectric Power Plant project. This project, which has an RCA in force since 2008 and a 15% progress in its construction, was suspended in 2011 in order to carry out additional studies on the ground where the main works are located. These studies derived in the adjustments that are currently being submitted to the Environmental Impact Assessment System (these adjustments were entered in 2015 into the SEIA, but the authority estimated at that time that relevant information was missing to evaluate the new EIA, which led to Colbun to deepen and improve the required information).</p> <p>The presentation of the Adequacies EIA at the end of 2018 triggered opposition to the project by some local actors, including environmental groups, kayakers and political actors in the area. Subsequently, in 2019 the authority issued a Consolidated Report of Clarifications, Rectifications and Expansions (ICSARA), whose response must be delivered by the company in mid-2020.</p> | <p>At the informative level, during the years 2014 and 2015, Colbun offered presentations and guided visits to the San Pedro project to different local actors -groups, neighborhood councils, indigenous communities, etc.-, with the aim of explaining this initiative and the scope of the proposed adaptations. In addition, along with the entry of the EIA, in December 2018 a website was updated that seeks to provide information and clarify all doubts about this initiative (www.centralsanpedro.cl).</p> <p>Additionally, for three years Colbun has been working on two community axes in order to achieve a better insertion of the project at the local level.</p> <ul style="list-style-type: none"> • Indigenous Communities of the Territory: A permanent relationship is maintained with 13 indigenous organizations that are in the vicinity of the project and that gathers around 2,000 people. 10 Long-Term Cooperation Agreements have been signed with these communities, which have been generated under the guidelines established in Convention 169. • Community Relations: Convinced that energy projects can enhance tourism development, Colbun has sought to promote local tourism development. This is how in 2015 the creation of the Lakes and Panguipulli Tourism Board is supported with the participation of social organizations in the area, an entity that has promoted various participatory projects around the promotion of tourism. These boards have also been an instance where the Company has explained the characteristics of the project and the adaptations that are being submitted to the evaluation process. |



COMMUNITY AND HUMAN RIGHTS

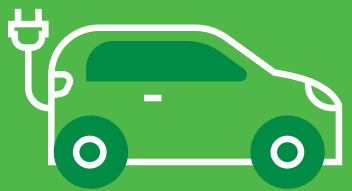
406-1, 411-1, 412-1, 103-2

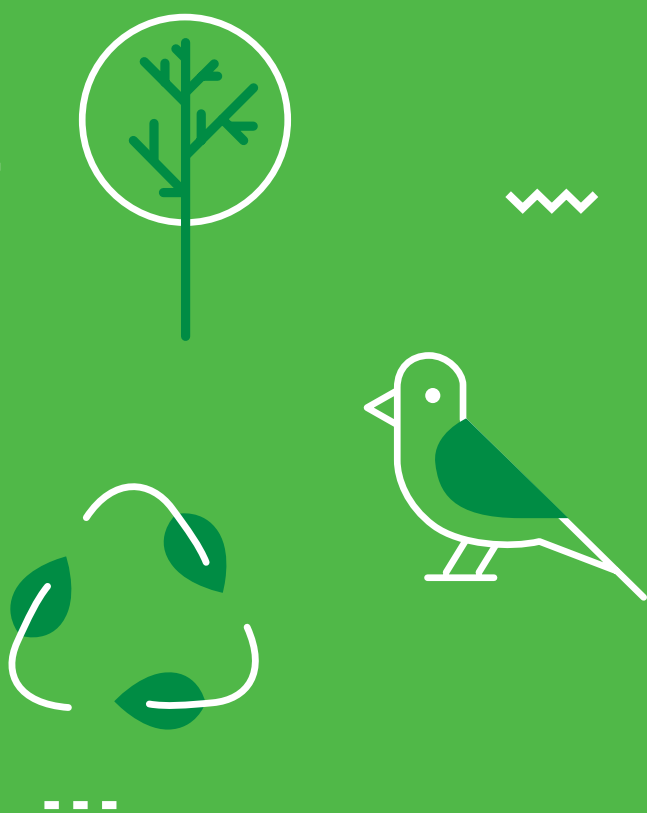
Based on the reviews carried out by Colbun, during 2019 there were no cases of violation of the Human Rights of indigenous peoples, nor did we receive cases of discrimination or infringement of them on behalf of the community in the Ethics Line, neither in Chile nor in Peru





5





ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE

This chapter reports on the environmental performance of all our operations in Chile and Peru during 2019, including aspects related to water use, atmospheric emissions and biodiversity.

Materiality Analysis

103-1, 103-2 y 103-3

Based on the Materiality Study carried out to compile the Annual Integrated Report, two relevant material topics were identified related to the topics addressed in Chapter 5.



MATERIAL TOPIC: Climate change

Boundary:

- Impact and opportunities of Climate Change
- Decarbonization

Related risks:

- Impact on hydrology
- Regulatory changes
- Water conflicts at the local level

How we manage it:

Colbun has a climate change management model, which allows it to detect risks and take advantage of opportunities related to this topic. This includes using an internal carbon price in our decision making; develop projects to issue carbon credits that offset emissions; measure, verify and report our carbon footprint; and promote social initiatives. The Company also actively participates in CLG Chile. Finally, we have the goal of building 4,000 MW in renewable projects between now and 2030, which will allow us to lower our emissions factor by 47% (2018 baseline).

Why it is material for Colbun:

Climate Change has been gradually taking over the agenda of companies, government and civil society. Its impact on the basins where Colbun operates is a relevant topic for the operation of its power plants. Definitions of public and regulatory policies based on the commitments of the Paris Agreement may also have effects on its thermal power plants. Finally, this matter represents an opportunity for the Company, both due to the long history of handling a management model around Climate Change as for the growth options that are opened from renewable energies.



MATERIAL TOPIC: Emissions, Water and Biodiversity

Boundary:

- Drought and water management
- Emissions
- Noise
- Environmental care
- Biodiversity
- Impact on human rights
- Decontamination

Related risks:

- Regulatory non-compliance
- Conflicts with communities
- Availability of water for the operation of power plants
- Regulatory changes
- Water conflicts at the local level
- Regulatory changes

How we manage it:

Colbun has a Safety, Occupational Health, Environment and Quality Policy that is applicable to all its operations. We also carry out permanent monitoring of our environmental performance, identifying challenges and opportunities for improvement. We have several listening systems that allow us to raise local perception of our performance in this area, including annual surveys, teams in the field, WhatsApp groups, among others. In 2019, we placed special emphasis on managing the concerns raised in the communities of the Valparaíso and El Maule regions due to the drought, promoting conversations and collaborative initiatives.

Why it is material for Colbun:

The construction of projects and operation of generation plants can have environmental impacts, an topic that is of increasing relevance for society and our stakeholders. Furthermore, hydrological conditions can affect the operation of our plants, not only hydroelectric, but also thermal.

Therefore, all topics related to water, biodiversity, emissions, noise and environmental standards are relevant to the operation of our facilities.

Environmental Management, an overview

Management model

Colbun has an environmental management model that guides its actions in this matter and is based on four axes.

Water

We ensure that water resources in our different types of plants are used efficiently and do not lose their capacity for selfregeneration.

Air

We seek to minimize the effects of our significant air emissions on local air quality, as well as to manage our greenhouse gas emissions.

Materials

We efficiently use the raw materials that we transform into energy, taking responsibility for the waste management of our processes.

Biodiversity

We recognize and care for the flora and fauna, as well as the habitats and ecosystems where our projects and facilities are inserted.

Environmental Footprint Reduction Program

Even though the Company has the longterm objective of reducing its emissions factor by 47% by 2030, compared to the base year 2018 -an objective associated with the development of its renewable projects-, by 2020 we have assumed the commitment to generate goals short and medium term that aim towards a reduction of our environmental footprint.

This will translate into generating indicators (KPIs) and a work program associated with the following areas:

- Carbon footprint (emissions and energy efficiency)
- Water footprint (water use)
- Footprint of waste (ashes and others).

Sustainable Development Goals

The activities that the Company carries out in its environmental management have an impact and direct contribution in at least three of the SDGs defined by the UN:



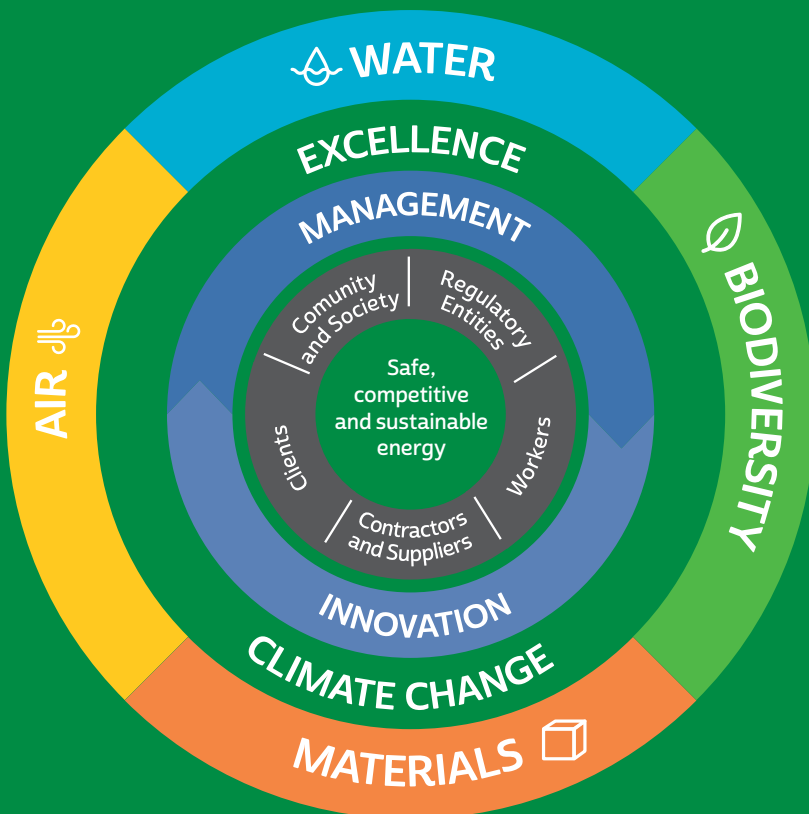
SDG 6: Ensure availability and sustainable management of water and sanitation for all.



SDG 13: Take urgent actions to combat climate change and its impacts



SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



5.1 WATER RESOURCE AND DROUGHT

103-2, 103-3, 302-4, 303-1, 303-3

Chile faced a decade ago, what specialists have called, a “mega-drought”, characterized by a persistent decrease in rainfall in most of the basins in the south-central part of the country. Thus, as of December 2019, all the national rainfall control stations, between the Coquimbo and Aysen regions, registered rainfall deficits with respect to the historical average, with a total of 136 communes with a water scarcity decree.

During the year, a critical situation was observed in the Aconcagua river basin, where the flows of its main channel were even lower than those recorded in the great drought of 1968.

Although in the case of hydroelectricity there is no water consumption since the water is collected from the channel,

turbinated and then returned to the source in the same conditions, its availability is key for the generation of clean energy and the composition of the Energy Matrix.

Therefore, the Company is permanently making efforts for a more efficient use of water, minimizing the effects of variability in precipitation patterns and changes in flow regimes.

This is the case, for example, in hydroelectric plants with the capacity to regulate their generation (Colbun, Machicura and Canutillar power plants), they take on greater importance in the current scenario, since they allow adjustments to be made in the power supply by taking more electrical load when consumption increases in the system, and being an excellent complement for renewable technologies such as solar and wind (whose generation is intermittent).

In the case of thermoelectric power plants, which do use water for their operational cooling processes, this is supplied from continental water sources, either groundwater or surface water (consumptive use), or by collecting sea water and returning it to the source.





EFFICIENT WATER MANAGEMENT

During 2019, projects focused on efficient water management continued to be developed, both in our power plants and through community support initiatives.

COLBUN FACILITIES

The main initiatives developed at our facilities were in line with making the use of wastewater more efficient.

In the Candelaria Thermal Power Plant, variable frequency drives were installed for a more precise regulation of the extraction of flow from its wells, allowing the recovery of groundwater. In addition, an automatic system was installed to optimize the irrigation of the power plant's vegetable windbreak, along with reusing wastewater, for this same purpose.

In Nehuencho, a reverse osmosis system had already been installed in previous years to reduce water consumption in

the power plant during periods of water shortage, as well as monitoring and managing the power plant's wells (SCADA) to optimize its consumption.

WATER MANAGEMENT WITH THE COMMUNITY

In 2019, the Company launched several initiatives with communities and stakeholders close to its facilities, that allowed them to have water for human and animal consumption, and irrigation for subsistence farming, all of which have contributed to SDG No. 6 on "Clean Water and Sanitation", in particular indicators 6.3.1 and 6.4.2. Some of the initiatives implemented were:

Aconcagua River upper basin:

- Cycle of talks with the community with special emphasis on the water situation and the regime of water use rights
- Gray water recovery project in homes

- Support in regularization of water rights
- Cleaning of intakes in channels
- Participatory monitoring of water courses

Chapo Lake and Angostura

- Agreements with organized neighbors to give them drinking water rights in order to implement Rural Potable Water (APR) systems

Maule

- Operational agreements with the Maule River Surveillance Board and other relevant actors, in order to ensure minimum irrigation.
- A Water Resources Efficiency Agreement remains in force with the Maule Sur Irrigation Association, Upper Sector, where the irrigators receive compensation for the water savings produced and Colbun achieves greater clean energy generation.



WATER USE IN HYDROELECTRIC GENERATION

During 2019 dry hydrological conditions have persisted in the Maule, Laja, Biobío and Aconcagua basins; these are the main basins in terms of hydroelectric generation in the country and where several of our facilities are located.

Rainfall -water and snow- was especially low in the Aconcagua basins (Hornitos, Juncal, Blanco, Juncalito, Los Quilos and Chacabuquito plants) and Maule (Colbun, San Clemente, La Mina power plants). This translated into a decrease in generation of 16% and 28% for each

hydroelectric complex, respectively. In addition, efforts to interact and coordinate with irrigators and other actors in these basins, also affected by the drought, had to be redoubled.

From a global perspective, the use of water to generate energy in our hydroelectric plants in 2019 decreased by 12.7% compared to the previous year.





**TOTAL WATER COLLECTED, TURBINED FOR HYDROELECTRIC GENERATION,
AND RETURNED TO THE SOURCE IN CHILE (NON-CONSUMPTIVE USE)**

(303-1)

| Power PLant | Unit | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|-------------------------------------|---------------|---------------|---------------|---------------|
| Colbun Complex | million m ³ / year | 3,621 | 4,134 | 5,078 | 3,776 |
| Canutillar Power PLant | million m ³ / year | 1,062 | 1,658 | 1,708 | 1,165 |
| Carena Power PLant | million m ³ / year | 272 | 277 | 258 | 132 |
| Rucue-Quilleco Power Plants | million m ³ / year | 1,526 | 1,931 | 1,853 | 2,011 |
| Aconcagua Complex | million m ³ / year | 1,308 | 1,305 | 999 | 834 |
| Angostura Power Plant | million m ³ / year | 5,504 | 9,188 | 10,396 | 9,805 |
| Total | million m³ / year | 13,294 | 18,492 | 20,292 | 17,722 |

REUSE OF WATER IN HYDROELECTRIC POWER PLANTS

303-3

Aiming to promote energy efficiency and the sustainable use of natural resources, Colbun has developed several projects in “hydraulic series” in order to reuse the same water and thus maximize energy generation based on that resource, being the last of them La Mina Power PLant in the Maule basin.

Today 37% of the flows Colbun captures from the channels and uses for its operation are reused in more than one Company power plant.

OTHER WAYS OF WATER USE

In some facilities, the water resources used by Colbun for the generation of electrical energy also play a relevant role as they are restored through different agricultural irrigation systems in accordance with the established rights, thus achieving optimal use of the water resource.

San Ignacio Hydroelectric Power Plant (run-ofthe- river power plant):

It operates using water from the restitution channel of the Colbun-Machicura Complex, thus maximizing the use of energy and water resources of the Complex with minimal environmental impact.

Chiburgo Hydroelectric Power Plant (run-ofthe- river power plant):

It was built in 2007 making the most of Colbun’s Power Plant facilities, which deliver water to be used for irrigation without altering its quality or quantity..

San Clemente Hydroelectric Power PLant (run-of-the-river-power plant):

This power plant allows to make the most of the unevenness that is generated along the Sanatorio Gully, which is used as a way to reach the point of delivery of the waters to different irrigation channels. This power plant is registered under the United Nations Clean Development

Mechanism (CDM), as a result of the CO₂ emission reductions generated by its operation.

Quilleco Hydroelectric Power Plant (run-ofthe- river power plant):

This second power plant built in the Laja Basin uses water from this basin that come from the Rucue Power Plant, which is located upstream. Participates in the CO₂ emissions reduction transaction, certified under the United Nations Clean Development Mechanism (CDM) standard.

ENERGY USE OF WATER IN HYDROELECTRIC POWER PLANTS

302-4

| Description | Power Plante | Metering Unit | Estimated Energy Savings | | | |
|--|--------------|---------------|--------------------------|------------|------------|------------|
| | | | 2016 | 2017 | 2018 | 2019 |
| Plants that make the most of their water flows prior their delivery to irrigation. | San Ignacio | GWh | 90 | 121 | 147 | 87 |
| | Quilleco | GWh | 224 | 282 | 273 | 297 |
| | Chiburgo | GWh | 63 | 60 | 66 | 67 |
| | San Clemente | GWh | 17 | 13 | 16 | 13 |
| Total | | GWh | 394 | 477 | 502 | 464 |

USE OF WATER IN THERMOELECTRIC GENERATION AND ADMINISTRATIVE OFFICES

As stated above, our thermoelectric power plants require consuming water for their cooling processes. Additionally, the administrative offices of all our power plants (hydroelectric and thermoelectric) consume water for domestic use and irrigation of green areas. The following table summarizes consumption in 2019.

1.2%

decreased in total fresh water withdrawal in Chile during 2019



USE OF WATER IN THERMOELECTRIC GENERATION

Total fresh water withdrawal decreased 1.2%* in Chile during 2019, due mainly to the operation of the Reverse Osmosis Plant (POI) of the Nehuenco Complex, it is important to mention that this drop in water withdrawal even occurred when the Company's natural gas generation rose 16% last year. Thus, the POI has contributed to SDG No. 6 on "Clean Water and Sanitation", in particular to indicators 6.4.1 and 6.4.2.

FRESH WATER WITHDRAWAL IN CHILE (CONSUMPTIVE USE)* (303-1)

| Water source | Metering unit | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|---------------------------|------------------|------------------|------------------|------------------|
| Surface Water (river/lake) | m ³ /year | 11,045 | 9,820 | 10,278 | 8,924 |
| Groundwater | m ³ /year | 4,774,148 | 5,208,120 | 5,244,076 | 5,199,068 |
| Municipal Water | m ³ /year | 61,626 | 73,492 | 90,758 | 71,744 |
| Total fresh water withdrawal | m³/year | 4,846,819 | 5,291,432 | 5,345,112 | 5,279,735 |

Note: Net consumption of fresh water = [total fresh water withdrawal] - [total water discharge]. For more details, please see page 399 (Annexes).

SEA WATER COLLECTED AND RETURNED TO THE SOURCE IN CHILE (303-1)

| Water source | Metering unit | 2016 | 2017 | 2018 | 2019 |
|---|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Total sea water collected | m ³ /year | 316,705,257 | 336,714,557 | 343,196,782 | 267,179,782 |
| Total sea water returned to the source | m³/year | 316,705,257 | 336,714,557 | 343,196,782 | 266,839,525 |

* It should be clarified that this indicator does not include the seawater used by the Santa Maria Power Plant for its cooling process, which is returned to its original source.



Peru

In the case of Peru, Fenix Power Plant, by using water collected from the ocean for its processes, avoids all consumption of groundwater and continental sources. The greatest demand of seawater is the cooling system process, in 2019 it added up to 261 million m³. A portion of the captured water goes through a desalination and purification process, with which up to 2,500 m³ of drinking water can be generated daily. A small percentage of this last resource goes to the internal consumption of

the plant and the majority fraction is delivered to the District Municipality of Chilca, which is in charge of its distribution for the benefit of the local population. The delivery of drinking water to the population began in 2015, reaching a maximum monthly level of 38,617 m³, in December 2019. This practice represents a significant contribution to SDG No. 6 on “Clean Water and Sanitation”, in particular indicator 6.1.1.

SEA WATER COLLECTED AND RETURNED TO THE SOURCE IN PERU

(303-1)

| Water use | Metering unit | 2017 | 2018 | 2019 |
|--|---------------------------|--------------------|--------------------|--------------------|
| Water used for cooling processes of Fenix Power Plant* | m ³ /year | 290,786,513 | 288,407,521 | 260,220,997 |
| Water supplied to the community** | m ³ /year | 374,210 | 399,027 | 414,601 |
| Water consumed by the power plant's administrative offices*** | m ³ /year | 3,648 | 4,982 | 4,896 |
| Water consumed by the fire-fighting system and irrigation of green areas**** | m ³ /year | 23,683 | 18,157 | 17,188 |
| Total sea water collected | m³/year | 291,188,055 | 288,829,687 | 260,657,683 |
| Total sea water returned to the source | m³/year | 290,786,513 | 288,407,521 | 260,220,997 |

* Seawater used for refrigeration is returned to its origin (includes industrial effluent).

** Corresponds to desalinated and potable water that is delivered to the District Municipality of Chilca.

*** Corresponds to desalinated and potable water for internal use from the operation of the Fenix plant.

**** Corresponds to desalinated water for the fire fighting system, for testing the system itself, and for irrigation of green areas.



Reuse of water in thermoelectric power plants (Chile and Peru)

Aiming to minimize the use of water for the cooling process of its power plants and ensuring operational availability during dry periods, in 2017 Colbun launched the Reverse Osmosis Plant (POI) in the Nehuenco Complex, a plant that basically comprises a system of treatment and purification of the waters collected by the well field, and that allows savings

of up to 50% in the use of water during water shortage seasons.

The operation of this plant generates waste water that is delivered to third parties to be reused. During 2019, the volume of waste water reused by third parties was 119,379 m³.

As for Fenix Power Plant in Peru, it continued with the treatment and reuse system for 80% of domestic wastewater, thus recycling 3,916 m³ of gray water to supply part of the irrigation requirements for green areas and the vegetation screen (live perimeter fence) of the plant. This wastewater plant has a maximum capacity of 12 m³ / day, of which 11 m³ / day of waste water was treated on average in 2019, similar to 2018.

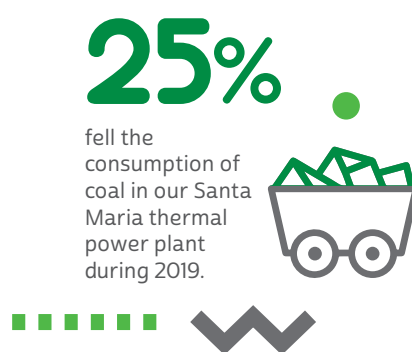
SEA WATER REUSED IN PERU

(303-3)

| Reused Water | Measuring unit | 2017 | 2018 | 2019 |
|--|---------------------------|------------|------------|------------|
| Water consumed by the power plant's administrative offices | m ³ /year | 3,648 | 4,982 | 4,896 |
| Grey Water reused for irrigation* | m ³ /year | 2,919 | 3,985 | 3,916 |
| % water from reused water | m³/year | 80% | 80% | 80% |

5.2 USE OF MATERIALS AND EFFICIENCY

103-2, 103-3, 301-1, 302-4, EU11



The main materials used by Colbun in Chile during 2019 correspond to fuels consumed in our plants. Coal consumption in Santa Maria Power Plant decreased by 25%, this is explained by the lower generation in 2019.

Diesel consumption decreased by 9%, explained by the lower generation of Los Pinos Power Plant.

Regarding natural gas consumption, it increased 16% in Chile, mainly due to an increase in Candelaria Power Plant consumption from 1 million m3 in 2018 to 24.9 million m3 in 2019. Gas consumption in the Nahuenco Complex increased 12.4% in 2019 compared to the previous year.

The increase in efficiency within Colbun thermoelectric power plants (Chile and Peru) had in 2019 stands out, reaching an average figure of 51.4% (efficiency measures how much inherent energy of the fuel used is finally transformed into electrical energy injected into the system).

In the case of Fenix in Peru, the main material used was natural gas. In 2019 Fenix consumed 3.7% less LNG than in 2018, consistent with the decrease in power generated by this fuel.

FUELS USED IN CHILE

(301-1)

| Material | Supplier | Metering unit | 2016 | 2017 | 2018 | 2019 |
|-------------|--------------------------|------------------------|-------|-------|-------|-------|
| Diesel | COPEC, ENAP, ENEX, ESMAX | Million m ³ | 0.069 | 0.059 | 0.023 | 0.020 |
| Natural Gas | Shell | Million m ³ | 701 | 724 | 731 | 846 |
| Carbon | Various | Tons | 874 | 961 | 947 | 707 |

COMBUSTIBLES UTILIZADOS EN PERÚ

(301-1)

| Material | Metering unit | 2016 | 2017 | 2018 | 2019 |
|-------------|------------------------|-------|------|----------|--------|
| Diesel | Million m ³ | 0.002 | 0 | 0.002994 | 0.0004 |
| Natural Gas | Million m ³ | 640 | 733 | 695 | 670 |



INCREASED EFFICIENCY IN THERMOELECTRIC POWER PLANTS

The total efficiency of thermoelectric power plants in Chile reached 48.6% in 2019, higher than 2018. This is explained for two reasons:

- Efficiency improvements and greater generation of Nehuenco I and Nehuenco II, due to optimizations in compressor washing with units in and out of service.
- A different generation scenario, where less energy production was observed from open cycles such as Candelaria (diesel) and Los Pinos, and the Santa Maria coal-fired power plant, units that are less efficient and that left more room for generation with more efficient units.

AVERAGE GENERATION EFFICIENCY OF COLBUN THERMOELECTRIC POWER PLANTS IN CHILE

(EU11)

| Year | Total Efficiency | Average Age of Power Plants |
|------|------------------|-----------------------------|
| 2016 | 45.4% | 11 años |
| 2017 | 45.7% | 12 años |
| 2018 | 46.7% | 13 años |
| 2019 | 48.6% | 14 años |

AVERAGE GENERATION EFFICIENCY IN FENIX THERMOELECTRIC POWER PLANT IN PERU

(EU11)

| Year | Total Efficiency | Average Age of Power Plants |
|------|------------------|-----------------------------|
| 2017 | 54.5% | 5 años |
| 2018 | 56.4% | 6 años |
| 2019 | 56.2% | 7 años |

Note: The efficiency indicator reflects how much energy from the fuel in use is finally transformed into electrical energy injected into the system. To calculate the total thermal efficiency, a weighted average was elaborated with the annual generation of each plant. In the case of Chile, the following thermoelectric generation units are included: Nehuenco I, Nehuenco II, Candelaria I, Candelaria II, Antilhue, Los Pinos and Santa Maria.

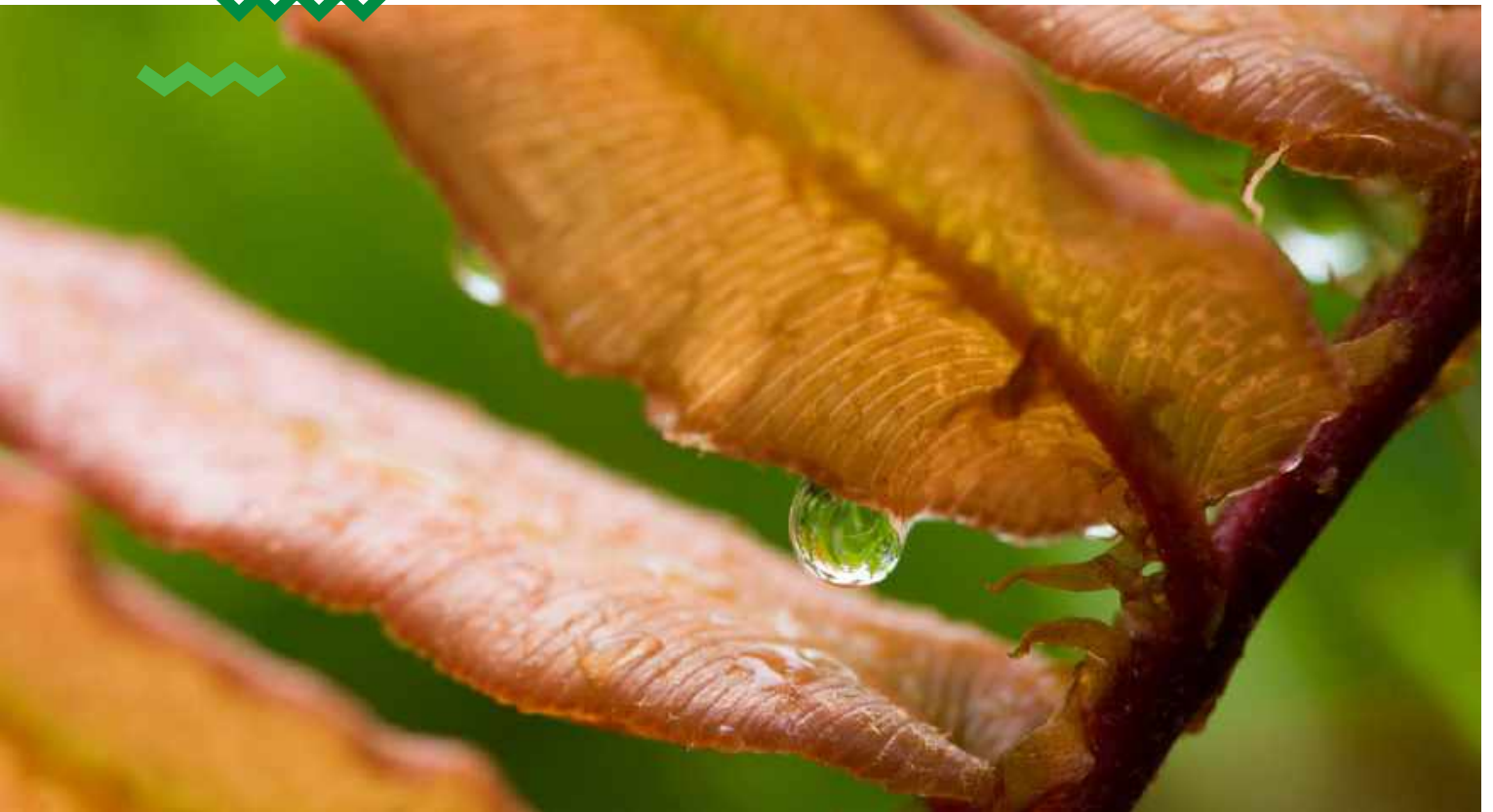
5.3 CLIMATE CHANGE

103-2, 103-3, 201-2, 302-2, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5

Colbun has been managing measures and actions about the carbon footprint and Climate Change for almost two decades, thus contributing to SDG No. 13 “Action for Climate”, in particular with indicator 13.2.1

The Corporate Risks area is in charge of monitoring and analyzing the main risks that the Company faces, including the risks associated with changes in weather patterns.

The latter have worked together with the Innovation and Climate Change area, considering the physical risks and the transition to a low carbon economy, including eventual regulatory changes. Thus, the way in which lower levels of rainfall could impact generation levels and their costs has been quantified, as well as the units where the impact could be greater.



OUR CLIMATE CHANGE MANAGEMENT MODEL

Within Colbun we seek to transform the risks related to Climate Change into opportunities, thus we have a model that allows us to better manage the requirement to restrict CO2 emissions.

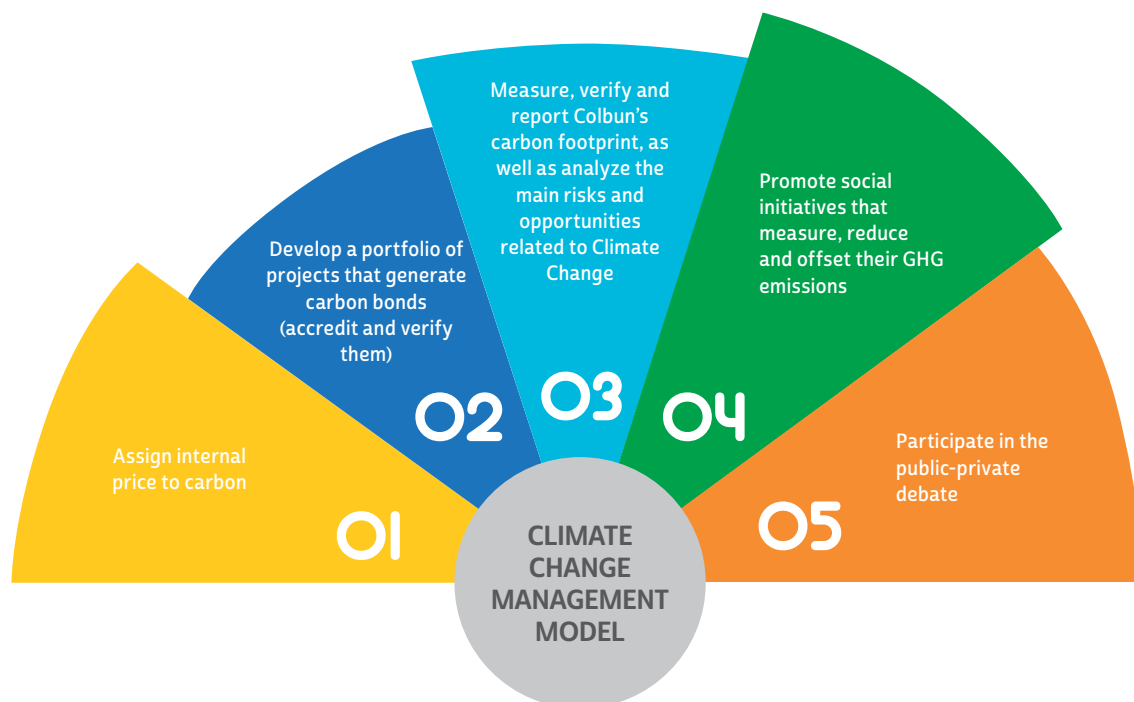
Our experience in the accreditation and certification of projects regarding the Clean Development Mechanism (CDM) and other voluntary standards, in addition to the subsequent generation of carbon credits, give us competitive

advantages in order to develop more robust and profitable energy projects, that will allow us to be prepared against possible demands in terms of reducing CO2 emissions.

Additionally, as a way to be better prepared, our Company actively participated in the work carried out at the Climate Change Adaptation Roundtable of the Energy sector, an instance led by the Chilean Ministry of Energy, where

one of the main objectives was to share national and international experiences between companies in the field.

Colbun presented in that instance the results of a pilot project carried out in 2018 and 2019 that sought to generate a strategy of adaptation to climate change for its operations in the Maule basin.

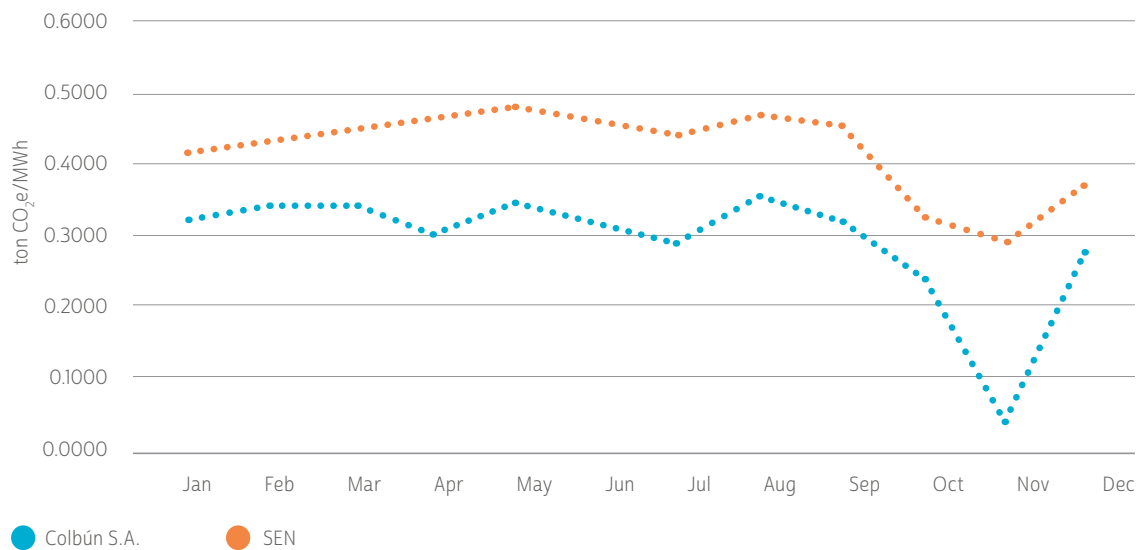


DECREASING CO₂ EMISSION FACTOR

Within the context of a balanced generation matrix, with an important renewable hydroelectric energy component, the Company has set itself the goal of registering a CO₂ emission factor below the average for the power system in Chile, thus positively contributing to reduce significant air emissions of the system as a whole.

Greenhouse Gas Emission Factor (GHG) indicator allows measuring the behavior of emissions per unit of energy generated (tons of CO₂e per MWh generated). For 2019, the GHG emission factor of the National Electric System (SEN) was 0.4056 ton CO₂e / MWh, while Colbun's was 28% lower, reaching 0.289 ton CO₂e / MWh in Chile, 1% higher than in 2018..

EVOLUTION OF COLBUN'S EMISSION FACTOR IN CHILE V/S SEN 2019



Note: The SEN CO₂ emission factor is published by the Ministry of Energy on the website Energía Abierta (<http://datos.energiabierta.cl/dataviews/245975/factor-de-emision-promedio-anual/>). The figures are calculated with generation data published by the National Energy Commission. The Colbun emission factor is calculated with gross generation data from the Company's facilities.

Considering the road-map that Colbun pursues to develop renewable energy projects with variable sources during this decade, and which considers adding a 4,000 MW generating park of solar and wind projects, **the Company has the goal of reducing by 47% its emission factor by 2030, compared to 2018.**

This will mean going from an emissions factor of 0.286 ton CO₂e / MWh in 2018 to 0.142 ton CO₂e / MWh in 2030.

COLBUN GREENHOUSE GAS EMISSION FACTOR IN CHILE
(305-4)

| Emissions coming from Fuel consumption | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|
| Diesel (ton CO ₂ e) | 182,858 | 156,504 | 60,109 | 54,644 |
| Carbon (ton CO ₂ e) | 2,109,631 | 2,280,148 | 2,193,464 | 1,646,739 |
| Natural Gas (ton CO ₂ e) | 1,372,081 | 1,418,150 | 1,436,476 | 1,668,957 |
| Gross Generation (GWh) | 11,179 | 12,597 | 12,880 | 11,648 |
| Emission Factor (ton CO₂/MWh) | 0.328 | 0.306 | 0.286 | 0.289 |

Note: The emission factor reported in this table is calculated based on gross generation.

CUSTOMERS WITH RENEWABLE ENERGY

Our clients are privileging the consumption of energy from renewable sources. Three facts support this trend:

- In 2019 Colbun delivered 100% renewable supply certificates uninterruptedly to 12 customers, which meant supplying 85 GWh of emission-free energy in 2018.
- During 2019 we signed renewable certificates contracts with 19 clients, with an energy equivalent to 3,759 GWh / year, including a contract with BHP for 3,000 GWh per year.

- *In just over three years, we have 46 clients who have favored contracts with renewable certificates for a supply volume of 4,141 GWh / year.*





Se redujo la Huella de Carbono de Colbún en Chile en 2019 (reducción de emisiones de GEI), producto principalmente de una menor generación térmica.

POWER PLANTS CERTIFIED TO REDUCE EMISSIONS

Colbun has five hydroelectric power plants and a photo-voltaic solar power plant accredited to issue carbon bonds, which in 2019 generated an estimated reduction in CO₂ emissions of 350,587 tons CO₂e.

This figure represents a drop of 3% compared to 2018, which is explained by the lower energy generation in the Hornitos, Chacabuquito and La Mina hydroelectric plants, as a result of the lower rainfall recorded in the year.

As part of the Company's Climate Change Strategy, it has been defined that any eligible project must be registered under the carbon market standards.

REDUCTION OF CO2 EMISSIONS IN COLBUN'S CDM AND VCS POWER PLANTS (305-5)

| Power PLant | Commissioning | Quantity MW | Accreditation Date | Ton CO ₂ Reductions | | | |
|---|---------------|-------------|--------------------|--------------------------------|----------------|----------------|----------------|
| | | | | 2016 | 2017 | 2018 | 2019 |
| Chacabuquito | 2002 | 25.7 | 2007 | 55,532 | 74,789 | 57,087 | 45,148 |
| Hornitos | 2008 | 61 | 2008 | 149,486 | 117,674 | 87,927 | 80,447 |
| Quilleco | 2007 | 70.8 | 2008 | 126,810 | 159,559 | 156,826 | 167,680 |
| San Clemente | 2010 | 5.9 | 2011 | 9,623 | 7,452 | 8,194 | 5,773 |
| La Mina | 2017 | 34 | 2017 | - | 22,219 | 45,254 | 39,048 |
| Ovejera | 2018 | 9 | 2019 | - | - | 6,508 | 12,761 |
| TOTAL REDUCTION OF CO₂e EMISSIONS | | | | 262,104 | 381,693 | 361,796 | 350,857 |

Note: A power generation plant is eligible for a carbon accreditation system when it is shown that it reduces CO₂ emissions, meets the requirements of "additionality" and "common practice", in addition to contributing to the sustainable development of the electric system. Both the CDM, of the Kyoto Protocol, as well as the VCS, certify projects that help combat climate change, allowing them to issue carbon bonds.

OUR CARBON FOOTPRINT

Since 2001 Colbun measures and verifies annually the carbon footprint, in Scopes 1, 2 and 3, of its operations with the aim of knowing the environmental impact in terms of climate change. This inventory of greenhouse gas (GHG) emissions includes our Company's operations in both Chile and Peru, thus considering thermal and hydraulic plants, as well as the corporate offices located in the city of Santiago.

Colbun is currently evaluating the inclusion of Transmission assets within the scope of the carbon footprint measurement.



Chile

For 2019, direct GHG emissions (Scope 1) decreased 8.7% compared to 2018, which is mainly due to the lower generation of one of our thermal units. In particular, the Santa Maria plant generated 26% less than in 2018, consuming 25% less coal. In 2019 this plant contributed 49% of Colbun's emissions in Chile.

Regarding Scope 2 emissions, although all of our power plants are power generators, at certain times they require consuming electrical energy from the network (when they are out of service, during maintenance processes and to supply complementary

equipment that are far away from the main installation). In 2019 there was an increase of 18% in the energy required by the power plants to operate. This was mainly due to the consumption that Candelaria and Santa Maria power plants had of energy coming from the grid because they were not operating in certain periods of the year.

Finally, in Scope 3 emissions, which include the transport of workers, business trips, the transport of fuels (land and sea) and the generation of solid waste, a decrease of 4.6% is observed compared to 2018, due to a decrease in 2019 of the amount of air travel,

generation of domestic waste and land transportation of fuel to thermal power plants.

The carbon footprint corresponding to the emissions of the corporate offices located in Santiago was neutralized with carbon bonds generated by Colbun's power plants certified to international carbon market standards.

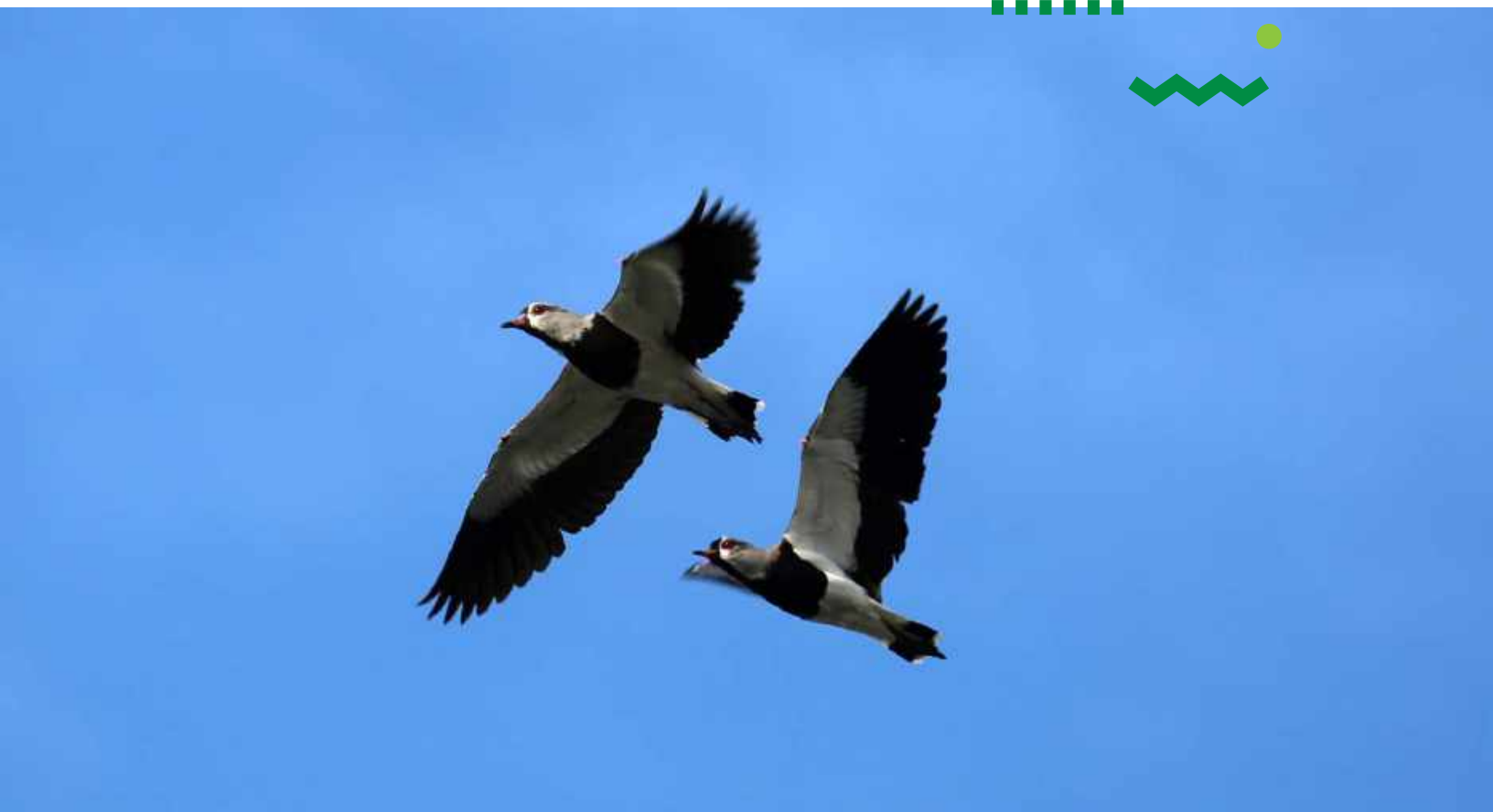
Since 2012, our Company has Carbon Neutral offices.

COLBUN'S TOTAL 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) | |
|------|---|---------------------------------|--|-------------------------------|
| | Direct Emissions | Indirect Emissions | Indirect Emissions | |
| | Company Vehicles Thermal generation units SF6 leaks in electrical equipment Methane emissions in reservoirs (they are low in Chile) | Own power consumption | Business trip Maritime Coal Transport Breakdown of organic waste Leased assets Movement of coal and ash Workers transportation | TOTAL (ton CO ₂ e) |
| 2016 | 3,669,270 | 5,167 | 28,378 | 3,702,815 |
| 2017 | 3,858,536 | 6,552 | 35,240 | 3,900,328 |
| 2018 | 3,693,729 | 8,954 | 28,490 | 3,731,173 |
| 2019 | 3,373,899 | 10,234 | 27,289 | 3,411,421 |

Note: This table considers the GHG emissions of all Colbun power plants in Chile, plus Headquarters. Regarding Colbun Transmission S.A., only emissions from vehicles owned by the Company are considered.



Peru

Starting in 2016, our Company calculates the emissions inventory of the Fenix plant considering Scopes 1, 2 and 3. For 2019, the quantification of emissions considered the consumption of diesel and natural gas, Company vehicles and SF6 leaks in electrical equipment (Scope 1), in addition to the emissions generated by the energy consumption used in the power plant (Scope 2), and by the generation of GHGs resulting from the decomposition of solid waste generated in the plant and business trips made (Scope 3).

COLBUN GREENHOUSE GAS EMISSION FACTOR IN PERU

(305-4)

| Emissions from fuel consumption | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|
| Diesel (ton CO ₂ e) | 4,089 | 0 | 7,983 | 1,059 |
| Natural Gas (ton CO ₂ e) | 1,251,707 | 1,883,993 | 1,719,040 | 1,499,049 |
| Gross Generación (GWh)* | 3,407 | 3,772 | 3,791 | 3,779 |
| Emission Factor (ton CO₂/MWh) | 0.369 | 0.499 | 0.456 | 0.397 |

*Generation reported to COES in 2019

13.1%

was Fenix's total GHG emissions decreased in 2019 compared to 2018



COLBUN'S TOTAL 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) | |
|--|---------------------------------|--------------------------------------|--|------------------------------------|
| | Direct | Indirect | Indirect | |
| Diesel and natural gas consumption for power generation. | | | | TOTAL (ton CO₂e) |
| Diesel consumption for Company vehicles. | | Power Plant's own energy consumption | Waste decomposition and business trips | |
| SF6 leaks in electrical equipment. | | | | |
| 2016 | 1,255,796 | 311 | 292 | 1,256,399 |
| 2017 | 1,884,056 | 262 | 1,638 | 1,885,956 |
| 2018 | 1,727,088 | 268 | 603 | 1,727,959 |
| 2019 | 1,500,126 | 312 | 1,104 | 1,501,542 |

GOOD PRACTICES REGARDING CLIMATE CHANGE

CHILE FOOTPRINT SEAL

As in 2018, Colbun received the highest recognition in 2019 from the HuellaChile (Chilefootprint) program of the Ministry of the Environment, granting it the seal of Excellence in the management of its Greenhouse Gas emissions. This recognition is added to the distinctions also given in the Quantification and Reduction categories.

ASSOCIATIVE ACTION

Colbun is a member of the Center for Business Leaders for Climate Action (CLG Chile), which promotes policies and actions for a just transition to a less carbon-intensive Chilean economy. Since 2017 our general manager, Thomas Keller, has been President of the Board of that institution.

Colbun also actively participates in the Corporate Action Executive Committee on Climate Change and the Global Compact Leaders Group SDG 13 “Action for Climate”, from where private sector action is promoted both in mitigation and adaptation to climate change.

HOTEL CARBON ZERO PROGRAM

During 2019, Colbun, along with For the Planet, developed the Zero Carbon Hotels program, where six hotels in Santiago measured, verified and

neutralized their carbon footprint, proving that their CO2 emissions were duly compensated and therefore their accommodation offer has the seal “Carbon Neutral”. The emissions neutralization was carried out with carbon bonds generated by Colbun’s facilities certified to emit this type of attribute.

CHANGE OF LUMINAIRES AND ELECTRIC CARS

Finally, in 2019 a replacement of luminaries by LED technology was carried out inside Colbun and Machicura power plants, allowing energy savings and a reduction of emissions of 56 tons of CO2e per year. In the same context, Colbun signed an agreement with E-Viaja to promote the use of electric cars on corporate trips to the Santiago airport.



NEW GREEN TAX REGULATION

EU5

As part of its environmental strategy, Chile taxes emissions from stationary sources with a thermal power greater than or equal to 50 MWt (thermal megawatts) using instruments commonly known as green taxes.

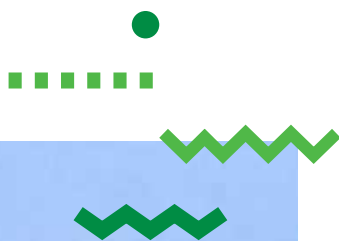
On February 24, 2020, Law 21,210 was published in the Official Gazette, including the environmental management instruments considered by this law. For green taxes, the regulation establishes that the tax will be applied to emissions of particulate matter (PM), nitrogen oxides (NOx), sulfur dioxide (SO₂) and carbon dioxide (CO₂), produced by establishments whose emission sources,

individually or as a whole, emit 100 or more tons per year of particulate matter (PM), 25,000 or more tons per year of carbon dioxide (CO₂).

On the other hand, it is pointed out that taxpayers affected by the green tax may offset all or part of their taxable emissions, for purposes of determining the amount of the tax to be paid, through the implementation of projects to reduce emissions of the same pollutant, subject to These reductions are additional, measurable, verifiable and permanent.

Changes to green taxes will take effect in 2023, and in 2024 the first payment of taxed establishments should be made.

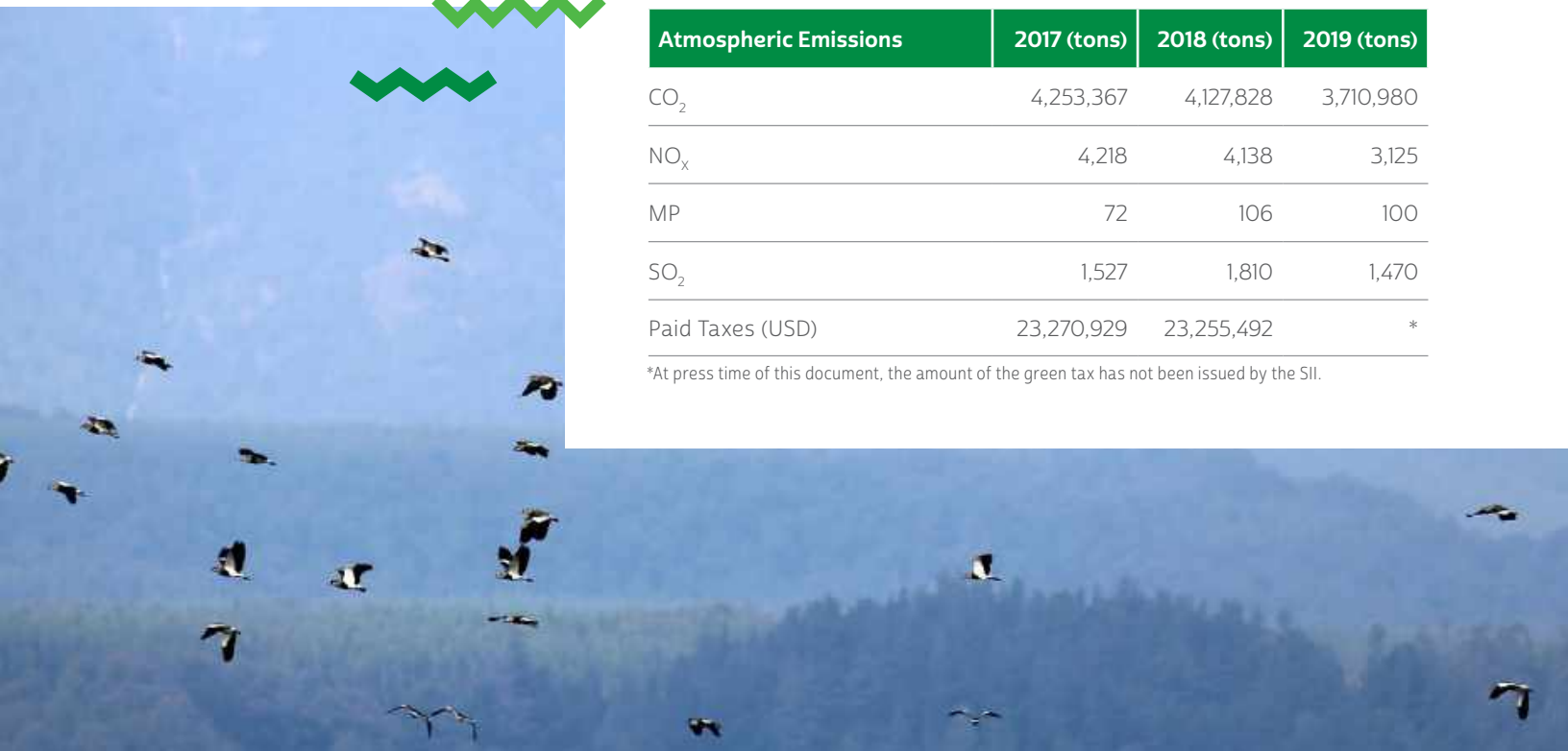
Compensation through the implementation of reduction projects opens the possibility that in the medium term there will be an offset market nationwide. At Colbun, we positively value the changes made to green taxes, which are on the right track and provide adequate signals for initiatives that effectively reduce significant air emissions.



GREEN TAXES IN CHILE (EU5)

| Atmospheric Emissions | 2017 (tons) | 2018 (tons) | 2019 (tons) |
|-----------------------|-------------|-------------|-------------|
| CO ₂ | 4,253,367 | 4,127,828 | 3,710,980 |
| NO _x | 4,218 | 4,138 | 3,125 |
| MP | 72 | 106 | 100 |
| SO ₂ | 1,527 | 1,810 | 1,470 |
| Paid Taxes (USD) | 23,270,929 | 23,255,492 | * |

*At press time of this document, the amount of the green tax has not been issued by the SII.



5.4 ATMOSPHERIC EMISSIONS OF LOCAL SOURCE

103-2, 103-3, 305-7

The atmospheric emissions of local source come exclusively from the thermoelectric power plants that Colbun operates. The regulated parameters correspond mainly to particulate matter (PM), nitrogen oxides (NOx) and sulfur dioxide (SO₂). The emissions of these pollutants are governed by the emission standard for thermoelectric power plants and their respective environmental qualification resolution (RCA - Chilean environmental permit). In 2019, all Colbun plants met the emission limits established by these regulations.

Monitoring and follow-up of significant air emissions is carried out through continuous emission monitoring systems (CEMS) and a shortened methodology for backup power plants (Los Pinos and Candelaria plants, classified as Low-mass Emission). CEMS follow rigorous protocols for the validation and assurance of information quality, tested annually before the regulatory authority.

In order to ensure full monitoring of significant air emissions, Colbun decided to implement redundant continuous

monitoring of emissions at the Santa Maria Power Plant and the two combined cycles of the Nehuenco Complex. This allowed in 2019, in those facilities that have it, to achieve monitoring rates of around 99% of measured data.

DECREASE IN EMISSIONS

Santa Maria Power Plant uses bituminous coal as fuel, which has a low percentage of ash. In 2019, the concentration of particulate matter emitted into the atmosphere by its chimney reached 8.2 mg / m³ as the hourly average concentration during its operation in regime.

The NO_x concentrations of the Nehuenco Thermoelectric Complex have remained constant, a situation that is explained by the combustion stability of its Combined Cycle units. It should be pointed out that during 2019, the commercial generation of energy in the Nehuenco Complex came from exclusive use of Natural Gas.

The reduction in the mass NOx emissions of Fenix Power PLant are directly related to the lower number of hours of operation compared to 2018.

At a consolidated level, in 2019 the mass emissions of particulate matter, NOx and SO2 had a decrease compared to 2018, which is mainly explained by the lower number of hours of operation of Santa Maria Power Plant.

AIR QUALITY MONITORING

Regarding air quality monitoring in the surroundings of our thermal power plants, during the month of February 2019 the renovation process of the equipment of the 16 air quality monitoring and meteorological monitoring stations was completed. In addition, the three air quality monitoring stations associated with the Santa Maria Power Plant were fully connected to the National Air Quality Information System (SINCA) of the Ministry of the Environment, transmitting their information in real time and fully available to authority and community.

In the month of December 2019, the Great Conception Prevention and Decontamination Plan was published, which governs, among others, for the commune of Coronel. Given the low level of particulate matter emissions from Santa Maria power plant, we anticipate that the new Plan will have no implications for the operation of the facility, regardless of any voluntary actions.

COLBUN ATMOSPHERIC EMISSIONS FROM STATIONARY SOURCES IN CHILE (TON / YEAR)

(305-7)

| Type of emission | 2016 | 2017 | 2018 | 2019 |
|------------------|-------|-------|-------|-------|
| NO _x | 3,571 | 4,218 | 4,138 | 3,133 |
| SO ₂ | 1,479 | 1,527 | 1,810 | 1,470 |
| MP | 50 | 72 | 106 | 100 |

COLBUN ATMOSPHERIC EMISSIONS FROM STATIONARY SOURCES IN PERU (TON / YEAR)

(305-7)

| Type of emission | 2016 | 2017 | 2018 | 2019 |
|------------------|------|-------|-------|-------|
| NO _x | 948 | 1,112 | 1,124 | 1,071 |

Notes: The figures for Colbun Chile were obtained through CEMS, while for those of Fenix, a calculation methodology with an EPA USA AP-42 Emission factor was used, since there is no emission regulation that sets a continuous measurement standard. It should be noted that, since Fenix Power Plant operates with natural gas, the emissions of PM and SO₂ are not relevant.

EMISSIONS LEVEL OF SANTA MARIA COMPLEX

| Year | MP (mg/ Nm ³) | PM Norm Limit (mg/Nm ³) | NOx (mg/ Nm ³) | NOX Norm Limit (mg/Nm ³) | SO ₂ (mg/ Nm ³) | SO ₂ Norm Limit (mg/Nm ³) |
|------|---------------------------|-------------------------------------|----------------------------|--------------------------------------|--|--|
| 2018 | 6.8 | 50 | 338 | 500 | 173 | 400 |
| 2019 | 8.2 | | 310 | | 188 | |

In accordance with the requirements of D.S.13 / 2011 MMA, it is required to carry out spot samples of Mercury in the exhaust gases of power plants that use solid fuels. In the case of Colbun, the measurement of heavy metals carried out at the Santa Maria Power Plant during 2019, indicated an average concentration of Mercury (Hg) of 0.0007 mg / m3N. This value is well below the limit of D.S.13 / 2011 corresponding to 0.1 mg / Nm³.

EMISSION LEVELS OF NEHUENCO COMPLEX *

| Technology | Year | MP (mg/ Nm ³) | PM Norm Limit (mg/Nm ³) | NOx (mg/ Nm ³) | NOX Norm Limit (mg/Nm ³) | SO ₂ (mg/ Nm ³) | SO ₂ Norm Limit |
|-------------|-------|---------------------------|-------------------------------------|----------------------------|--------------------------------------|--|----------------------------|
| Natural Gas | 2018 | Not applicable | | 22.2 | 50 | Not applicable | |
| | 2019 | | | 22.3 | | | |
| Diesel | 2018 | 0.25 | 30 | 80 | 200 | 1.3 | 30 |
| | 2019* | - | | - | | - | |

*During 2019, there was no operation with Diesel Oil.

5.5 BIODIVERSITY

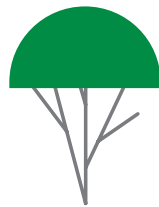
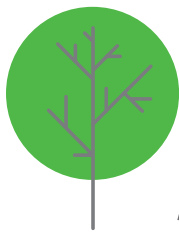
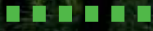
103-2, 103-3

Colbun establishes in its Sustainability Policy its commitment to “Consider in our environmental management the recognition of biodiversity, natural habitats and the management of greenhouse gas emissions to achieve environmental viability in our activities.”

Within this framework and in accordance with the Principles of the Global Compact and the Union for the Conservation of Nature IUCN, we established a Biodiversity Strategy that seeks to face the challenge of managing biodiversity in an integral way in our work, considering this element throughout the life cycle of our power plants. This includes four guidelines:

- 1.** Consider the impact on biodiversity of the projects in their early stages, using methodologies that allow addressing biodiversity in an integral way and applying the mitigation hierarchy, in order to minimize the residual impact;
- 2.** Maintain plans focused on biodiversity conservation, promoting knowledge of endemic species or in conservation categories, in areas surrounding our facilities;
- 3.** Promote the in situ conservation of biodiversity through the protection and rehabilitation of natural areas or areas of interest;
- 4.** Promote knowledge and understanding of biodiversity in all Company employees.







MAIN PROJECTS IN THE FIELD OF BIODIVERSITY

In addition to the usual tasks of follow-up and monitoring of the different environmental variables and the management of the demands that our plants and projects have, Colbun has promoted initiatives to add value to our existing assets or ecosystems, educating about that biodiversity, as well as promoting the development of associated activities that allow the participation of communities. Two projects were carried out in this area during 2019: Bird Watching and Community Beekeeping.

BIRD WATCHING

The particular conditions of the Angostura Reservoir have allowed the natural development of an area where the birds of the region have established a habitat there as a feeding, resting, refuge and reproduction area.

Identified Species

From the studies carried out, 76 different species of birds have been identified, 98% of which are native. Among the native species, the Chilean partridge stands out for being an endemic species and the shoveler, the Chilean pidgeon and the Black-faced ibis, as protected species according to the Existing Classification Regulations in Chile. Another attractive species observed in the area is the Franklin gull, a species considered one of the most traveling, as it migrates in flocks from Canada to the Magellan area.

Valuing Biodiversity

To value this condition generated by the development of these habitats for birds in the reservoir, the Angostura Sighting project was created, it was launched in 2019. Two high-definition cameras were installed, which capture the activities of the birds in real time, their images are projected on one of the interactive modules, located in the Visitor Center of the Angostura Park. In this module, tourists and visitors can observe the birds live, making close-ups and directing the cameras to the areas of interest with a remote control. In addition, they can learn about the species present in the area, their names, sounds and main characteristics.

Thus, this project has contributed to SDG No. 15 on “Life of Terrestrial Ecosystems”, in particular for its indicator 15.1.2.

Second stage

Currently, as a second stage of the project, we are working on a mobile application, which will allow visitors to take tours of educational info-graphics on their mobile devices, facilitating the recognition of the most common species and their singularities.

In addition, one of the cameras will be enabled for remote viewing of the sighting area, accessed from any computer, cell phone or tablet with an Internet connection.

Likewise, to achieve a more direct experience and always protecting the existing biodiversity, the design of a walkway and a viewpoint with universal access is under development, so that visitors can access the sighting area, without affecting or intervening in the tranquility of the birds and their environment.

Birds in Machicura

In the Maule Region, specifically in the Machicura Reservoir Beach, a first survey was made of the existing bird-life, in order to verify whether the conditions are in place to develop a project similar to Angostura Park, which includes a bird watching area in their habitat. In a first stage, educational material is being prepared on the registered species.



COMMUNITY APICULTURE

As a way to add value to its forests -which were born as reforestation commitments under the scope of environmental authorizations of different projects-, in 2018 Colbun started the “Community Apiculture” program, its main goal is to make native forests and reforestation related with Colbun’s facilities, available to local beekeepers , in order to make the most of its flowering for honey purposes.

Six Communes, 250 hectares

This program began in 2018 with a pilot in a 125-hectare reforestation in the Yumbel commune and given the good results and the interest of the apiculture and scientific communities, it was decided to scale to other communes and afforestations. In this **way the available area has been doubled, to 250 hectares, so that beekeepers can use these lands and 6 communes have been added:** Codegua, Los Andes, Coronel, Quilleco, Cabrero y Santa Barbara.

A medium-term goal is that the honey produced in these sites becomes monofloral, thus generating a production chain with a high socio-environmental impact in all those communities where the “Community Beekeeping” program is being carried out.

Agreement with the University of Concepción

In addition, a collaboration agreement was signed with the University of Concepción, the COASBA beekeeping cooperative (Cooperativa Apícola Campesina de Santa Bárbara) to carry out studies that consider the evaluation of the floral origin of honey, the floristic calendars that help to propose measures that facilitate the process of obtaining monofloral honeys.

The Ecopartnersbank Foundation, which undertakes to collect and generate information about plant and pollen biodiversity, determine the contribution of the plantation to the environmental carbon sequestration service, and establish the potential of other ecosystem services from from the Quillay native forest.

The development of this initiative has contributed to SDG No. 15 on “Life of Terrestrial Ecosystems”, in particular for indicator 15.2.1.





6





GENERAL INFORMATION



6.1

SCOPE OF THE ANNUAL INTEGRATED REPORT

102-10, 102-49

This document includes 2019 performance of Colbun S.A. and its affiliates in Chile and Peru, including all activities related to the Company's business cycle, from development and construction of projects, to sale of energy, through its generation and transmission.

In this document, no Electrogas or Transquillota indicators are presented, since they are subsidiary companies of Colbun S.A.

The most significant changes in 2019 were:

- In December 2019, the Company sold the Antilhue Thermoelectric Power Plant. While in this report the information on the number of workers (which is updated to December 2019) does

not include this power plant, other indicators considered throughout this document, were emissions, water use, training and generation energy, among others..

- The number of unregulated clients increased significantly, from 161 in 2018 to 269 clients with as of December 2019.
- Significant progress was also made in renewable solar and wind energy projects. During 2019, the development of four solar and one wind projects was consolidated, for 1,600 MW, all of which are environmentally approved or in the process of approval (February 2020).



6.2 METHODOLOGY

102-48, 102-50, 102-51, 102-52, 102-54

This Report was prepared in accordance with the principles of the International Integrated Reporting Council (IIRC), contemplating the mandatory requirements of the Financial Market Commission (CMF). This Report has been prepared in accordance with the Comprehensive option of the GRI Standards (Global Reporting Initiative). Furthermore, the Integrated Memory constitutes a communication of progress (CoP) for the United Nations Global Compact and links Colbun's performance with the Sustainable Development Goals (SDGs). We maintain the commitment to report annually our performance in the environmental, social, corporate

governance and economic fields. There were no relevant changes in methodology compared to what was reported in the 2018 Annual Report.

Regarding the reinstatements that were reported in 2018 Annual Integrated Report, they apply to the following GRI standards:

- **102-35:** variable executive compensation in Chile is corrected, considering the payment of the permanence bonus per year.
- **202-1:** the minimum wage for workers in Chile is corrected, including bonuses, mobilization and food.



6.3 MATERIALITY ASSESSMENT

102-32, 102-44, 102-46, 102-47

The assessment process of the Annual Integrated Report is detailed following the “materiality survey” process proposed by the GRI Standards methodology.

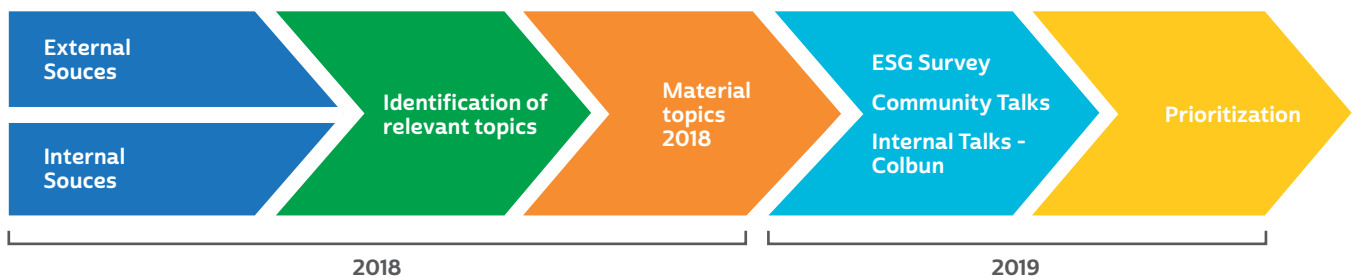
Materiality assessment is the process where relevant topics to be included in the Integrated Report are determined, either because they show the economic, environmental and social effects of the organization, or because they significantly influence the decisions of the groups of interest.

To identify the materiality of the 2019 Annual Integrated Report, the survey carried out in 2018 was taken from both internal and external sources, considering that the topics relevant to a company like Colbun do not change every year. It should be remembered that this process first included interviews and public information available related to the power industry and Colbun, reviewed from an internal and external point of view, which allowed

identifying the relevant topics (long list) grouped into major material and prioritized topics.

However, to update the 2018 survey, three inputs were incorporated in 2019: first, the relevant material topics collected in the seven talks and accountability reports with the community that the Company had during the year; second, the perception survey that is carried out annually with clients, investors, suppliers, contractors, local authorities and neighbors; and thirdly, the result of the talks that took place inside Colbun after the October social outbreak.

Material topics include Chile and Peru, and were validated by the CEO. The list of these topics and their prioritization can be found at the beginning of this Integrated Report.



RELEVANT INFORMATION FOR THE ENERGY INDUSTRY AND COLBUN: EXTERNAL AND INTERNAL SOURCES

In order to identify the characteristics, projections and main challenges of the energy sector and Colbun, information that serves as the basis to assess material topics, the following information was analyzed:

| MATERIALITY ANALYSIS SOURCES 2018 | |
|---|--|
| Internal Sources | External Sources |
| Press Analysis: News generated by Colbun (Chile) | Benchmark: reports and annual reports of national and international energy companies |
| Human Rights Focus Group (Chile) | Industry trends: "Future of Energy in Chile" |
| Presentations of accountability Reports (Chile-Peru) | Press Analysis: News about Colbun from third party sources (Chile-Peru) |
| 2019 Strategic Planning (Chile-Peru) | |
| Dow Jones Sustainability Index Results (Chile-Peru) | |
| Risks Matrix (Chile-Peru) Internal interviews (1 director, Chile 9 executives, Peru 1 executive, 1 union leader) | |
| <ul style="list-style-type: none"> · Analysis of queries received in the Query Line in Chile (913) and Complaint Line in Chile and Peru (29) · Reputation and Risk Survey Chile (ESG) 2018 · Surveys and feedback from communities and stakeholders in Colbun · Accountability Reports (Chile-Peru) · Surveys and feedback from the Meetings with Clients and Suppliers (Chile) · Analysis of opinion polls · Fenix Customer Surveys (10) · Diagnosis of the Fenix community and leadership | |
| MATERIALITY ANALYSIS SOURCES 2019 | |
| Internal Sources | External Sources |
| Reputation and Risk Survey Chile (ESG) 2019: <ul style="list-style-type: none"> · Contractors, suppliers and providers (Chile: 167, Peru: 37) · Generation and Transmission Clients (Chile: 124, Peru: 21) · National and local stakeholders (Chile: 72, Peru: 10) · Investors (Chile + Peru: 38) · Communities (Chile: 300, Peru: 90) | Social outbreak - Chile |
| Talk cycles with workers and permanent contractors Colbun (529) | |
| Talks and public reporting with communities Colbun (Chile) | |





DESCRIPTION OF THE MATERIAL TOPICS

103-1, 102-44, 102-47

Below is the coverage that each material topic has and what subtopics are answered in this report by Colbun (Scope). It also shows which internal and / or external stakeholder group (s) raised them. Finally, the Sustainable Development Goal (s) (SDGs) linked to each material topic is (are) included.

The resulting Materiality Matrix can be seen at the beginning of this Integrated Report and each material topic is described in detail at the beginning of the respective chapter.

| List of Material Topics | Scope | Coverage | Stakeholders group that assigned greater importance | Related SDG Goal |
|--|--|-------------------|---|---|
| Regulation and Change in the Power Industry | <ul style="list-style-type: none"> Power market regulation Regulatory management Flexibility, Distribution and Water Code Electrical industry changes Decentralization | Internal/External | Colbun Workers Contractors Clients Investors |     |
| Client Management | <ul style="list-style-type: none"> Clients Relationships Client Experience Increase in number of clients | Internal/External | Colbun Workers Contractors Clients Investors Community |   |
| New Generation Sources VRE | Solar and wind renewable energy projects | Internal/External | Colbun Workers Contractors Clients Investors Community |   |
| Profitability, Competitiveness and Operational Excellence | <ul style="list-style-type: none"> Profitability and EBITDA Stock fluctuation Economic performance Situation of the power market in Peru Competitive construction costs Energy price Cost efficiency Quality, availability and reliability Efficiency and operational performance Client Portfolio | Internal/External | Colbun Workers Contractors Clients Investors Community |    |
| New Business and Innovation | <ul style="list-style-type: none"> Business strategy New Business Business Opportunities R&D Innovation | Internal/External | Colbun Workers Contractors Clients Investors |   |
| Automation and Digitalization | <ul style="list-style-type: none"> Technology Automation Digitalization | Internal/External | Colbun Workers Contractors Clients Investors | |
| Communications with Stakeholders | <ul style="list-style-type: none"> External Communications Stakeholders Management Prosumer citizens Suppliers Management Payment to SME suppliers after social outbreak * Working conditions of permanent contractors * | Internal/External | Workers Contractors Clients Investors Community |  |

| List of Material Topics | Scope | Coverage | Stakeholders group that assigned greater importance | Related SDG Goal |
|--|--|-------------------|---|---|
| Climate Change | <ul style="list-style-type: none"> Climate change Decarbonization | Internal/External | Workers Clients Investors Community |  |
| Gestión del cambio organizacional | <ul style="list-style-type: none"> Change management facing new challenges Collaboration and horizontal organization Telework* | Internal/External | Colbun Workers Contractors Clients Investors Community |  |
| Occupational Health and Safety | <ul style="list-style-type: none"> Health and safety of our workers and contractors Safety in the communities where we operate | Internal/External | Colbun Workers Contractors |  |
| Corporate Governance and Risks Management | <ul style="list-style-type: none"> Corporate Governance and ethical conduct Board's Structure Transparency Integrity Conflict of interest Risk management | Internal/External | Colbun Workers Contractors Investors |  |
| Internal Culture | <ul style="list-style-type: none"> Human capital Labor practices Work climate Human rights Diversity and inclusion (gender and disability) Treatment and spaces for dialogue (social crisis) * | Internal | Workers Investors |  |
| Community Relationship and Development | <ul style="list-style-type: none"> Chapo Lake Level Santa Maria: emissions San Pedro Project Socio-environmental conflicts Community relationship Education Local infrastructure Local tourism Local Entrepreneurship Job opportunity Local Safety Support for local entrepreneurs after social outbreak * | Internal/External | Clients Communities |  |
| Emissions, Water and Biodiversity | <ul style="list-style-type: none"> Drought * and water management Emissions Noise Environmental care Biodiversity Impact on Human Rights Decontamination | Internal/External | Clients Communities |  |
| Internationalization | <ul style="list-style-type: none"> Growth Diversification of income and risks | Internal/External | Colbun |  |

*Topics addressed in Materiality 2019.

6.4 ANNUAL INTEGRATED REPORT VERIFICATION

102-56

The Annual Integrated Report was reviewed by the EY Consulting company, in order to ensure the reliability of the information provided here and in compliance with the guidelines of the GRI Standard. In addition, this verification process included a detailed review of the materiality assessment and found opportunities for improvement. As for Colbun's Carbon Footprint, this was also verified by the EY Consulting company. It should be noted that the financial information related to the requirements of the Annual Report of the Financial Market Commission is audited by the company KPMG.





Limited and Independent Verification Report of the Greenhouse Gas Emissions Inventory of Colbun S.A., Period 2019 (free translation from the original in Independent Spanish)

To Colbun S.A.

Scope

We have performed a limited and independent verification of the information and data contents presented in the "Greenhouse Gas Inventory" for the period between January 1, 2019 and December 31, 2019 of Colbun S.A.

The preparation of this Inventory is responsibility of the administration of Colbun S.A. Likewise, it is also responsible for the information presented, the alleged contents, the definition of the scope of the Inventory and the management and control of the information systems that provide the reported data.

Our responsibility is to issue our considerations on the reasonableness, consistency and reliability of the data and non-financial information included in this Emission Inventory, based on the verification procedures and the defined scope, which we describe below:

Verification Standards and Procedures

Our review was carried out according to the international verification standard for audits of non-financial information: ISAE 3000, established by the International Auditing and Assurance Board of the International Federation of Accountants.

This international verification standard allows a limited assurance to be obtained of the information contained in the Greenhouse Gas Emissions Inventories for the mentioned period, and also that this Inventory is aligned with:

- ▶ The GHG Protocol Guidelines - which is endorsed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) -.
- ▶ As well as, to corporate criteria and standards indicated by the Colbun administration.

To carry out this work we visited:

- ▶ The Angostura Power Plant, on Tuesday, November 26, 2019, and
- ▶ Nehuenco Thermoelectric Power Plant, on Friday, December 6, 2019.

The target of the visits is to know the production processes, the physical scope and understand the way of consolidation and registration of information of each facility, in order to validate the emission sources considered, and at the same time, understand the registration methodology, calculation, and aggregation of data on fuel consumption, power, waste, and all that input information for estimating emissions.

In the verification process we examine the data and information contained in the Inventory of Effect Gases, through:

- ▶ The review of the supporting documentation provided by the Administración de Colbun S.A.
- ▶ Inspection of the proposed internal standards for evidence.
- ▶ The revision of the formulas, reasonableness, arithmetic and logic of the estimates used in the calculation tool.
- ▶ The application of the guidelines established by the standard of the GHG Protocol.
- ▶ The review of the correct application of the Emission Factors used.

Our responsibility

Our responsibility is limited exclusively to the procedures mentioned in the preceding paragraphs, and corresponds to a verification of limited scope, which serves as the basis for our conclusions. We do not apply extended verification or audit procedures since these processes require systems with a higher level of evidence and longer work times.

Limitations

Considering the described methodology, the Administration of Colbun S.A. has decided to exclude those emission sources related to:

- ▶ The purchase of assets, due to the high uncertainty regarding its emission factors.
- ▶ The fuel used in engine-generators in power plants.
- ▶ The extraction and refining of fuel to the port of dispatch, due to the availability and traceability of the information.

Conclusions

Considering the aforementioned limitations and subject to the effects they may have on the inventory of Greenhouse Gases, not having included them and based on the results of the procedures indicated in the scope of this verification, we conclude that no situation has reached our knowledge that makes us think that:

- ▶ The GHG emissions calculated by Colbun S.A. for the period between January 01, 2019 and December 31, 2019, do not have the supporting documentation defined for the reported data.
- ▶ The emissions inventory has not been prepared according to the established methodological guides.
- ▶ The estimation and arithmetic logic applied to the calculation is out of standard.
- ▶ The information of the data reviewed in the GHG Emissions Inventory for the period in question, are not presented correctly.

Improvement Recommendations

Without affecting our conclusions, we have detected opportunities for improvement, which are detailed in a separate recommendations report, presented to the technical counterpart of Colbun S.A.

Yours faithfully,

EY Consulting SpA.



Elanne Almeida, Socia

February 28, 2020

1-00066/20

Independent Limited Verification Report of the Integrated Report 2019 of Colbun S.A. (free translation from the original in Independent Spanish)

**To the Chairman and Directors of
Colbun S.A.**

Scope

We have carried out a limited and independent verification of the information contents and the data presented in the 2019 Colbun SA annual integrated memory, which has a temporal scope for the period from January 01, 2019 to December 31, 2019. All information outside this period was not part of the verification.

The preparation of the annual integrated report in the fields of sustainability, the information and statements contained therein, the definition of the scope of the report, management and control of the information systems that provide the reported data, are the sole responsibility of the Administration of Colbun S.A.

Verification Standards and Procedures

Our review was carried out in accordance with the international verification standard for audits of non-financial information ISAE 3000, established by the International Auditing and Assurance Board of the International Federation of Accountants, and the standard for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI).

The verified GRI indicators are identified in the 2019 Annual Integrated Report of Colbun S.A.

Our procedures were designed with the aim of:

- ▶ Verify that the information and data presented in the 2019 Colbun S.A. Annual Integrated Report, are duly supported by evidence.
- ▶ Determine that Colbun S.A. has prepared its 2019 Integrated Report in accordance with the performance indicators and the principles of the GRI standard.
- ▶ Confirm the level of application declared (Essential or Exhaustive) by Colbun S.A. to its 2019 Integrated Report, according to the GRI standard.

Procedures performed

Our verification work consisted of investigating with representatives of the Management, Management and Units of Colbun S.A. involved in the process of preparing the report, as well as in carrying out other analytical procedures and sampling tests such as:

- ▶ Interviews with key personnel of Colbun S.A.
- ▶ Review of the supporting documentation provided by Colbun S.A.
- ▶ Revision of formulas and calculations associated with quantitative information through data re-processing.
- ▶ Review of the wording of the 2019 Annual Integrated Report, ensuring that it does not lead to error or doubt regarding the information presented.

Our Responsibility

Our responsibility is limited exclusively to the procedures mentioned in the preceding paragraphs, and corresponds to a verification of limited scope, which serves as the basis for our conclusions. We do not apply extended verification procedures, where the target is to express an external verification opinion on the 2019 Colbun S.A. Annual Integrated Report. Therefore, we do not express an opinion.

Conclusions

Subject to the limitations of the scope indicated above, and based on our limited independent verification work on the 2019 Colbun S.A. Annual Integrated Report, we conclude that no situation has come to our attention that would make us think that:

- ▶ The information and data published in the 2019 Colbun S.A. Annual Integrated Report are not presented correctly.
- ▶ 2019 Colbun S.A. Annual Integrated Report has not been prepared in accordance with the standard version for preparing GRI Sustainability Reports.
- ▶ The option declared by Colbun S.A. does not meet the requirements, in accordance with the provisions of the GRI application standard version.

Improvement Recommendations

Without affecting our conclusions based on the limited scope of the verification; We have detected opportunities for improvement to the 2019 Colbun S.A. Annual Integrated Report. These opportunities are detailed in a separate report of recommendations, presented to the Administration of Colbun S.A.

Independencia

EY Consulting SpA is an independent firm, unrelated to the calculation, preparation or supply of economic, environmental or social data presented in the 2019 Colbun S.A. Annual Integrated Report.

Yours faithfully

EY Consulting SpA.



Elanne Almeida

April 6, 2020

I-0093/19

Liability Statement

In compliance with the provisions of the General Norm N ° 283 issued by the Commission for the Financial Market, the undersigned declare under oath that all the information included in this Annual Integrated Report is a faithful expression of the truth, therefore we accept the corresponding legal responsibility.



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7.051.490-7



VIVIANNE BLANLOT SOZA
Vice-Chairwoman
6.964.638-7



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GRI STANDARDS INDEX

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| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|------------|---|---|-----------|-------------------|
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | 102-1 | Name of the organization | 2.4 Ownership and Corporate Structure / Identification of the Company/ Annexes: Ownership and company structure | | |
| | 102-2 | Activities, brands, products, and services | Colbun in figures 2019 | | |
| | 102-3 | Location of headquarters | Identification of the Company | | |
| | 102-4 | Location of operations | 2.3 Our Facilities | | |
| | 102-5 | Ownership and legal form | 2.4 Ownership and Corporate Structure / Identification of the Company/ Annexes: Ownership and company structure | | |
| | 102-6 | Markets served | Colbun in Figures / 2.3 Our Facilities | | |
| | 102-7 | Scale of the organization | Colbun in figures 2019 | | |
| | 102-8 | Information on employees and other workers | 4.1 Our Workers / Annexes: Workers | | Principle 6 |
| | 102-9 | Supply chain | 4.2 Contractors and Suppliers | | |
| | 102-10 | Significant changes to the organization and its supply chain | 2.4 Ownership and Corporate / 6.1 Scope of the Annual Integrated Report | | |
| | 102-11 | Precautionary Principle or approach | 2.6 Value Creation and Strategic Agenda | | |
| | 102-12 | External initiatives | Annexes: Associations and collaborative instances in which we participate | | |
| | 102-13 | Membership of associations | Annexes: Associations and collaborative instances in which we participate | | |
| | 102-14 | Statement from senior decision-maker | Letter from the Chairman | | |
| | 102-15 | Key impacts, risks, and opportunities | Letter from the Chairman / 2.9 Risk Management / Annexes: Risk Management | | |
| | 102-16 | Values, principles, standards, and norms of behavior | 3.7 Ethics and Corporate Governance | | Principle 10 |
| | 102-17 | Mechanisms for advice and concerns about ethics | 3.7 Ethics and Corporate Governance / 4.1 Workers / 4.4 Community Relationship | | Principle 10 |
| | 102-18 | Governance structure | 2.5 Our Corporate Governance | | |
| | 102-19 | Delegating authority | 2.5 Our Corporate Governance | | |
| | 102-20 | Executive-level responsibility for economic, environmental, and social topics | 2.5 Our Corporate Governance | | |
| | 102-21 | Consulting stakeholders on economic, environmental, and social topics | 2.5 Our Corporate Governance / 4.4 Community Relationship | | |
| | 102-22 | Composition of the highest governance body and its committees | 2.5 Our Corporate Governance / Annexes: Biographies of the Board / Annexes: Independence of the Board | | |
| | 102-23 | Chair of the highest governance body | 2.5 Our Corporate Governance | | |
| | 102-24 | Nominating and selecting the highest governance body | 2.5 Our Corporate Governance / Annexes: Effectiveness of the Board | | |
| | 102-25 | Conflicts of interest | 3.7 Ethics and Corporate Governance | | |
| | 102-26 | Role of highest governance body in setting purpose, values, and strategy | 3.7 Ethics and Corporate Governance | | |
| | 102-27 | Collective knowledge of highest governance body | 2.5 Our Corporate Governance | | |
| | 102-28 | Evaluating the highest governance body's performance | 2.5 Our Corporate Governance | | |
| | 102-29 | Identifying and managing economic, environmental, and social impacts | 3.7 Ethics and Corporate Governance / 2.9 Risk Management | | |
| | 102-30 | Effectiveness of risk management processes | 3.7 Ethics and Corporate Governance / 2.9 Risk Management / Annexes: Risk Management | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|---|--|--|---|-------------------|
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | 102-31 | Review of economic, environmental, and social topics | 3.7 Ethics and Corporate Governance / 2.9 Risk Management/ Annexes: Risk Management | | |
| | 102-32 | Highest governance body's role in sustainability reporting | Content Orientation of this Annual Integrated Report / 6.3 Materiality Assessment | | |
| | 102-33 | Communicating critical concerns | 2.5 Our Corporate Governance | | |
| | 102-34 | Nature and total number of critical concerns | 2.5 Our Corporate Governance / 3.7 Ethics and Corporate Governance | | |
| | 102-35 | Remuneration policies | 2.5 Our Corporate Governance / 4.1 Workers | | |
| | 102-36 | Process for determining remuneration | 2.5 Our Corporate Governance / 4.1 Workers | | |
| | 102-37 | Stakeholders' involvement in remuneration | 2.5 Our Corporate Governance / 4.1 Workers | | |
| | 102-38 | Annual total compensation ratio | | Confidentiality problem: strategic information. | |
| | 102-39 | Percentage increase in annual total compensation ratio | | Confidentiality problem: strategic information. | |
| | 102-40 | List of stakeholder groups | 2.6 Value creation and strategic agenda | | |
| | 102-41 | Collective bargaining agreements | 4.1 Workers / Annexes: Unionization | | Principle 3 |
| | 102-42 | Identifying and selecting stakeholders | 2.6 Value creation and strategic agenda / Annexes: Stakeholders identification | | |
| | 102-43 | Approach to stakeholder engagement | 2.8 Sustainability Management / 3.7 Ethics and Corporate Governance / 4.1 Workers / 4.4 Community Relationship | | |
| | 102-44 | Key topics and concerns raised | 6.3 Materiality Assessment | | |
| | 102-45 | Entities included in the consolidated financial statements | 2.4 Ownership and Corporate Structure Annexes: Financial Statements | | |
| | 102-46 | Defining report content and topic Boundaries | Content Orientation of this Annual Integrated Report / 6.3 Materiality Assessment | | |
| | 102-47 | List of material topics | Content Orientation of this Annual Integrated Report / 6.3 Materiality Assessment | | |
| | 102-48 | Restatements of information | 6.2 Methodology | | |
| | 102-49 | Changes in reporting | 6.1 Scope of the Annual Integrated Report | | |
| | 102-50 | Reporting period | 6.2 Methodology | | |
| | 102-51 | Date of most recent report | 6.2 Methodology | | |
| | 102-52 | Reporting cycle | 6.2 Methodology | | |
| | 102-53 | Contact point for questions regarding the report | Contact Information | | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 6.2 Methodology | | |
| | 102-55 | GRI content index | GRI Standard Index | | |
| | 102-56 | External assurance | 6.4 Verification of the Integrated | | |
| | Material Topic: Clients Management | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 3 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 3 / 3.3 Business Management: commercial policy and energy supply | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 3 / 3.3 Business Management: commercial policy and energy supply | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|------------|---|--|--|-------------------|
| Material Topic: Clients Management | | | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | |
| GRI 417: Marketing and Labeling 2016 | 417-1 | Requirements for product and service information and labeling | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | |
| | 417-2 | Incidents of non-compliance concerning product and service information and labeling | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | |
| | 417-3 | Incidents of non-compliance concerning marketing communications | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 3.3 Business Management: commercial policy and energy supply | | |
| | EU3 | Number of residential, industrial, institutional and commercial clients | 3.3 Business Management: commercial policy and energy supply / 3.4 Transmission Business | | |
| Material Topic: Profitability, competitiveness and operational excellence | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 3 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 3 / 3.1 Consolidated Financial Management / 3.3 Business Management: commercial policy and energy supply / 3.5 Growth Prospects: Renewables / 3.6 International Evolution / 5.2 Use of materials and efficiency / Annexes: Growth prospects | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 3 / 3.1 Consolidated Financial Management / 3.3 Business Management: commercial policy and energy supply / 3.5 Growth Prospects: Renewables / 3.6 International Evolution / 5.2 Use of materials and efficiency / Annexes: Growth prospects | | |
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 3.1 Consolidated Financial Management | | |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 5.3 Climate Change | | Principle 7 |
| | 201-3 | Defined benefit plan obligations and other retirement plans | Annexes: Workers eligible to retire | | |
| | 201-4 | Financial assistance received from government | 3.1 Consolidated Financial Management | | |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | Annexes: Detail of fines and sanction processes of 2019 | | Principle 8 |
| GRI 108: Management Approach, 2018 | 308-1 | New suppliers that were screened using environmental criteria | 4.2 Contractors and suppliers | | Principle 8 |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 4.2 Contractors and suppliers | | Principle 8 |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|------------|--|--|-----------|-------------------|
| Material Topic: Profitability, competitiveness and operational excellence | | | | | |
| GRI 410: Security Practices 2016 | 410-1 | Security personnel trained in human rights policies or procedures | 4.2 Contractors and suppliers | | Principle 1 |
| GRI 412: Human Rights Assessment 2016 | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 2.8 Sustainability Management / 4.1 Workers / 4.2 Contractors and Suppliers / 4.3 Occupational Health and Safety | | Principle 1 |
| | 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 4.2 Contractors and Suppliers | | Principle 2 |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 4.2 Contractors and Suppliers | | Principle 2 |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 4.2 Contractors and Suppliers | | Principle 2 |
| GRI 419: Socioeconomic Compliance 2018 | 419-1 | Non-compliance with laws and regulations in the social and economic area | Annexes: Detail of fines and sanction processes of 2019 | | |
| | EU1 | Installed capacity, analyzed by energy source and by regulatory regime | Colbun in figures 2019 / 2.3 Our Facilities / 3.3 Business Management: commercial policy and energy supply | | |
| | EU2 | Net energy production itemized by energy source and by country and regulatory regime | 3.3 Business Management: commercial policy and energy supply | | |
| | EU4 | Length of transmission and distribution lines by voltage | Colbun in figures 2019 / 3.4 Transmission Business | | |
| | EU6 | Management to ensure the availability and reliability in the short and long term of power | 2.3 Our Facilities / 3.3 Business Management: commercial policy and energy supply | | |
| | EU8 | Research and development activities, aimed at providing reliable and attainable power and promoting sustainable development | 2.7 Innovation and Digital Transformation Strategy / 3.3 Business Management: commercial policy and energy supply / Annexes: Other cases of innovation in Colbun | | |
| | EU10 | Planned capacity versus projected demand for power in the long term, itemized by energy source and regulatory regime | Annexes: Growth prospects | | |
| | EU11 | Average energy efficiency of thermal plants by energy source and by regulatory regime | 5.2 Use of materials and efficiency | | |
| | EU12 | Transmission and distribution loss as a percentage of total energy | 3.4 Transmission Business | | |
| | EU21 | Contingency planning measures, disaster or emergency management plan and training programs, and recovery and restoration plans | 4.3 Occupational Health and Safety | | |
| | EU30 | Average factor of plant availability by energy source and by regulatory regime. | 3.3 Business Management: commercial policy and energy supply | | |
| Material Topic: New Generation Sources | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 3 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 3 / 3.5 Growth prospects: Renewables | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 3 / 3.5 Growth prospects: Renewables | | |
| Colbún-6. EC | | Describe the status of the Company projects, future prospects and goals associated with growth. | 3.5 Growth prospects: Renewables / 3.6 International Evolution | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|--------------|---|---|-----------|-------------------|
| Material Topic: Regulation and Change of the Power Industry | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 1 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 1 / 1.1 General Context / 1.2 Regulatory Framework / Annexes Regulatory Changes | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 1 / 1.1 General Context / 1.2 Regulatory Framework / Annexes Regulatory Changes | | |
| | Colbun-6. EC | Describe the status of the Company's projects, future prospects and goals associated with growth. | 3.5 Growth Prospects: Renewables / 3.6 International Evolution | | |
| | Colbun-7. EC | Colbun's vision regarding the energy agenda and new regulations | 1.1 General Context / 1.2 Regulatory Framework | | |
| Material Topic: New Business and Innovation | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 2 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 2 / 2.6 Value Creation and Strategic Agenda / 2.7 Innovation and Digital Transformation Strategy / Annexes: Colbun 2019, Other innovation cases | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 2 / 2.6 Value Creation and Strategic Agenda / 2.7 Innovation and Digital Transformation Strategy / Annexes: Colbun 2019, Other innovation cases | | |
| Material Topic: Automation and Digitization | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 2 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 2 / 2.7 Innovation and Digital Transformation Strategy | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 2 / 2.7 Innovation and Digital Transformation Strategy | | |
| Material Topic: Communication with stakeholders | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 2 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 2 / 2.8 Sustainability Management / 4.1 Workers / 4.2 Contractors and suppliers / 4.4 Community Relationship / Annexes: How we communicate with our stakeholders / Annexes: Communication channels with unions / Annexes: Labor claims | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 2 / 2.8 Sustainability Management / 4.1 Workers / 4.2 Contractors and suppliers / 4.4 Community Relationship / Annexes: How we communicate with our stakeholders / Annexes: Communication channels with unions / Annexes: Labor claims | | |
| Material Topic: Climate Change | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 5 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 5 / 5.3 Climate Change | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 5 / 5.3 Climate Change | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|---|------------|--|---|---|---|
| Material Topic: Climate Change | | | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | Annexes: Use of materials and efficiency | | Principle 7 / Principle 8 |
| | 302-2 | Energy consumption outside of the organization | 5.3 Climate Change | | Principle 8 |
| | 302-3 | Energy intensity | 5.3 Climate Change | Not applicable: it is a content that does not cover the specific impacts that make the topic material | Principle 8 |
| | 302-4 | Reduction of energy consumption | 5.1 Water resource and drought / 5.2 Use of materials and efficiency | | Principle 8 / Principle 9 |
| | 302-5 | Reductions in energy requirements of products and services | | Not applicable: it is a content that does not cover the specific impacts that make the topic material | Principle 8 / Principle 9 |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 5.3 Climate Change | | Principle 7 / Principle 8 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 5.3 Climate Change | | Principle 7 / Principle 8 |
| GRI 305: Emissions 2016 | 305-3 | Other indirect (Scope 3) GHG emissions | 5.3 Climate Change | | Principle 7 / Principle 8 |
| | 305-4 | GHG emissions intensity | 5.3 Climate Change | | Principle 8 |
| | 305-5 | Reduction of GHG emissions | 5.3 Climate Change | | Principle 7 / Principle 8 / Principle 9 |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | Annexes: Atmospheric emissions | | Principle 7 / Principle 8 |
| | EU5 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissionso | 5.3 Climate Change | | |
| Material Topic: Organizational change management | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 4 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 4 / Letter from the Chairman / 2.6 Value Creation and Strategic Agenda / 2.7 Innovation and Digital Transformation Strategy / 4.1 Worker | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 4 / Letter from the Chairman / 2.6 Value Creation and Strategic Agenda / 2.7 Innovation and Digital Transformation Strategy / 4.1 Worker | | |
| Material Topic: Occupational Health and Safety | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 4 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 4 / 4.1 Workers | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 4 / 4.1 Workers | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|---|---------------|--|---|-----------|-------------------|
| Material Topic: Occupational Health and Safety | | | | | |
| GRI 403: Occupational Health and Safety 2016 | 403-1 | Occupational health and safety management system | 4.2 Contractors and suppliers / Annexes: Occupational Safety and Health | | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 4.3 Occupational Safety and Health | | |
| | 403-3 | Occupational health services | 4.3 Occupational Safety and Health / Annexes: Occupational Safety and Health | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Annexes: Unionization | | |
| | EU18 | Percentage of contractor and subcontractor workers who have received relevant training in health and safety | Annexes: Occupational Safety and Health | | |
| | EU21 | Contingency planning measures, disaster or emergency management plan and training programs, and recovery and restoration plans | 4.3 Occupational Safety and Health | | |
| | Colbun-12. TR | Percentage of workers in the healthy / normal health range | 4.3 Occupational Safety and Health | | |
| Material Topic: Corporate Governance and Risk Management | | | | | |
| GRI 103: Enfoque de Gestión 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 2 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 2 / 2.9 Risk Management / 3.7 Ethics and Corporate Governance | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 2 / 2.9 Risk Management / 3.7 Ethics and Corporate Governance | | |
| GRI 202: Market Presence 2016 | 202-2 | Proportion of senior management hired from the local community | 2.5 Our Corporate Governance | | Principle 6 |
| GRI 205: Anticorrupción 2016 | 205-1 | Operations assessed for risks related to corruption | 2.8 Sustainability Management / 3.7 Ethics and Corporate Governance | | Principle 10 |
| | 205-2 | Communication and training about anticorruption policies and procedures | 2.8 Sustainability Management / 3.7 Ethics and Corporate Governance / Annexes: Crime prevention model | | Principle 10 |
| | 205-3 | Confirmed incidents of corruption and actions taken | 3.7 Ethics and Corporate Governance | | Principle 10 |
| GRI 206: Competencia desleal 2016 | 206-1 | Acciones jurídicas relacionadas con la competencia desleal, las prácticas monopólicas y contra la libre competencia | 3.7 Ethics and Corporate Governance | | |
| GRI 415: Public Policy 2016 | 415-1 | Political contributions | 4.4 Community Relationship / Annexes: Value of political contributions | | Principle 10 |
| | NCG 386 | Board and Organization Diversity | 2.5 Our Corporate Governance / 4.1 Workers / Annexes: Diversity of workers / Annexes: Chile turnover rate | | |
| Material Topic: Internal Culture | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 4 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 4 / 2.8 Sustainability Management / 4.1 Workers / 4.2 Workers and suppliers | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 4 / 2.8 Sustainability Management / 4.1 Workers / 4.2 Workers and suppliers | | |
| GRI 202: Market Presence 2016 | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | Annexes: Competitive remunerations | | Principle 6 |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|--|---------------|--|---|-----------|-------------------|
| Material Topic: Internal Culture | | | | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | Annexes: Turnover rate | | Principle 6 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.1 Workers / Annexes: Work climate | | |
| | 401-3 | Parental leave | Annexes: Parental Leave | | Principle 6 |
| GRI 402: Labor/ Management Relations 2016 | 402-1 | Minimum notice periods regarding operational changes | Annexes: Communication channels with unions | | Principle 3 |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 4.1 Workers | | Principle 6 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 4.1 Workers / Annexes: Training and development | | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.1 Workers / Annexes: Performance evaluation / Annexes: Work climate | | Principle 6 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 2.5 Our Corporate Governance / 4.1 Workers / Annexes: Diversity of workers | | Principle 6 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 4.1 Workers | | Principle 6 |
| GRI 406: Nondiscrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 2.8 Sustainability Management / 4.2 Contractors ans Suppliers / 4.4 Community Relationship | | Principle 6 |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 2.8 Sustainability Management / 4.1 Workers / 4.2 Contractors ans Suppliers / | | Principle 3 |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 2.8 Sustainability Management / 4.2 Contractors ans Suppliers | | Principle 5 |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 2.8 Sustainability Management / 4.2 Contractors ans Suppliers | | Principle 4 |
| GRI 412: Human Rights Assessment 2016 | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 2.8 Sustainability Management / 4.1 Workers / 4.2 Contractors ans Suppliers / | | Principle 1 |
| | 412-2 | Employee training on human rights policies or procedures | 2.8 Sustainability Management / 4.2 Contractors ans Suppliers | | Principle 1 |
| | EU14 | Processes to ensure the retention and renewal of talents | 4.1 Workers /Annexes: Processes to ensure the retention and renewal of talents | | |
| | EU15 | Percentage of employees entitled to retire in the next 5 and 10 years, itemized by job category and by region | Annexes: Workers eligible to retire | | |
| | Colbun-8. TR | Job vacancies filled through internal contest | 4.1 Workers | | |
| | Colbun-10. TR | GPTW / Climate Survey Results | 4.1 Workers | | |
| Material Topic: Emissions, Water and Biodiversity | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 5 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 5 / 5.1 Water Resource and Drought / 5.2 Use of Material and Efficiency / 5.4 Atmospheric Emissions of Local Source / 5.5 Biodiversity | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 5 / 5.1 Water Resource and Drought / 5.2 Use of Material and Efficiency / 5.4 Atmospheric Emissions of Local Source / 5.5 Biodiversity | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|---|------------|---|--|-----------|------------------------------|
| Material Topic: Emissions, Water and Biodiversity | | | | | |
| GRI 303: Water 2016 | 303-1 | Water withdrawal by source | 5.1 Water resource and drought | | Principle 7 / Principle 8 |
| | 303-2 | Water sources significantly affected by withdrawal of water | Annexes: Biodiversity of water bodies and related habitats | | Principle 8 |
| | 303-3 | Water recycled and reused | 4.4 Community relationship / 5.1 Water resource and drought | | Principle 8 |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Annexes: Biodiversity | | Principle 8 |
| | 304-2 | Significant impacts of activities, products, and services on biodiversity | Annexes: Biodiversity | | Principle 8 |
| | 304-3 | Habitats protected or restored | Annexes: Biodiversity | | Principle 8 |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | Annexes: Biodiversity | | Principle 8 |
| GRI 305: Emissions 2016 | 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | 5.4 Atmospheric Emissions of Local Source | | Principle 7 / Principle 8 |
| Material Topic: Relationship and development with communities: | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 4 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 4 / 4.4 Community Relationship | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 4 / 4.4 Community Relationship | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | 4.4 Community Relationship / Annexes: Local development, Investment in community infrastructure in Chile | | |
| | 203-2 | Significant indirect economic impacts | 4.1 Workers / 4.2 Contractors and suppliers / 4.4 Community Relationship / Annexes: Local development | | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 4.2 Contractors and suppliers / 4.4 Community Relationship | | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples | 4.4 Community Relationship | | Principle 1 |
| GRI 412: Human Rights Assessment 2016 | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 4.3 Occupational Health and Safety / 4.4 Community Relationship | | Principle 1 |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 4.4 Community Relationship / Annexes: Local development | | Principle 1 |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | 4.4 Community Relationship | | Principle 1 |
| | EU19 | Stakeholder participation in decisionmaking processes related to project planning and infrastructure development | 4.4 Community Relationship / Annexes: Citizen participation | | |
| | EU21 | Contingency planning measures, disaster or emergency management plan and training programs, and recovery and restoration plans | 4.3 Occupational Health and Safety | | |

| GRI Standard | Disclosure | Reporting Requirements | Section of the AIR | Omissions | UN Global Compact |
|---|--------------|---|--|--|---------------------------|
| Material Topic: Relationship and development with communities: | | | | | |
| | Colbun-3. SO | Social investment by initiative | 4.4 Community Relationship / Annexes: Local Development | | |
| | Colbun-4. SO | Describe the main socio-environmental conflicts that took place this year and how they were addressed | 4.4 Community Relationship | | |
| Material Topic: Internationalization | | | | | |
| GRI 103: Management Approach, 2016 | 103-1 | Explanation of the material topic and its Boundary | Materiality Analysis Chapter 3 / 6.3 Materiality Assessment | | |
| | 103-2 | The management approach and its components | Materiality Analysis Chapter 3 / 3.6 International Evolution | | |
| | 103-3 | Evaluation of the management approach | Materiality Analysis Chapter 3 / 3.6 International Evolution | | |
| | Colbun-6. EC | Describe the status of the Company's projects, future prospects and goals associated with growth. | 3.5 Growth Prospects: Renewables / 3.6 International Evolution | | |
| Relevant Organizational Disclosure - Standard Topic: Environmental | | | | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | 5.2 Uso de materiales y eficiencia | | Principle 7 / Principle 8 |
| | 301-2 | Recycled input materials used | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | Principle 8 |
| | 301-3 | Reclaimed products and their packaging materials | | Not applicable: it is a content that does not cover the specific impacts that make the topic material. | Principle 8 |
| GRI 306: Effluents and Waste 2016 | 306-1 | Water discharge by quality and destination | Annexes: Waste water discharges | | Principle 8 |
| | 306-2 | Waste by type and disposal method | Annexes: Waste generated | | Principle 8 |
| | 306-3 | Significant spills | 4.4 Community Relationship / Annexes: Waste water discharges | | Principle 8 |
| | 306-5 | Water bodies affected by water discharges and/or runoff | Annexes: Biodiversity of water bodies and related habitats | | Principle 8 |

7





APPENDIXES



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7.1 COUNTRY CONTEXT AND THE ENERGY INDUSTRY



REGULATORY FRAMEWORK CHANGES

103-2, 103-3, ColbUn-7.EC

The following section presents other regulatory framework changes in the power industry addressed in the main body of the Report.

Chile

CET

During 2019, the process of determining an Equivalent Transmission Charge (CET) ended, it was considered in the Transitory Article 25 of Law No. 20,936, where a new transmission remuneration and payment scheme is established, determining the charge has to be paid entirely by final, unregulated and regulated consumers, through the Single Transmission Charge (CUT). This transitional article establishes that generation companies and their clients, who have signed contracts prior to the entry into force of this Law, can voluntarily join this mechanism by modifying their respective supply contracts, reflecting a decrease in the energy price as of January 2019.

Upon this date, the final customer will begin to pay the national toll through the CUT. Colbun, together with each of its regulated and unregulated clients, decided to participate in this mechanism, a process that ended in October 2019 with the publication of all individualized clients.

COMPLEMENTARY SERVICES

At the regulation level, the new SEN Coordination and Operation Regulation

and the Supplementary Services Regulation (SSCC) that came into force stands out in 2019 and, among the Resolutions that are being processed, the Exempt Resolution that will establish the technical provisions for the implementation of the Price Stabilization Mechanism (PEC) for regulated clients.

We highlight that, during 2019, the first process of defining SSCC was carried out by the CNE (National Energy Commission) and CEN (National Electric Coordinator), to prepare the new SSCC market that begins to govern in January 2020.

Also in regulatory matters, in June 2019 the Ministry of Environment introduced to Congress - still under discussion - a new reform to the Environmental Impact Assessment System (SEIA) which could replace the one introduced in July 2018, where the main changes aim to eliminate the Committee of Ministers or the Executive Director of the SEA (the governmental Environmental Assessment Service) as reviewing entities of claim resources; Strengthen the regional environmental evaluation commissions (eliminating the proposal of the three macro-zonal commissions of the 2018 Project), and improving the way for citizen participation, incorporating it in all environmental evaluation processes.

PROGRESS IN LAW ELABORATION

Law that creates a transitory price stabilization mechanism for regulated clients.

In November 2019, Law No. 21,185 was published in the Official Gazette (therefore came into force) creating a transitional mechanism to stabilize power prices for clients subject to tariff regulation; the purpose is to stabilize the price of power generation at levels valid the first half of 2019. This mechanism involves postponing the flow of income that corresponds to the difference between the price stipulated in the supply contracts and the stabilized price. The amount of debt accumulated due to the aforementioned postponement, will depend, among other factors, on the evolution of the CLP / USD exchange rate and on the evolution of the price indexers stipulated in the contracts. The total amount of the system's debt cannot exceed US\$ 1,350 million and the total recovery of balances will occur with a maximum term established for December 31, 2027. It is estimated that in the case of Colbun, the delay could be of the order US\$ 150 million.

Law that reduces the profitability of distribution companies and improves the rate process.

On December 21, 2019, Law No. 21,194 came into force, it reduces the profitability of distribution companies and improves the energy distribution rate process.

In 2018, a pre-legislative process started in order to implement a profound reform of the distribution segment, which included a consensual diagnosis of the current situation, the hiring of technical studies, together with participatory bodies seeking to modernize the regulation of the energy distribution incorporating citizen concerns. This diagnosis revealed the need to make urgent changes to the distribution segment, integrating citizen concerns and parliamentary initiatives, such as the proposal to standardize the distribution segment-pricing regime with that of other energy sectors, such as transmission, where the updated rate is established through an ad hoc study by the National Energy Commission (CNE).

In this context, a bill that reviews the profitability of companies and the cost determination procedures of providers of energy distribution services was designed. The changes approved in the law apply to the next rate period (quadrennium November 2020 - October 2024) and is summarized as:

- Limit the return rate, changing from a fixed rate scheme of 10% before taxes, to a rate scheme calculated through a traditional valuation method (CAPM), with a floor of 6% and a ceiling of 8% after taxes, where its determination is adjusted to the current market conditions in each four-year tariff process.

- A single cost study carried out by CNE to replace the current mechanism that weights 2/3 the regulator's study and 1/3 the companies' study, which structurally generated divergent incentives between the regulator and the companies.
- The possibility of going to the Experts Panel is given, in the event of discrepancies regarding the cost study that CNE will carry out.
- Furthermore, citizen participation is allowed in a transparent and discutable way, based on technical, legal and economic arguments. A participant registry is created. The process includes citizen participation and transparent access to information and results.
- Definition change of "typical areas" to provide greater flexibility to the regulator when defining these areas, being able to increase their number and improve the representativeness of the rate process in relation to the different companies and their various concession areas, so that the efficient companies that turn out to better reflect the conditions under which each typical area must operate.
- Companies are obliged to have a single line of power distribution, in order to differentiate regulated activity from other activities. Cooperatives, due to their nature and size, must keep separate accounts for

distribution activities. This will allow the regulator to have a mechanism to monitor the real profitability of companies subject to regulation in distribution.

PROGRESS IN THE ELABORATION OF REGULATIONS

Coordination and Operation of the National Electric System Regulation

The Regulation for Coordination and Operation of the National Electric System (SEN) is derived from the new attributions of the Coordinator of the National Electric System (CEN) defined in the Transmission Law (Law No. 20,936). The Regulation establishes the powers and criteria that the Coordinator must use to coordinate and operate the electrical system in the most economical way possible for the set of system installations, preserving the safety and quality of service standards and guaranteeing open access to transmission systems. It obliges the coordinated entities to provide complete, truthful and timely information to CEN, regulates the declaration in construction, commissioning and commissioning of the facilities to SEN, establishes considerations for the programming of the operation and for the placement of energy resources, with manageable energy valuation mechanisms compatible with the complementary services market, particularly with very short-term auctions.

The requirements to the coordinated entities of renewable generation from variable sources units for the centralized generation forecast are also regulated, including the dispatch on real time of statistical information, of parameters and operational variables such as the influent energy of the variable primary resources, among others.

One of the most innovative aspects of this Regulation is the incorporation of three forms of operation of the Storage Systems and Pumping power plants: (i) operation for energy arbitration, (ii) operation of storage systems such as transmission equipment or of complementary services regarding the awarding of tenders, and (iii) operation of renewable power plants with storage systems.

This regulation began its preparation during 2017, but the application was withdrawn from the General Comptroller of the Republic during 2018, and finally came into force in December 2019. It should be noted that the application of this regulation is subject to the elaboration of the respective technical standard.

Complementary Services Regulation

Complementary services (SSCC) are those services or products that allow the delivery of a safe and continuous supply of energy.

Law No. 20,936, "Establishes a New Electric Transmission System and

Creates an Independent Coordinating Body for the National Electric System" ("Transmission Law"), created a completely new SSCC regime in the generation segment, it entered into force as of January 2020. In accordance with reforms introduced by the Transmission Law, as of January 2020, SSCCs are granted in commercial conditions through bidding and auctions, or through the investigative mechanism directly from the Independent Coordinator of the National Electric System when bids and auctions are declared void or in the event that it is determined that there are no conditions of competition to provide the service (until before the modifications introduced by the aforementioned Law, it was the Economic Load Dispatch Center - CDEC- respective who directly determined who should provide the necessary SSCC).

Among the changes introduced by Law No. 20,936 regarding SSCC, the responsibility for payment of new facilities required to provide complementary services to final users stands out. Thus, the Coordinator and the CNE were empowered to introduce new services when they consider it necessary. The details of the application of these and other changes were subject to the new Complementary Services Regulation, therefore the Commission formed a working group during 2017 with different industry stakeholders.

In this instance, Colbun's approaches aimed for Complementary Services to

be recognized and encouraged as an indispensable part of the safe operation of the system, especially in scenarios of high incorporation of renewable wind and solar energy. In 2017 the new regulation was discussed, drafted, went through Public Consultation and by the end of the year presented to the General Comptroller of the Republic. During 2018, the regulation was withdrawn from the Comptroller's Office by the Ministry of Energy.

Finally, in March 2019, the current Complementary Services Regulation came in force.

In relation to this Regulation and its eventual modifications, it should be noted that, in December 2019, the Ministry of Energy released a proposal for a Flexibility Strategy, which contemplates future changes at different regulatory levels that are intended to provide the power system incentives for greater flexibility to safely incorporate renewable energy from variable sources. This new flexible resources market could be conceived by expanding the scope of complementary services trading.

Regulation for Small Scale Generation Means

This regulation is applicable to companies with Small Generation Means connected to systems, with an installed capacity of over 200 MW, that have surplus power supplies less than or equal to 9 MW connected to the distribution network (PMGD: Small Distributed Generation Means) or surplus of supply power less than or equal to 9 MW connected to the national, zonal, dedicated transmission system or development poles (PMG: Small Generation Means). Both PMG and PMGD are subject to the coordination of the National Electric Coordinator and have benefits compared to conventional power plants, because they can opt for a price stabilization regime and can operate with a self-dispatch regime.

The Regulation for Small Scale Generation Means defines the connection procedure, allocation of connection costs, studies and impacts to the network, measures and valuation of the injections

to the network of PMGD and PMG at a stabilized price defined by the CNE , among others.

One of the relevant innovations introduced by this new version of the Regulation, presented to the Comptroller's Office on October 10, 2019, is the definition of 6 time blocks, for the determination of a stabilized price in each of them with a similar calculation mechanism done every six months for the Short-Term Node Prices.

Regulation of distributed generation for self-consumption (Netbilling Regulation)

This Regulation is applicable to regulated clients subject to pricing who have NCRE or efficient co-generation available for their "own consumption", individually or collectively, and who will have the right to inject and to have their energy injected into the power distribution grid. The regulations allow surpluses to be sold to the grid using Law No. 20,571 and defines

that the installed capacity of self-consumption projects (generation equipment) may not exceed 300 kW.

In addition, the new version of this Regulation defines the possible generation equipment, among it includes the "joint generation equipment" that allows various users to share the ownership and benefits of a generation equipment, under certain specified conditions.

Likewise, the allocation of connection costs and impacts to the network is regulated, as well as connection procedures, the valorization of injections to the network and the form of payment of these. Requirements are also established for distribution companies, such as the obligation to keep technical information available from networks and the deadlines and content of responses to connection requests, among others. The Regulation Draft was presented to the Comptroller's Office on August 5, 2019.

SUMMARY OF THE STATUS OF PROCESSING OF THE REGULATIONS

| Regulation | Subject-Matter | Processing Status |
|--|--|---|
| Complementary Services | It establishes the provisions applicable to the complementary services referred to in Article 72 ° -7 of the General Law of Electric Services that the National Electric System must have. | Published in DO on 03/27/2019 |
| Coordination and Operation of the National Power System | It establishes the provisions applicable to the coordination and operation of the National Electric System, as well as the other matters necessary for the proper exercise of the functions of the Independent Coordinator of the National Electric System (CEN) and the rights and duties of the entities subject to such coordination. It contains the provisions applicable to the scheduling of the operation to be carried out by the CEN of the Medium Systems in which there is more than one generating company in accordance with the LGSE. | Approved by CGR and published in DO on 12/20/2019 |
| Safety of electrical power consumption facilities | It establishes the minimum requirements that must be considered in the design, construction, commissioning, operation, repair and maintenance of all electrical energy consumption installations up to the point of connection of the end user with the distribution network, so that their operation is in safe conditions for people and materials. | Withdrawn from CGR on 08/09/2019 |
| Qualification, valuation, pricing and remuneration of transmission facilities | It establishes the provisions applicable to the processes of qualification, valuation, pricing and remuneration of the facilities of the power transmission systems, as well as the other matters necessary for their proper development. | Re-entered CGR on 12/26/2019 |
| Distributed generation for self-consumption (Netbilling) | It establishes the applicable provisions regarding distributed generation destined for self-consumption, in particular the procedure to carry out the connection of the generation equipment and the cost of additional works or adaptations for the connection, establish the limits to the connection and injections of the generation equipment that does not require additional works or adaptations for the connection, measurements and recovery of injections and transfers of surplus non-conventional renewable energy, as well as other materials for the proper development of distributed generation for selfconsumption. | Presented CGR on 08/05/2019 |
| Small-scale generation media (PMGD and PMG) | It establishes the provisions applicable to the generation means connected to the installations of the national electrical system with surplus power less than or equal to 9,000 kW (small-scale generation means). Regulates the procedure for its interconnection to distribution networks, as well as the determination and costs of additional works, adaptations or necessary adjustments; the requirements and methodologies to establish the limits to the connection and to the injections of energy and power; the provisions related to the measurement and billing of the injections that the small-scale generation means make to the electrical systems; price stabilization mechanisms, provisions associated with the operation and coordination of these means of generation; and the other subjects necessary for the proper development of the small-scale generation. | Presented CGR on 10/10/2019 |

ANNUAL NORMATIVE WORK OF THE CNE

Since the end of 2016 and as stipulated by the Electric Transmission Law, the National Energy Commission must annually establish a Work Plan, through an exempt resolution, that allows the proposal, facilitation and coordination of development of technical standards. This normative work must be carried out through a public and participatory process, which may be initiated ex officio by the Commission or at the request of the Coordinator, the coordinated entities or any other body or institution with participation or interest in the power sector.

Within the CNE Work Plan for 2019, were the following regulations:

- Amendments to the Technical Standard for Connection and Operation of PMGD in Medium Voltage Installations.
- Amendments to the Technical Standard for the Connection and Operation of Low Voltage Generation Equipment.
- Preparation of a Technical Appendix for Measurement, Control and Monitoring Systems of the Technical Quality of Service Standard for Distribution Systems.
- Elaboration of Technical Appendix of Design of Installations, of the Technical Norm of Safety and Quality of Service.

- Regulatory Works that will be part of the Technical Standard for Coordination and Operation of the National Electric System:
 - Normative work on the Declaration of Variable Costs.
 - Normative work on Economic Transfers.
 - Normative work on the Calculation of Marginal Costs.
 - Normative work on Programming of the Operation.
 - Normative work on Control and Dispatch Functions.
- Preparation of the Technical Standard for Complementary Services.
- Preparation of a Technical Standard for the programming and coordination of the operation of units that use Regasified Natural Gas.
- Amendments to Technical Appendix, Minimum Technical Requirements of Installations that are Interconnected in the Interconnected System (SI).
- Amendments to the Technical Safety and Quality of Service Standard.
- Technical Standard for the determination and calculation of compensation for unavailability of supply.
- Amendments to the Technical Service Quality Standard for Distribution Systems.

During 2019, amendments were made to the Technical Quality of Service Standards for Distribution Systems, Complementary Services, Safety and Service Quality and the Connection and Operation of PMGD.

Although several of these regulations are inherited from the Work Plan established for the year 2018, during 2019 a large part of the work groups were held for their preparation, this work continues in 2020.

All these normative processes start with the creation of an Advisory Committee, in which Colbun has participated directly or through union associations.

DRAFT LAW

Two relevant bills for the power industry are under discussion in the National Congress:

Draft Law on Energy Efficiency

This bill, approved by Senate in 2019 and currently in its second constitutional process in the Chamber of Deputies, aims to promote the rational and efficient use of energy resources, promoting upgrades in productivity and competitiveness, improving quality of life, and contributing to the sustainable development of the country. As a novelty, stands out, the Ministry of Energy, every 5 years, must prepare a National Energy Efficiency Plan that must include the goals and objectives for the period,

specific Energy Efficiency actions to be implemented and mechanisms for measuring and verifying progress. This Plan must be submitted to the Council of Ministers for Sustainability.

In addition, the bill establishes that companies that have had consumption equal to or greater than 50 Tcal, must report annually their consumption for energy use and their energy intensity to the Ministry of Energy. The Ministry will then establish a list of consumers that will be classified as “Consumers with Power Management Capacity” (CCGE) and that will include those companies with power consumption for final use of 100 Tcal or those that have at least one installation of power consumption for end use equal to or greater than 50 Tcal. The CCGEs must send annually, to the Ministry and to the SEC, a report with their power consumption for final use, their detected opportunities and energy efficiency actions carried out and planned.

Draft SEIA Reform Law

This bill, prepared by the Ministry of Environment, was introduced in mid-year, and among its stated objectives are:

- (i) Technifying decisions, reducing the political component;
- (ii) Strengthening the Regional Commissions as the final instance of administrative decision;
- (iii) Improving the space for citizen participation; and

(iv) Reducing project-processing times.

Among its main proposals, the reform plans to eliminate the Council of Ministers or the Executive Director of the SEA, including a norm that leaves the claim option in hands of the environmental courts; expand citizen participation to all environmental assessment processes, regardless of their entry as DIA (Environmental Impact Statement) or EIA (Environmental Impact Assessment).

LEGISLATIVE AGENDA: WHAT 2020 COULD BRING

There are bills announced by the government - but not yet introduced to Congress - that could be released in 2020 and whose effect on the energy market would be relevant.

New Power Distribution Law

With the purpose of creating a new regulatory framework that allows updating the power distribution segment in Chile, which has not been subject of relevant reforms in recent years. A process was started in 2016 where working groups were set up, integrated by public institutions from the power sector and relevant actors of the system, they all participated to prepare a diagnosis of the sector.

Based on the conclusions of the diagnostic working groups that ended in 2018, the Ministry of Energy led during

2019 the preparation of a proposal for conceptual regulatory modification, where the Ministry defined five principles of regulatory design: efficient and competitive rates, incentives to investment, competition, consistency between incentives and requirements, and gradual implementation and no retroactivity.

The main objective of distribution regulation is to achieve an efficient development and operation of the segment as a whole, complying with the specific public policy guidelines defined by the Ministry, and in line with international best practices and the principles of regulatory design, ensuring that its development is consistent with the rest of the power industry and its environment, with a consensual vision of the future founded on the technological developments of the last decades in terms of distributed generation, control systems and information technologies, international trends in the development of distribution networks and new commercial models in developed countries, and the latest scientific developments in terms of control strategies and operation of electrical systems, and design of associated markets.

According to the analyzes commissioned by the Ministry, technological changes at the distribution network level require the creation of conditions for the emergence of new actors such as demand aggregators interacting with the system operator and clients, marketers in a

separate competitive business from the planning regulated business, operation and maintenance of infrastructure of the distribution network, energy service companies, and new manners of organizing power exchange locally through the development of micro-grids and local markets.

Marketers in a separate competitive business from the planning regulated business, operation and maintenance of infrastructure of the distribution network, energy service companies, and new ways of organizing energy exchange locally through the development of micro-grids and local markets.

The Ministry's commitment was to introduce the bill in March 2020

New Flexibility Law

The Ministry of Energy announced in October 2018 the preparation of a law that would address the flexibility required by the Chilean power system so that it continues to operate safely and efficiently in the context of the increasing participation of renewable energy sources of variable sources, such as solar and wind.

In order to define the necessary actions to have commercial signals and processes that allow the development and use of the flexible capacity required in the power system, so that it develops in a safe, efficient and sustainable manner for the country, the Ministry decided

to establish a Flexibility Strategy that provides the guidelines for the development of the power market, with a Work Plan that includes modifications to the regulatory framework, to face these new operational challenges, as well as increasing the flexible capacity required in the long term in the Chilean power system.

In December 2019, the Ministry of Energy released a proposal consisting of the following three lines of action that group 12 measures:

- **Axis 1:** Market design for the development of a flexible system
- **Axis 2:** Regulatory framework for storage systems
- **Axis 3:** Flexible operation of the system

The 12 measures are of an "enabling" nature according to the Ministry, since the detail and implementation will be reflected through changes at different normative levels: legal, regulatory, technical standards, etc.

One of the main observations to the Flexibility Strategy that Colbun has proposed to the Ministry through Generators in Chile is that, given the importance of the regulatory, technological and operational changes that this Strategy entails, it is essential to discuss each of the proposed measures in detail and check the consistency between them within a reasonable period of time to provide adequate feedback.

We believe, for example, that it is not correct to combine the concepts of flexibility and sufficiency, since the development of these services responds to needs that are of a different nature, and consistent signals and differentiated regulations are required. We conclude that a new market must be created with incentives for the delivery of the flexibility service to the system, in such a way that the agents provide this service adequately. We do not see it relevant to partition or break into an existing market (capacity market). This new flexible resources market could be conceived by expanding the scope of the complementary services market.

We believe that the Strategy should consider the principle of cost causality within the proposed measures and should address the recovery of fixed costs of operating a flexible dispatch.

On the other hand, we consider that it is necessary to develop a regulatory framework for storage systems, with appropriate conditions, that allow the correct entry of these systems into the system, so that it benefits from its multiplicity of uses.

As a general principle, we have stated that the entry of this technology should avoid double payment of the attributes it contributes to the system, should not affect free competition and should ensure technological neutrality and prevent arbitrary discrimination.

Without a doubt, the year 2020 will be intense in terms of the work on specific and detailed proposals, both at the legal, regulatory and technical standards level, which are aligned with the Strategy that is finally defined, taking into account the contributions of the different stakeholders in the sector.

Protocol Agreement, Ministry of Energy - Mining and Energy Commission of the Senate

During the processing of the bill that reduces the profitability of distribution companies and improves the power distribution tariff process (Short Distribution Law), in the Senate some indications proposed by parliamentarians to the bill were rejected, despite being matters of high interest to legislators, these were declared inadmissible as they were not related to the project's main idea (Distribution). In effect, the reduction of the update rate from 10% to 6% that is used to calculate the shortterm node price (Energy and Capacity) and also the decrease in the minimum threshold of eligibility from 500 kW to 300 were rejected kW to opt for the supply regime not subject to pricing, among others.

As a result of the non-incorporation of these initiatives and others in the Short Law of Distribution, the Minister of Energy and the Senators of the Mining and Energy Commission of the Senate signed a Protocol Agreement, where seven matters were established (rush hours, winter limit, public lighting,

medium and isolated systems, electric subsidy, power regime and Long Law of Distribution and Commercialization), that will be subsequently addressed.

We believe that the agreement protocol should not affect the technical-economic analysis associated with the Flexibility Strategy, particularly in the commitment to review the 10% power rate of return and other power revenue components (price and quantity) that , in accordance with the protocol, aims to provide greater flexibility and encourage the incorporation of generating companies based on renewable energy and discourage conventional generation. We suggest that the analyzes continue to be carried out in the context of granting flexibility attributes to the system and remunerating those attributes on their merit.

REGULATORY PLAN 2020

In accordance with the Annual Regulatory Plan defined by the National Energy Commission for the preparation and development of technical regulations corresponding to the year 2020, in accordance with the provisions of article 72 -19 of the LGSE, the corresponding regulatory processes to The Normative Work Plan 2019, that will continue its development during the year 2020, are the following:

1. Preparation of Technical Appendix of Design of Installations of the Technical Norm of Security and Quality of Service. It started on December 27, 2017 and will continue in 2020.
2. Normative work on the Declaration of Variable Costs.
3. Normative work on Economic Transfers
4. Normative work on Transfer of Marginal Costs.
5. Normative work on Operation Programming.
6. Normative work on Control and Dispatch Functions. Its start is scheduled for the 1st quarter of 2020 and it is also part of the Technical Standard for Coordination and Operation.
7. Modification of the Technical Standard on Security and Quality of Service. Its resolution of initiation was sent on September 26, 2019. It presents

two proposals for changes, one initiated by Transelec and the other by the CNE.

8. Preparation of a Technical Standard for the determination and calculation of compensations for unavailability of supply. The resolution to initiate was sent on September 27, 2019.
9. Modification of the Technical Appendix of Minimum Installations that are interconnected in the SI. It is scheduled for the 2nd quarter of 2020.

The normative works indicated in points 2, 3, 4 and 5 above began on May 24, 2018. All the technical working groups were held, but the final proposal was postponed pending the approval of the Coordination Regulations. and Operation of the SEN.

The following technical norms or modifications of technical norms, as appropriate, will form part of the Annual Normative Plan for the year 2020:

10. Preparation of the Technical Standard for the programming and coordination of the units that use Natural Gas. This regulation will start the 3rd quarter of 2020.
11. Modification of the Technical Safety and Quality of Service Standard. It was requested by the Association of Electric Companies AG. The proposal will be presented on the 3rd quarter of 2020. The CNE has a proposal that will start in the 4th quarter of 2020.

12. Technical Appendix of systemic requirements for High Voltage Electrical Installations, of the Technical Safety and Quality of Service Standard. This initiative is given by the Chilean CIGRE Committee, and is scheduled for the 4th semester of 2020.

REFORMS TO THE WATER CODE

The bill that reforms the Water Code continues in Congress, this process began in March 2011. In 2016 the first constitutional process was approved by the Chamber of Deputies, with a text highlighting the temporary establishes the granting of water rights, the extinction of the rights for various causes, mainly for non-use thereof, as well as the setting of a retroactive ecological flow for some of the rights already granted.

In January 2019, a new substitution indication introduced the bill, as a second constitutional process which implies an important change to the text approved in the first stage, eliminating the concepts of expiration and extinction, giving greater legal certainty to the rights, incorporates greater attributions to the organizations of water users and includes tools oriented to safeguard the priority in human consumption and the sustainable management of the water resource.

Subsequently, in July of the same year, a new substitute indication was introduced, shorter than the previous one, whe-

re the reaffirmation of the prioritization of human consumption, sanitation and domestic subsistence uses, the power of the State to constitute destined reserves, to ecosystem preservation, based on the strategic plans of each basin, stand out among others.

As of December 2019, there have been no new indications; The Commission has continued with the voting and has been focused on receiving the presentations from different actors, including the Executive. Lastly, at the beginning of January 2020, the Senate rejected the constitutional reform bill on the domain and use of water in the first constitutional process, which consolidated nine initiatives presented between 2008 and 2016. The authors of the Initiatives hope that this project is part of a new Constitution, in case of approval in the plebiscite of October 25, 2020.

Peru

CONTEXT OF THE EVOLUTION OF THE REGULATORY FRAMEWORK

The main reform proposed by the Electricity Concessions Law (LCE) of 1992 aimed to delegate the development of the power industry, at least in part, to market forces, limiting state intervention to a subsidiary regulatory and business role.

This premise implicitly implied that investments, particularly those of power generation, should be guided by a price signal resulting from the free play of power supply and demand.

As a corollary, the above also implied that the private investor in generation had to assume the risk of demand (price and / or volume).

The latest state interventions, however, promoted the entry of generation plants through market mechanisms (tenders or auctions) but isolating the investor from the risk of demand. Although this has reduced the risk of problems due to generation deficits, since the system has a greater reserve margin, it is achieved at a higher cost for users.

These interventions led to a high generation percentage guaranteeing demand for longterm tenders called by distribution companies (Law No. 28,832) and / or by the Private Investment Promotion Agency (PROINVERSION) on behalf of the Ministry of Energy and Mines, which

produces a transfer of demand risk from the generator to the demand itself, creating different remuneration and regulatory regimes in each contract. Within these aspects, three main problems are identified:

1. Over-contracting of Distribution Companies

In recent years, the supply of power generation in the National Interconnected Electric System (SEIN) has increased significantly, while demand has not grown according to the rates projected in the Tender processes developed under the Law. No. 28,832. In addition, there has been a significant migration from regulated to unregulated clients. This has generated over-contracting by Distribution companies. For this reason, the Ministry of Energy and Mining (MINEM), through Supreme Decree No. 22-2018-EM (amended by Supreme Decree No. 026-2018-EM), activated a procedure so that as of the publication of this decree (09/05/2018) until December 31, 2018, generators can renegotiate their contracts with distributors in all aspects in order to solve the problem of overcontracting. The MINEM, to avoid abusive or discriminatory treatment, on December 26, 2018 issued the Ministerial Resolution No. 509-2018-MEM / DM, defining that the discounts in firm power and the transfers of Contracted Power that are agreed between

the generators and distributors, have the same conditions. Thus, Fenix modified its contracts with distributors through a mechanism where the Company extended the contract with them, and all the power that is not consumed with respect to the original contract will be paid in the form of a credit note or a future option purchase in the period in which the contract was extended.

2. Gas price declaration

On the other hand, to date, the Peruvian power regulation maintains the exception established by Supreme Decree No. 016-2000-EM of the year 2000, by which natural gas generation units are empowered to declare their variable costs and not to present them audited as it happens for other types of generation. It should be noted that this standard can be understood within the framework of promotion of the natural gas industry, initially promoted with the Law for the Promotion of the Development of the Natural Gas Industry approved by Law No. 27,133 and its Regulations, approved by the Supreme Decree No. 040-99-EM. However, to date, when gas already involves almost 50% of the matrix, it is a standard that involves programmatic sector planning, not compatible with the principles established in the LCE.

Beyond how questionable the differentiated treatment of the generation for the office may be, the fact that only a group of companies with a certain technology (natural gas) are given freedom to offer a price, instead of supporting its costs, opens the possibility that they can offer prices that are above or below the real variable cost of generation. This in turn can create upward or downward pressure on marginal cost depending on the commercial positions of these companies, which in turn respond to the structure and regulation of the natural gas market (regardless of the power market).

During 2017, the regulations associated with the price under declaration were amended up to three times, finally establishing at the end of that year a minimum price for each company with an initial validity of six months, and which was to end in the first half of 2018.

Without However, during the year the government extended the validity of the respective decree for another 12 months. Additionally, due to the incentive given to RER generators, where the demand pays through a single charge the difference between marginal costs and the winning bidder's price in the RER tender, is that end consumers have seen increased your power consumption rates.

For all this, on January 12, 2018, a bill was introduced into Congress called "Law that restores efficiency in generation and power prices guaranteeing a fair rate for the user." This project seeks to eliminate the declaration of gas prices from July 2019.

At the same time, another congressman introduced a bill called "Law that establishes truthfulness and transparency in the generation of power, guaranteeing correct rates and promoting investment and technological innovation in the power sector." This project establishes that part of the cost reduction that the demand will see is used to compensate the unused gas by the generating companies. At the end of 2018, a proposal to unify these two bills was approved in the Peruvian Mining and Energy Commission. In June 2019 the Ministry of Energy and Mines decided to create a Multisector Commission in which a potential reform of the entire power sector will be debated and for this they established a term of 24 months, including the treatment of gas contracts. In this last matter, the Ministry delivered its first reform proposal in December 2019.

3. Migration of Regulated to Unregulated clients

Due to the two previous points, since regulated clients are subject to contracts resulting from bidding

processes, a difference has emerged in the relative price of power paid by a regulated client versus the value paid by an unregulated client, encouraging that regulated clients who have the option of changing their status to unregulated clients do so seeking to make the most of the lower prices offered by the unregulated clients market.

7.2 WHO WE ARE AND WHAT WE DO



MANAGEMENT PROPERTY REQUIREMENTS

Colbun does not set any limit on the ownership of shares as a multiple of the annual base salary. However, we are subject to the regulation that prohibits trading actions in certain periods of time,

to avoid the use of privileged information. In addition, there is an Information Management Manual that certifies that the Company complies with a series of regulations of the Financial Market Commission (CMF)

and which regulates the way in which an executive can acquire or sell shares of the Company.

OWNERSHIP STRUCTURE

102-1, 102-5

Colbun has a total of 17,536,167,720 shares, of equal value each ("one share one vote"). There are no government institutions that have the right to vote.

In accordance with the provisions of Title XV of Law No. 18,045, the companies holding shares that represent 49.96% of the capital with voting rights, as of December 31, 2019, are detailed below:

Control of the Company is exercised by virtue of a formalized control and joint action pact with respect to Forestal O'Higgins S.A. and other societies. It is expressly stated that the control and joint action agreement indicated above contemplates limitations to the free disposition of the shares. Behind the controller are the following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the form and proportions indicated below:

PARTICIPATION OF THE CONTROLLING SHAREHOLDER AS OF DECEMBER 31, 2019

| Shareholder | N° of Shares | Participation (%) |
|---|----------------------|-------------------|
| Minera Valparaíso S.A. | 6,166,879,733 | 35.17 |
| Forestal Cominco S.A. | 2,454,688,263 | 14.00 |
| Forestal Bureo S.A. | 49,078,961 | 0.28 |
| Forestal Constructora y Comercial del Pacífico Sur S.A. | 34,126,083 | 0.19 |
| Forestal Cañada S.A. | 22,308,320 | 0.13 |
| 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 Participation | 8,761,439,346 | 49.96 |

- **Patricia Matte Larraín**, ID N° 4.333.299-6 (6.49%) and her offspring Maria Patricia Larraín Matte, ID N° 9.000.338-0 (2.56%); Maria 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° 4.336.502-2 (7.21%) and his offspring Eliodoro Matte Capdevila, ID N° 13.921.597-4 (3.27%); Jorge Matte Capdevila, ID N° 14.169.037-K (3.27%), and Maria 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 offspring 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 natural persons identified above belong by kinship to the same business group.

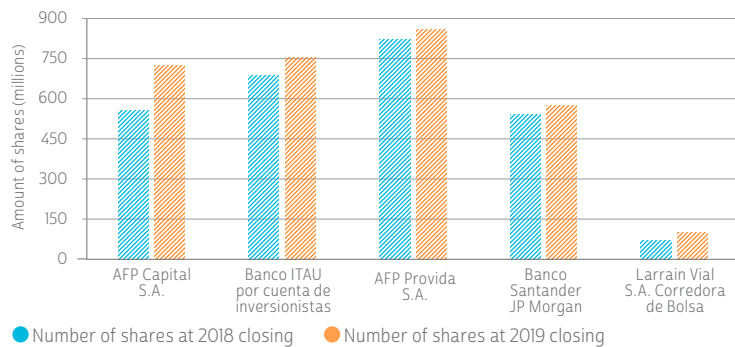
SHARE TRANSACTION

The following graph shows the evolution of Colbun's share price versus the IPSA index for the last year.

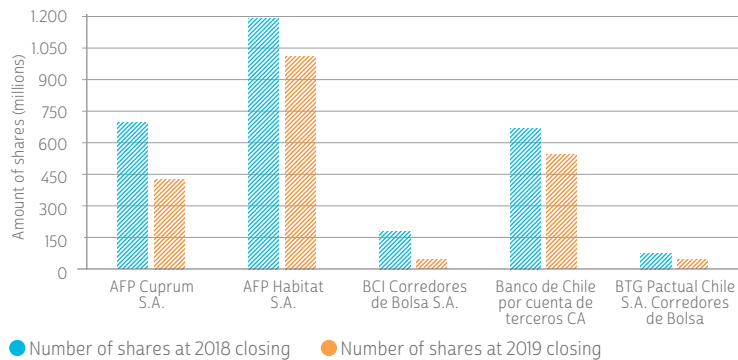
Evolution of Colbun's Share price and the index IPSA during the year 2019



5 largest increases in shareholding 2018-2019



5 largest decreases in shareholding 2018-2019



COLBUN'S STOCK EXCHANGE

Colbun's shares are traded on the Santiago Stock Exchange and the Electronic Stock Exchange. In both exchanges the stock market presence is 100%.

The tables below present information about price, market presence, volume and amounts traded in the aforementioned stock markets.

ELECTRONIC STOCK EXCHANGE

| Term | Volume (shares) | Total amount traded (CLP) | Average Price (CLP) | Lowest Price (CLP) | Highest Price (CLP) | Closure Price (CLP) |
|---------|-----------------|---------------------------|---------------------|--------------------|---------------------|---------------------|
| 1T 2018 | 26,258,475 | \$3,803,181,982 | \$144.8 | \$140.0 | \$152.3 | \$144.8 |
| 2T 2018 | 23,594,735 | \$3,370,601,860 | \$142.9 | \$131.9 | \$152.6 | \$131.9 |
| 3T 2018 | 20,468,267 | \$ 2,921,526,936 | \$142.7 | \$137.4 | \$147.0 | \$142.0 |
| 4T 2018 | 24,076,833 | \$3,367,481,825 | \$139.9 | \$130.6 | \$147.3 | \$137.4 |
| 1T 2019 | 17,355,039 | \$2,614,372,790 | \$150.6 | \$137.4 | \$154.9 | \$153.8 |
| 2T 2019 | 10,179,031 | \$2,603,730,550 | \$137.9 | \$127.5 | \$153.3 | \$140.0 |
| 3T 2019 | 15,176,896 | \$ 2,610,737,730 | \$126.4 | \$121.7 | \$138.0 | \$131.5 |
| 4T 2019 | 30,157,815 | \$ 2,617,697,165 | \$122.8 | \$114.0 | \$138.0 | \$120.0 |

SANTIAGO EXCHANGE

| Período | Volume (shares) | Total amount traded (CLP) | Average Price (CLP) | Lowest Price (CLP) | Highest Price (CLP) | Closure Price (CLP) |
|---------|-----------------|---------------------------|---------------------|--------------------|---------------------|---------------------|
| 1T 2018 | 442,227,357 | \$63,815,470,000 | \$140.9 | \$155.0 | \$135.0 | \$146.6 |
| 2T 2018 | 489,614,422 | \$70,354,610,000 | \$133.5 | \$153.9 | \$131.0 | \$ 142.8 |
| 3T 2018 | 474,919,579 | \$67,960,320,000 | \$141.8 | \$148.5 | \$135.3 | \$154.8 |
| 4T 2018 | 553,537,790 | \$76,690,980,000 | \$138.2 | \$144.4 | \$125.0 | \$141.5 |
| 1T 2019 | 798,823,182 | \$120,705,655,270 | \$151.1 | \$139.3 | \$155.0 | \$152.8 |
| 2T 2019 | 584,305,810 | \$81,064,849,323 | \$138.7 | \$127.0 | \$153.7 | \$141.8 |
| 3T 2019 | 791,199,603 | \$102,390,097,078 | \$129.4 | \$121.2 | \$139.6 | \$136.4 |
| 4T 2019 | 1,097,660,388 | \$135,339,757,319 | \$123.3 | \$113.0 | \$139.0 | \$118.5 |

DIVIDENDS PER SHARE (CLP)

| Exercise Year | Provisional | Definitive | Eventual | 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 | 1.75 | 2.08 | - | 3.83 |
| 2018 | 2.16 | 7.42 | - | 9.57 |
| 2019 | 3.26 | 6.03 | 3.86 | 13.15 |

RELATED COMPANIES

COLBUN SUBSIDIARIES

| Company name and legal nature | Social object | General Information | Direct and indirect participation | Chairman | CEO | Members of the Board |
|-------------------------------|--|---|-----------------------------------|--|--|---|
| COLBÚN TRANSMISIÓN S.A. | Power transmission; commercialization capacity power transmission and transformation; administration and operation of electrical transmission facilities and provision of services related to its corporate purpose. | Closed Corporation. Incorporated on June 28, 2012. Colbún S.A. owns 99% of the shares. | 100.0% | Hernán Rodríguez W. | Luis Le-Fort | Hernán Rodríguez W. Thomas Keller L. Juan Eduardo Vásquez M. |
| COLBÚN DESARROLLO SPA | Generation, transport, transformation, distribution, supply, purchase, sale and all other activity of commercialization of power and electrical energy; administration, operation and maintenance of hydraulic works and power generating plants; development of power generation, transmission and distribution projects, domestic and foreign. | Closed Corporation. Incorporated on March 18, 2015. Colbun S.A. owns 100% of the shares. | 100.0% | Olivia Heuts G. L. | | Thomas Keller L. Juan Eduardo Vásquez M. Olivia Heuts G. Eduardo Lauer R. Sebastián Moraga Z. |
| SANTA SOFIA SPA | Generation, supply, transmission, purchase and sale of electrical power; construction, assembly and exploitation of equipment and power plants with non-conventional renewable sources; purchase, sale, import, export, elaboration, commercialization and distribution of all kinds of services, goods or supplies related to the power business. | Partnership limited by shares. Incorporated by public deed issued on July 31, 2015 at the notary of Santiago de Don Iván Torrealba Acevedo. Colbun S.A. owns 100% of the shares. | 100.0% | Legal representatives: Juan Eduardo Vásquez M. Rodrigo Pérez S. Eduardo Lauer R. Sebastián Moraga Z. | This company does not have a Board or CEO, its administration is delegated exclusively to Colbun | |
| COLBÚN PERÚ S.A. | Investment in all kinds of movable property, including the acquisition of shares or rights in all types of companies, communities, foundations or associations, in all kinds of transferable securities of credit or investment instruments, together with the administration and exploitation of these investments and their gains or products; and the generation, transportation, transformation, distribution, supply, purchase, sale, and all other activities of commercialization of power and electrical energy, without any limitation. | Closed Corporation organized in accordance with the laws of the Republic of Peru, acquired by Colbun Desarrollo S.p.A. on September 28, 2015. Subsequently, through an Extraordinary Shareholders' Meeting on December 15, 2015, Colbun S.A. was incorporated, who currently owns 99.9996% of the shares, being Colbun Desarrollo S.p.A. the holder of the remaining 0.0004% remaining. | 100.0% | Thomas Keller L. | Olivia Heuts G. | Hernán Rodríguez W. (alterno Juan Eduardo Vásquez M.) Thomas Keller L. (alterno Sebastián Moraga Z.) Olivia Heuts G. (alterno Eduardo Lauer R.) |

| Company name and legal nature | Social object | General Information | Direct and indirect participation | Chairman | CEO | Members of the Board |
|----------------------------------|---|--|-----------------------------------|------------------|------------------|--|
| FENIX POWER PERU S.A. | Electric power generation, secondary transmission and commercialization activity in accordance with the law that applies to it; carry out any civil, industrial and commercial activity or operation and any other similar activity or operation that could be directly or indirectly related to or conducive to the fulfillment of the Company's purpose, as well as the exploitation of those natural resources produced as a result of said generation of electrical power, as may be necessary or appropriate and is authorized for corporations. | Closed Corporation organized in accordance with the laws of the Republic of Peru, established on September 15, 2004 by Enrique Víctor Macedo Abreu, Fernando Enrique Macedo Abreu, and Horace Alfred Sklar. Currently Inversiones de Las Canteras S.A. owns 100% of the shares. | 5.0% | Juan Miguel Cayo | Juan Miguel Cayo | Hernán Rodríguez W. (alterno Juan Eduardo Vásquez M.) Thomas Keller L. (alterno Rodrigo Pérez S.) Olivia Heuts G (alterno Eduardo Lauer R.) Juan Miguel Cayo M. (alterno Sebastián Moraga Zúñiga) David Andrés Jana B. Laurent Bernard Fortino (alterno Mujeeb Ur Rehman Q.) Gonzalo de las Casas D. (alterno Craig Carleton-Smith) |
| INVERSIONES DE LAS CANTERAS S.A. | Investment in all kinds of movable property, including the acquisition of shares or rights in all types of companies, communities, foundations or associations, in all kinds of transferable securities and credit or investment instruments, together with the administration and exploitation of these investments and their fruits or products; and the generation, transportation, transformation, distribution, supply, purchase, sale, and all other activities of commercialization of power and electrical power, without any limitation. | Closed Corporation organized in accordance with the laws of the Republic of Peru, constituted on November 16, 2015 by Inversiones Hacienda Montalbán S.A. (today Colbun Perú S.A.) and Juan Carlos Escudero Verano, who later transferred his action to the first. On December 18, 2015, a capital increase was made, in which Colbun Peru S.A. subscribed and paid 51% of the shares, and Sigma Infrastructure Investment Fund joined with new partners with 13% of the shares; and Blue Bolt A 2015 Limited, with 36% of the shares. | 51.0% | Thomas Keller L. | Thomas Keller L. | Hernán Rodríguez W. (alterno Juan Eduardo Vásquez M.) Thomas Keller L. (alterno Sebastián Moraga Z.) Olivia Heuts G. (alterno Eduardo Lauer R.) Rodrigo Pérez S. (alterno Carlos Luna C.) Luis Miguel Azenha P. (alterno Mujeeb Rehman Q.) Andrés Jana B. (alterno Laurent Fortino) Gonzalo de las Casas D. (alterno Craig Carleton - Smith) |

RELATED COMPANIES

COLBUN SUBSIDIARIES

| Company name and legal nature | Social object | General Information | Direct and indirect participation | Chairman | CEO | Members of the Board |
|---|--|--|-----------------------------------|--------------------------|------------------|---|
| TRANSMISORA ELÉCTRICA DE QUILLOTA LTDA. | Transmission, distribution and supply of power. | Limited Liability Company. Owner of San Luis substation, located next to the Nehuenco thermal complex and the 220 KV high-voltage line that connects the substation with the Quillota substation. The company started its commercial operations in 1999. Colbun owns 50% of the ownership of this company. | 50.0% | Santiago Bradford Vicuña | | Santiago Bradford Vicuña (suplente Gastón Zepeda Carrasco) Goran Nakik (suplente María Canales Nuñez) Sergio Avila Arancibia (suplente Rodolfo Durán Figueroa) Pedro de la Sotta Sánchez. (suplente Rodolfo Durán |
| ELECTROGAS S.A. | Buy, sell, invest and hold shares in Electrogas S.A. | Closed Corporation. Constituted by public deed granted on October 14, 1996, granted at the Santiago notary's office of Mr. Mario Baros González. Electrogas S.A. is a company whose shareholders are Colbún S.A. (42.5%), Aerio Chile SpA (42.5%) and Enap (15%) | 42.5% | Gonzalo Morais Soares | Allan Fischer H. | Thomas Keller Lippold (suplente Rodrigo Pérez Stiepovic) Juan Eduardo Vásquez Moya (suplente Juan Pablo Fiedler Pinto) Joao Faria Conceicao (suplente Marta Almeida Alonso) Gonzalo Morais Soares (suplente Joao Pedro Pires) Rodrigo Azócar Hidalgo (suplente Oscar Santibáñez Letelier) |

SUBSCRIBED AND PAID CAPITAL OF COLBUN AFFILIATES AS OF DECEMBER 31, 2019 (THUS\$)

| Affiliates | Currency | Capital Suscrito | Paid-in capital |
|-------------------------------|----------|------------------|-----------------|
| Colbún Desarrollo SpA | THUS\$ | 160 | 160 |
| Colbún Perú S.A. | THUS\$ | 219,635 | 219,635 |
| Colbún Transmisión S.A. | THUS\$ | 99,235 | 99,235 |
| Fenix Power Perú S.A. | THUS\$ | 425,093 | 425,093 |
| Inversiones Las Canteras S.A. | THUS\$ | 425,698 | 425,698 |
| Soc. Santa Sofía SpA | THUS\$ | 588 | 588 |
| Termoeléctrica Nehuenco S.A. | THUS\$ | 17,484 | 17,484 |

COLBUN S.A. INVESTMENTS IN AFFILIATE COMPANIES AS OF DECEMBER 31, 2019 (THUS\$)

| Affiliates | Currency | Investment | % on assets* |
|------------------------------|----------|------------|--------------|
| Colbún Desarrollo SpA. | THUS\$ | 160 | 0.0027% |
| Colbún Perú S.A. | THUS\$ | 227,865 | 3.8559% |
| Colbún Transmisión S.A. | THUS\$ | 295,755 | 5.0047% |
| Soc. Santa Sofía SpA | THUS\$ | -26 | -0.0004% |
| Termoeléctrica Nehuenco S.A. | THUS\$ | -34 | -0.0006% |

* % on assets represents the investment in each affiliate company over the total assets of the head office.

COLBUN S.A. INVESTMENTS IN SUBSIDIARY COMPANIES AS OF DECEMBER 31, 2019 (THUS \$)

| Subsidiary | Currency | Investment | % on assets* |
|---|----------|------------|--------------|
| Electrogas S.A. | THUS\$ | 16,572 | 0.28% |
| Transmisora Eléctrica de Quillota Ltda. | THUS\$ | 8,146 | 0.14% |

* % on assets represents the investment in each subsidiary company over the total assets of the head office.

BOARD BIOGRAPHIES

102-22

All of Colbun's Directors are non-executives and the average seniority of them in their position as Director of the Company was 3.9 years as of December 2019. The nine directors hold four or less other mandates in publicly listed companies.

HERNÁN RODRÍGUEZ WILSON

NATIONAL ID NUMBER 7.051.490-7

Born in 1963. He is an Industrial Civil Engineer from the Pontificia Universidad Católica de Chile and holds an MBA in Finance and International Business from the University of California (UCLA).

He started his career at Empresas CMPC when he joined the Studies Management in 1987 where he participated in projects such as Pacific Cellulose and the purchase of Star Chemical and Tissue Product Plant. Later, he took over from Cristián Eyzaguirre in Finance Management. Between 2004 and 2011 he served as General Manager of Forestal Mininco and then CMPC. After 31 years of service, on July 31, 2018 he left his position at CMPC and, as of August of the same year, he joined Colbun as director.

VIVIANNE BLANLOT SOZA

NATIONAL ID NUMBER 6.964.638-7

Born in 1955. He is a commercial engineer from the Pontificia Universidad Católica de Chile, he obtained a Master in Applied Economics from the Ameri-

can University in the USA. She has been Director of Colbun since 2012, member of the Council for Transparency since 2011, Director of Antofagasta Minerals and CMPC. Previously, she served as Minister of National Defense, Executive Secretary of the National Energy Commission and Executive Director of the National Environment Commission. Additionally, she was a Member of the Board of Directors of the University of Santiago and Banco del Estado, and Director of EMOS.

MARÍA EMILIA CORREA PÉREZ

NATIONAL ID NUMBER 21.667.056-6

Born in 1958. She is a lawyer from Universidad de Los Andes in Bogotá and holds a master's degree in Sociology from the New School for Social Research, NY.

Recognized as a leader in sustainability and entrepreneurship in Latin America and abroad, she is co-founder of Sistema B and investor in Empresas B. Member of the Boards of the Córpora Group, Crepes & Waffles and Fundación Bancolombia. Among her recognitions are being a member of the jury of the Global Rolex Award 2016, Women Leaders in the Environment Award and 100 Women Leaders in Chile in 2013.

Chosen as one of the 30 most recognized intellectuals in Latin America by ESGlobal in 2017, she is Fellow 2019 of the Advanced Harvard University Leadership Initiative.

JUAN EDUARDO CORREA GARCÍA

NATIONAL ID NUMBER 12.231.796-K

Born in 1972. He is an Industrial Civil Engineer from Pontificia Universidad Católica de Chile. He joined Colbun's Board in 2014, assuming his Presidency from May 2017 to May 2019.

He has a trajectory in companies such as Enersis, Quiñenco and IConstruye. He was Director of the Santiago Stock Exchange for 5 years. Since 2005 he has worked in different companies of the Matte Group. He currently serves as CEO of the holding BICECORP S.A., as Chairman of the Board of BICE Vida Compañía de Seguros S.A., as Vice Chairman of the BICE Bank Board of Directors and as Director of Inmobiliaria Almahue S.A

RODRIGO DONOSO MUNITA

NATIONAL ID NUMBER 15.363.942-6

Born in 1982. He is a Commercial Engineer from the University of Los Andes and holds an MBA from the University of Berkeley, Haas. He worked in the Santander Investment Corporate Finance team, he was Manager of Development of Ports and Logistics S.A. and Executive Director of Inversiones de Inversiones Portoseguro SpA. He was Director of Compañía Industrial El Volcán S.A., and of Puertos y Logística S.A. Additionally, since 2016 he has served as Director at BICECORP S.A., Banco Bice S.A. and BICE Vida Compañía de Seguros S.A.

LUZ GRANIER BULNES**NATIONAL ID NUMBER 7.040.317-K**

Born in 1965. He is a commercial engineer from the University of Chile, mention in Economics.

He is currently Chairman of the Board of Directors of Fondo de Infraestructura SA, Director of Clínica Indisa and Empresa de Transporte de Pasajeros Metro SA, in addition to independently advising companies on matters related to business restructuring, purchase and sale of companies and general management matters.

Previously, he served as Director of CIMM (Mining and Metallurgical Research Center), Loginsa, Eléctrica Guacolda and TermoAndes, among others. Additionally, he served as Undersecretary of Social Services, Chief of Staff of the Ministry of Public Works and Ministry of Mining and Energy. He had an 11- year career at AES Gener as Head of Treasury, Manager of Administration and Finance at Norgener, and finally Deputy Manager of International Investments.

BERNARDO LARRAÍN MATTE**NATIONAL ID NUMBER 7.025.583-9**

Born in 1966. He is a commercial engineer from the Pontificia Universidad Católica de Chile, obtained an Msc in Finance from the London School of Economics and a Master of Business Administration at Stanford University.

He began working at Colbun as CEO in 2005, and from April 2012 to May 2017, he served as President of the Colbún Board of Directors. He is also a member of the Board of Directors of Minera Valparaíso S.A. Since 2017 he is president of the Sociedad de Fomento Fabril (SOFOFA)

ANDRÉS LEHUEDÉ BROMLEY**NATIONAL ID NUMBER 7.617.723-6**

Born in 1968, he is a Commercial Engineer from the Pontificia Universidad Católica de Chile and a Master in Business Administration from the University of California, United States. Previously, he worked at Citicorp Chile, Cruz del Sur AGF and Cruz del Sur Life Insurance Company.

He currently serves as general manager of Inversiones Siemel S.A. In addition, he is the Director of Comercializadora Novaverde S.A. (Guallarauco); Atton Hoteles S.A. ; Red to Green S.A. ; Woodtech S.A. ; Agrícola Siemel Ltda y Valle Grande S.A.

FRANCISCO MATTE IZQUIERDO**NATIONAL ID NUMBER 16.612.252-K**

Born in 1988. He is a lawyer from Pontificia Universidad Católica de Chile.

Since 2014 he has been working at Jara del Favero Abogados, where he works in the areas of commercial and tax law.

BOARD INDEPENDENCE

102-22

Colbun complies with LSA 18.046 (Law on Corporations), that establishes in its article 50 bis that Chilean open stock companies must appoint at least one independent Board Director, in cases where their stock market equity is greater than or equal to 1,500,000 development units. and at least 12.5% of its shares issued with voting rights are held by shareholders who individually control or own less than 10% of said shares.

Colbun meets this requirement by having two independent directors in accordance with the provisions of Chilean law (Maria Emilia Correa P. and Luz Granier B.).

According to the LSA 18.046, article 50 bis, those who have been found at any time within the last eighteen months, in any of the following circumstances, will not be considered independent:

- 1) Maintain any link, interest or economic, professional, credit or commercial dependence, of a relevant nature and volume, with the company, the other companies of the group of which it is a part, its controller, or with the main executives of any of them, or have been directors, managers, administrators, chief executives or advisers of these.
- 2) Maintain a kinship relationship until second grade of consanguinity or affinity, with the persons indicated in the previous number.

- 3) They would have been directors, managers, administrators or chief executives of nonprofit organizations that have received relevant contributions, contributions or donations from the people indicated in number 1).
- 4) They would have been partners or shareholders who have owned or controlled, directly or indirectly, 10% or more of the equity; directors; managers; administrators or main executives of entities that have provided legal or consulting services, for significant amounts, or external auditing, to the persons indicated in number 1).
- 5) They would have been partners or shareholders who have owned or controlled, directly or indirectly, 10% or more of the equity; directors; managers; administrators or main executives of the main competitors, suppliers or clients of the company.

It should be highlighted that, under international criteria, Colbun has three independent directors (Maria Emilia Correa P., Luz Granier B. and Andrés Lehuedé B.), who meet the following criteria:

- The Director cannot be a family member of a person who is, or has been for the last 3 years employed by the company / Head Office / affiliate as an executive officer.

- The director must not have been employed by the company as an executive for the past five years.
- The director must not be (and must not be affiliated with a company that is) an advisor or consultant to the company or a member of the company's senior management.
- The director must not be affiliated with a significant customer or supplier of the company.
- The director must not have a personal services contract (s) with the company or a member of the company's senior management.
- The director must not have been a partner or employee of the company's external auditor for the past three years.

BOARD EFFECTIVENESS

102-24

The average attendance at meetings of the Board during 2019 was 89%.

APPOINTMENT AND ELECTION OF THE BOARD

102-24

Regarding the processes of appointment and selection of the governing body, any natural person who is a free administrator of their assets and who is not included in any of the cases expressly indicated in articles N° 35 and N° 36 of the LSA, may be elected Director of the Company's Board.

Additionally, to be an Independent Director, thereby understanding what is defined in article 50 bis of the LSA, you must comply with the conditions established in the article.

REQUIRED INFORMATION

Shareholders who wish to promote the application of a person to occupy a position of Director or wish to present themselves directly, may send to the CEO of the Company the following information:

1. Experience and professional profile of the candidate.
2. Declaration of the candidate indicating the acceptance of his nomination and the fulfillment of all the requirements to carry out the position established by the law and its regulations.

3. Declaration of contractual, commercial or other relationships with the controller, competitors or suppliers of the last 18 months.

The veracity of the antecedents will not be the responsibility of the Company, which will only receive them and make them available to the shareholders through its website.

INFORMATION DELIVERY

The information must be sent to the CEO of the Company at least three business days before the date of the Shareholders' Meeting, by means of an email addressed to the address rsperez@colbun.cl or by means of a letter delivered to the Company address.

APPLICATION

The CEO will make available to shareholders through the Company's website, at least two days in advance of the Shareholders' Meeting, the information that has been delivered to the Company regarding the experience and professional profile of the Director candidates received up to that date.

The foregoing does not preclude the option of presenting any interested person as a candidate for Director at the same time that the corresponding Shareholders' Meeting is held.

ELECCIÓN

At the Shareholders' Meeting, shareholders vote for the election of the board of directors. At least one Independent Director is appointed in compliance with article 50 bis of the Corporations Law. In relation to this, the proposals of the shareholders representing one percent or more of the shares of the Company are received, within the corresponding terms.

DURATION

The Board will hold office for three years, after this term it will have to be renewed completely. Directors may be re-elected indefinitely. If a director's position becomes vacant, the Board of Directors must be completely renewed at the next Ordinary Shareholders' Meeting to be held by the company and, in the meantime, the Board of Directors may appoint a replacement.

2019 MANAGEMENT OF THE COMMITTEE OF DIRECTORS

During 2019, the Directors' Committee met eight times to review Management's proposals to the Board and also the transactions with related parties regulated by Article 147 of Law No. 18,046, in which it agreed to propose that the Board of Directors approve such transactions, since they were in line with the equity conditions prevailing in the market for this type of operation, or were part of the Company's ordinary business operations.

In particular, the Committee ruled on the following operations:

Sale of shares of Termoelectrica Antihue S.A.

This is the sale of 100% of the shares that Colbun S.A. has in its subsidiary Termoelectrica Antihue S.A., an operation that is part of a business reorganization process. The sale also included all the assets necessary to give continuity to the operation of the Antihue plant, including the transfer of the property where it is built. The Committee reviewed this operation as it is an operation between related parties, since it is carried out between the parent company and a subsidiary.

Agreement with Esval for “waste waters” in the Nehuenco Complex

This is an agreement for the disposal of waste waters from the Nehuenco Thermolectric Complex. The Committee reviewed the background information provided by the Administration regarding the contract with Esval as it was an operation between related parties, since the director, Ms. Maria Ignacia Benítez P., in turn, was the director of Esval.

Supply offer to Molymer and Molymer

This is the presentation of a binding offer for the power supply contract to the related companies Molibdenos y Metales S.A. (“Molymer”) and its subsidiary Molymer. The offer was reviewed by the Directors Committee, given that Mr. Jorge Gabriel Larraín B., director of Molymer, is in turn the father of the

director Mr. Bernardo Larraín M.

Colbun Foundation budget approval

This is the approval of the Colbun Foundation budget, which has already been approved by the Board within the framework of the usual procedure for approving the Company’s annual budgets, since it is part of the budget of Public Affairs Management, as well as by Colbun Foundation itself. The Committee reviewed this operation as it involves the transfer of funds from Colbun S.A. to the Colbun Foundation for the fulfillment of its objectives.

Cash Support Agreement with Fenix

This is a support plan for a period of 3 years, Colbun S.A. participates. In its capacity as main shareholder of Fenix, and in where both ADIA and Sigma would also attend, with the purpose of trying to maintain Fenix’s international rating at the “Investment Grade” level. This operation was submitted to the consideration of the Directors Committee because it constitutes an operation between related parties, since it is a contract that will be signed by Colbun SA and Fenix, its Peruvian affiliate.

Donation to the Elementary Instruction Society (SIP) Schools Network

It is about proposing the Board to approve the donation to the Elementary Instruction Society (SIP) of CL\$ 18 million, with the aim of financing participation in the project called “Artistic Continuity 2019”, since this is within the policy and

objectives of the Company in matters of donations and relevant social contributions. This donation was submitted to the Directors’ Committee for consideration as it is an operation between related parties due Mrs. Magdalena Larraín M., sister of the director Mr. Bernardo Larraín M., is a member of the SIP Board and is also part of the Company Control Group.

Interruptible gas transportation contract with Electrogas S.A.

This is the signing of an interruptible gas transportation contract in the Chena-Quillota section with Electrogas, by virtue of the Open Season carried out by said company in October 2018. This operation was submitted to the consideration of the Directors Committee as it is an operation between related parties, given that Colbun SA is a shareholder of Electrogas S.A.

Document storage contract with Mega Archivos

This is the renewal of the contract to provide custody and document storage services in the warehouse and vault with Mega Archivos, for approximately 4,500 and 5,000 boxes per month. This operation was submitted to the consideration of the Directors Committee for being an operation between related parties since the director Mr. Andrés Lehuedé B. is director of Red Mega Centro, the head-office of Mega Archivos.

Assignment of lease agreement with Sura Seguros

This is the assignment of a lease that will allow Colbun S.A. have an additional 200 square meters in the building where the Head Office works. This operation was submitted to the consideration of the Directors Committee for constituting an operation between related parties, since both Colbn S.A. Like the company Sura Seguros de Rentas Vitalicias S.A., a subsidiary of Bicecorp S.A., they belong to the same Business Group.

Property loan to Fundación Colbun

This involves the handover to the Colbun Foundation of a piece of land of approximately 4,000 square meters, for a minimum period of 5 years, required for the implementation of the project called "Paseo Coastal and Visitor Center Lago Chapo". This operation is submitted to the consideration of the Directors Committee because it constitutes an operation between related parties due to the fact that managers of Colbun S.A. hold the position of directors at the Colbun Foundation.

Contribution to COP 25

This is a contribution of USD 500,000 in the framework of COP 25, to materialize by means of the contribution of this amount to the "Chilean Companies Fund for Climate Action", created by SOFOFA especially for this purpose.

This contribution was submitted to the Directors Committee for consideration as it is an operation between related

parties, since Mr. Bernardo Larraín M. is the director of Colbun S.A. and President of SOFOFA.

Binding Power Offer supply to Copec

This is a binding power offer to Copec. This operation was reviewed by the Directors' Committee as it was an operation between related parties. given that Mr. Andrés Lehuedé B. is the director of Colbun S.A. and at the same time director of Empresas Copec S.A.

Lease Agreement for the Backup Transformer to CMPC Papeles Cordillera S.A.

It is a lease agreement stipulating Colbun S.A. leases the backup transformer from the CH Chacabuquito to CMPC Papeles Cordillera S.A. This operation was submitted to the consideration of the Directors Committee as it is an operation between related parties, due Colbun S.A. companies and CMPC Papeles Cordillera S.A. they are part of the same Business Group.

Extension of Telecommunications Services Contracts with Entel

This is the extension of validity of contracts with Entel for data service link and local telephony until April 2020, on that date the bidding process that is being carried out for the provision of services will end. This operation was reviewed by the Directors Committee as it is an operation between related parties, given director's, Mr. Francisco Matte I. father is director of Entel, and additionally becau-

se both companies are part of the same Controlling Group.

Donations to Sociedad de Fomento Fabril (SOFOFA)

This is SOFOFA's invitation to participate in the initiative "Let's transform this Crisis into an opportunity", which seeks to carry out the following projects: (i) "Support for MSMEs" project, aimed at quickly supporting affected SMEs by this crisis; (ii) "Networks" Project, which seeks to connect business labor demand with the training of young technical high school students from the poorest 40% of the population; (ii) Project "Investment Fund for Social Entrepreneurship", to install entrepreneurial capacities aimed at facing socio-environmental imperatives in vulnerable territories of our country. This is the redirection of the contribution of the USD 500,000 that had been promised to contribute initially to carry out COP 25. This operation was reviewed by the Directors Committee as it is an operation between related parties, given that the director Mr. Hernán Rodríguez W. is a director of SOFOFA and the director Mr. Bernardo Larraín M. is SOFOFA President.

Binding Power Supply Offer to Copec Combustibles

This is a binding offer to Copec Combustibles, for 18 GWh / year, to supply power to a bus terminal of 55 electric buses. This operation was reviewed by the Directors Committee as it is an operation between related parties, since Mr. Andrés Lehuedé B. is the director of Colbun S.A, and in turn director of Empresas Copec S.A.

OTHER ACTIVITIES OF THE DIRECTORS 'COMMITTEE:

Additionally, during 2019 the Directors Committee carried out the following activities:

- It reviewed the remuneration system and compensation plans of the Company's managers, executives and workers;
- Reviewed the Company's Financial Statements as of December 31, 2018;
- The Committee met with the representatives of the external audit company KPMG Auditores Consultores Ltda., External auditors of the Company, to analyze the scope of the services provided during 2018, the accounting criteria used and the results of the audit as of December 31 from 2018;
- Reported on the activities carried out by the Committee during 2018, issuing the Annual Management Report.

- Evaluated the proposals of the Administration for the appointment of external audit companies for the year 2019, and agreed to propose to the Board that it propose to the Shareholders Meeting, the designation of external auditors for the year 2019, as the first option, KPMG Auditores Consultores Ltda., and as a second option to EY Servicios Profesionales de Auditoría y Asesoría SpA.





RELEVANT EVENTS REPORTED TO THE FMC

Summary of Relevant Facts communicated to the Financial Market Commission during 2019.

1. On March 27, 2019, it was reported that in a regular Shareholder's meeting held on March 26, 2019, the Board agreed to call the companies shareholders to an ordinary shareholders' meeting to be held on April 25, 2019, in order to submit the following matters to the shareholders:

- Examination of the Company situation and report of External Auditors and the Accounts Inspectors;
- Approval of Annual Report and Financial Statements as of December 31, 2018;
- Profit and dividend distribution;
- Approval of the company's investment and financing policy;
- Policies and procedures on profits and dividends;
- Appointment of External Auditors for the 2019 financial year;
- Appointment of Account Inspectors and their remuneration;
- Election of the Board;
- Establishment of Directors' remuneration;
- Activities report of the Directors Committee;

- Setting the remuneration of the Directors' Committee and determining its budget;
- Information on Board agreements related to acts and contracts governed by title XVI of Law No. 18,046,
- Designation of the newspaper where notices to summon shareholders' meetings must be published; and
- Other matters of social interest within the competence of the Board.

On that occasion it was also reported that the Board of Directors had agreed to propose to the Ordinary Shareholders Meeting that a definitive and final dividend be distributed in the amount of US\$ 156,114,002.88, corresponding to US\$ 0.00890 per share, which added to the provisional dividend of US\$ 84,235,884.66, corresponding to US\$ 0.00480 per share, approved by the Board on November 27, 2018 and paid on December 19, 2018, would amount to 100% of Net Income Distributable for the year 2018, of US\$ 240,349,887.54 and, additionally, to distribute an eventual dividend, charged to accumulated profits from previous years, in the amount of US\$ 100,000,000, corresponding to US\$ 0.00570 per action.

It was also reported that the Company Financial Statements as of December 31, 2018 were available on its website (www.colbun.cl).

Lastly, it was reported that the Annual Integrated Report would be available to shareholders and the general public on the same website, as of April 9, 2019.

2. On April 25, 2019, it was reported that in the Ordinary Shareholder's meeting held on the same date, the Company's Board of Directors had been completely renewed, which was made up of Mrs. Vivianne Blanlot Soza, Luz Granier Bulnes and Maria Emilia Correa Pérez, and by Bernardo Larraín Matte, Juan Eduardo Correa García, Andrés Lehuedé Bromley, Francisco Matte Izquierdo, Hernán Rodríguez Wilson and Rodrigo Donoso Munita.

On that same occasion, it was also reported that it had been agreed to designate KPMG Auditores Consultores Limitada as the external audit company for 2019 and that it had been approved to distribute a final and final dividend in the amount of US\$ 156,114,002.88, corresponding at US \$ 0.00890 per share, and an eventual dividend, charged to accumulated earnings from previous years, in the amount of US\$ 100,000,000.00, corresponding to US\$ 0.00570 per share.

3. On April 30, 2019, it was reported that in a regular session held that same day, the Board of Directors had appointed Mr. Hernán Rodríguez Wilson as President and Mrs. Vivianne

Blanlot Soza as Vice President. On that same occasion, it was reported that Francisco Matte Izquierdo, and Luz Granier Bulnes and María Emilia Correa Pérez, the latter in their capacity as independent Directors, had been designated as members of the Directors Committee and that the Financial Statements had been approved. Interim Consolidated as of March 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB.

4. On November 27, 2019, the Board of Colbun S.A. reported that in a regular session held the previous day, it had been agreed to distribute a provisional dividend with a charge to profits for the year ending December 31, 2019, for the total amount of US\$ 92,403,589.80, corresponding to US\$ 0.00527 per share. It was reported that the dividend payment would be made as of December 18, 2019, to the shareholders who are registered in the respective registry on the fifth business day prior to said date.

ASSOCIATIONS AND COLLABORATIVE AREAS WHERE WE PARTICIPATE

102-12, 102-13

COLLABORATIVE AREAS WHERE WE PARTICIPATE IN CHILE

| Organization | Description | Accession Date |
|--|---|----------------|
| Water Disclosure Project (Water CDP) www.cdp.net/water | It promotes the monitoring and measurement of the use of water resources, worldwide. | 2011 |
| Carbon Disclosure Project (CDP) www.cdp.net | It promotes the measurement of carbon emissions from private companies and government entities, worldwide. | 2009 |
| Gender Parity Initiative (IPG) www.iniciativaparidadgenero.cl | Public-private alliance, promoted by the IDB and the World Economic Forum, which aims to reduce gender gaps and increase the economic participation and progress of women in the labor market in our country. | 2017 |
| Club 30% | Global initiative that through Chairmen commitments, and CEOs seek to ensure that 30% of the boards of IPSA and IGPA companies are integrated by women. | 2019 |
| Throw Away for My Life www.fundacionsanjose.cl | Reciclaje de papeles en oficinas de la Región Metropolitana y Región de Valparaíso en Chile. | 2011 |
| Ecomoda BanAmor (Quillota) | Reuse of company clothes or textiles for making accessories (cases, backpacks, bags, etc.). | 2019 |

Note: Colbun S.A. Participate in all these initiatives on a voluntary basis.

ASSOCIATIONS WHERE COLBUN IS A MEMBER IN CHILE

| Organization | Description | Degree of participation | Accession Date | Amount (US\$) |
|---|---|--|----------------|---------------|
| Asociación Chilena de Energías Renovables ACERA www.acera.cl | It promotes a regulatory framework that allows NCREs to compete on equal terms with other traditional sources. | Partners | 2017 | 12,888 |
| Fundación Chilena Del Pacífico www.funpacifico.cl | Articulates integration pathways in the Pacific. | Partners | 2016 | 7,224 |
| Red de PACTO GLOBAL (Universidad Andrés Bello) www.pactoglobal.cl | Global Compact seeks to promote sustainable growth and civic responsibility of companies, which commit to adopt the ten universal principles in their daily actions, worldwide. | Partners, Board and working committees | 2015 | 5,989 |
| Corporación Municipal de Desarrollo Coronel CORCORONEL | It seeks to facilitate the social work of companies in the Coronel commune. | Partners, Board and working committees | 2015 | 4,863.97 |
| Cámara Chilena De La Construcción CCHC www.cchc.cl | Contribute to the well-being of Chileans through the development of the construction sector and private initiative, along with the improvement of the public sector, as agents of progress and equity in the country. | Partners | 2015 | 1,160 |
| Cámara De Comercio E Industrias de Valdivia CCIV www.cciv.cl | It represents the union interests of much of the commercial and industrial universe of Valdivia. | Partners | 2015 | 1,292 |
| Asociación Gremial De Generadoras De Chile AGG www.generadoras.cl | It promotes the development of power companies in Chile. | Partners, Board and working committees | 2011 | 265,983 |

| Organization | Description | Degree of participation | Accession Date | Amount (US\$) |
|--|---|--|----------------|---------------|
| Acción Empresas ACCIÓN www.accionempresas.cl | Promote work for CSR and sustainable development in Chile. | Partners, Board, work committees, event sponsorship | 2011 | 10,246 |
| Laboratorio Derechos Humanos (Acción Empresas) www.accionempresas.cl | Collaborative multi-stakeholder learning space that seeks to strengthen companies' respect for Human Rights | Partners | 2018 | 4,709 |
| Asociación De Industriales Del Centro ASICENT www.asicent.cl | Seeks to collaborate with the development of its associates and with the progress of the Maule Region. | Partners | 2011 | 993 |
| Cámara De La Producción Y Comercio de Concepción CPCC www.cpcc.cl | Drives the productive development of the Biobío Region. | Partners | 2010 | 3,863 |
| Corporación Industrial para el Desarrollo Regional del Biobío CIDERE www.ciderebiobio.cl | Works for the development of the Biobío Region. | Partners, Board, work committees, innovation and CSR | 2010 | 12,357 |
| Corporación para el Desarrollo de la Región de Los Ríos CODEPROVAL www.codeproval.cl | Corporation with multi-sectoral work that fosters the growth of the Los Ríos Region. | Partners and event sponsorship | 2010 | 12,888 |
| Instituto de Ingenieros de Chile www.iing.cl | Seeks to contribute to the promotion of science and engineering in Chile. | Partners | 2010 | 1,200 |
| Sociedad de Fomento Fabril SOFOFA www.sofofa.cl | Promotes and disseminate good business practices. | Partners and advisor | 2009 | 44,633 |
| Centro de Medio Ambiente y Energía SOFOFA www.sofofa.cl | Design, develop and implement pilot projects that contribute to the elaboration of cost effective environmental and power policies and technical excellence. | Partners | | 22,089 |
| Red Empresas Inclusivas REIN www.empresainclusiva.cl | Integrates people with disabilities into the world of work. | Partners | 2018 | 683 |
| Corporación De Desarrollo Del Valle De Aconcagua PROAONCAGUA www.proaoncagua.cl | Promotes the sustainable development of the Aconcagua Valley in the Valparaíso Region | Partners and Board | 2009 | 12,547 |
| Centro de Líderes Empresariales para el Cambio Climático CLG (Universidad de Chile) www.clgchile.cl | Promotes policies and actions to face climate change in Chile. | Partners and Board | 2009 | 10,378 |
| Centro de Estudios Públicos CEP www.cepchile.cl | Its purpose is the study and dissemination of the values, principles and institutions that serve as the basis for a free society in Chile. | Partners | 2008 | 17,174 |
| Instituto Chileno de Administración Racional de Empresas ICARE www.icare.cl | It promotes business excellence in Chile. | Partners | 2008 | 1,207 |
| Pontificia Universidad Católica de Chile Centro de Innovación UC Anacleto Angelini | Seeks that companies can accelerate the change to a pro-innovation and entrepreneurship culture, thanks to workshops in innovation management, interaction with multiple companies and startups, plus the possibility of connecting with UC talent, among other benefits. | Partners | 2019 | 7,295 |
| World Energy Council Chile (WEC) www.wec-chile.cl | It covers the most important issues in the country's power sector. | Partners and Board | 2018 | 7,494 |
| Cámara Chilena Norteamericana (AMCHAM) www.amchamchile.cl | It promotes free trade, investment, and full integration between Chile and the United States, creating value for partners and society. | Partners | 2018 | 3,093 |

Note: Colbun S.A. Participate in all these initiatives on a voluntary basis.

COLABORATIVE AREAS WHERE WE PARTICIPATE IN PERU

| Organization | Description | Accession date |
|-------------------|---|----------------|
| Aniquem | Framework cooperation agreement with the Aid Association to the Burned Child (ANIQUEM) for the promotion of internal campaign to collect recycled material and its subsequent donation by Fenix to ANIQUEM. | 2016 |
| World Vision Perú | Contract / Agreement with NGO World Vision Peru to execute the Play to Learn project that seeks to improve the academic performance of primary school students Las Salinas in the subjects of mathematical reasoning and reading comprehension through play strategies. | 2018 |

ASSOCIATIONS WHERE COLBUN IS A MEMBER IN PERU

| Organization | Description | Degree of participation | Accession date | Annual amount (US\$) |
|---|--|---|----------------|----------------------|
| Asociación de Buenos Empleadores (ABE) de la Cámara Americana de Comercio | Institution belonging to the American Chamber of Commerce, which promotes labor social responsibility, promoting good practices in people management | Promoter partner | 2017 | 455 |
| Cámara de Comercio Americana (AmCham) | Promotes the free market system, promoting trade, investment, and exchange between Peru and the United States. | Partners | 2011 | 749 |
| Cámara de Comercio Chilca Pucusana | Seeks to promote and drive entrepreneurial entrepreneurship and the economic, social and commercial development of its associates. | Category B Partner (from the 4th quarter 2019) | 2019 | 265 |
| Club de la Energía, Hay Group | International consultant who works with business leaders in order to realize their strategies. | Membership for the "Energy Club" | 2012 | 5,000 |
| Sociedad Nacional de Minería, Petróleo y Energía (SNMPE) | Guild that brings together the electrical industry of Peru. | Partners and representatives of the Generators Subcommittee | 2013 | 34,134 |

HOW WE COMMUNICATE WITH OUR STAKEHOLDERS

103-2; 103-3

| Stakeholders | Dialogue and communication channels | Frequency |
|-----------------------|---|--------------------------------|
| Workers | Meetings of Management of Organization and People with unions and collective agreements of workers. | Biannual |
| | Meetings with the Joint Committee * | Monthly |
| | Complaint Line / Query Line * | Permanent |
| | Labor Climate Survey * | Annual |
| | Union leaders meeting with CEO | Monthly/Quarterly |
| | Meeting of union leaders with Board's Chairman | Annual |
| | Induction* | Monthly (if applicable) |
| | Meeting of union leaders with Board's Chairman | Annual |
| | Visit of the CEO to all power plants * | Annual |
| | Visit of the Board to power plant facilities | Annual |
| | Collective bargaining | Biennial |
| | Headships meetings with CEO * | Quarterly |
| | Internal Services Survey | Annual |
| | Ascending Assessment | Annual |
| | Sustainability Weeks * | Annual |
| | Performance evaluation* | Biannual |
| | Extended Meeting of the CEO with the entire Company * | Annual |
| | Focus group on work environment, human rights, others * | Annual |
| | Colbun Intranet | Permanent |
| | Informative TV screens * | Permanent |
| Community and Society | Accountability Report in Power Plants * | Annual |
| | Complaint Line / Query Line * | Permanent |
| | Newsletter + Energy | Monthly/Quarterly and Biannual |
| | New Radio Programs ("Voices with Energy") | |
| | Local media (interviews, news and advertising) * | Permanent |
| | Web site* | Permanent |
| | Work groups / dialogue * | Monthly |
| | Meetings with authorities and neighbors * | Permanent |
| | Central Visits * (Energy Tour) | Monthly |
| | Twitter account @ColbunEnergia | Permanent |
| | ColbunEnergia Facebook Account | Permanent |
| | Instagram account energiacolbun | Permanent |
| | Colbun S.A. LinkedIn account | Permanent |
| Community WhatsApp | Permanent | |

| Stakeholders | Dialogue and communication channels | Frequency |
|--|---|--|
| Community and Society | Meetings with the media * | Permanent |
| | Participation in union and regional associations * | Monthly |
| | Participation in programs with universities | Monthly |
| | Participation in local, national and international associations * | Monthly |
| | Reputation and Risks Survey to Communities and Local and National Opinion Leaders * | Annual |
| | Community team with dedicated and personalized attention * | Permanent |
| | Newsletter for Opinion Leaders | Quarterly |
| | Own radio programs in Coronel, Santa Bárbara and Colbun | Biweekly (per annual season) |
| | Colbun News * | Occasionally (to report specific events) |
| | Suggestions mailbox** | Occasionally (to report specific events) |
| Investors and Shareholders | Area Dedicated to Investor Relations * | Permanent |
| | Investor Reputation and Risk Survey | Annual |
| | Complaint Line / Query Line * | Permanent |
| | Breakfast, business meetings and conferences | Permanent |
| | Section on Corporate Website * | Permanent |
| | Corporate Newsletter | Quarterly |
| | Shareholders' meeting * | Annual |
| | Colbun News | Occasionally (to report specific events) |
| Clients | Commercial team with dedicated and personalized attention * | Permanent |
| | Customer Reputation and Risks Survey * | Annual |
| | Complaint Line / Query Line * | Permanent |
| | Meeting with Clients | Annual |
| | Power plants visits | Annual |
| | Section on Corporate Website * | Permanent |
| | Newsletter for clients | Annual |
| | Colbun News | Trimestral |
| | Twitter account @ColbunEnergia | Occasionally (to report specific events) |
| | ColbunEnergía Facebook Account | Permanent |
| | Colbun S.A. LinkedIn account | Permanent |
| | Participation in fairs (as exhibitors) | Permanent |
| | Participación en foros anuales de distintas asociaciones de grandes clientes | Permanent |
| Ceremony of delivery of renewable certificates year 2019 | Annual | |
| | Ceremony for signing new renewable contracts | Permanent |
| Contratistas y Proveedores | Administrative team available * | Permanent |
| | Provider Portal (website) * | Permanent |
| | Complaint Line / Query Line * | Permanent |
| | Meetings with suppliers | Annual |
| | Feedback meetings with contract managers | Annual |
| | Contractor Reputation and Risks Survey | Annual |
| | Participation in business seminars | Semestral |
| | Sustainability weeks | Annual |
| | Corporate Newsletter | Trimestral |
| | Colbun News | Occasionally (to report specific events) |
| | Twitter account @ColbunEnergia | Permanent |
| | ColbunEnergía Facebook Account | Permanent |
| | Best Supplier award day for central | Annual |

* Shared practice with Fenix / ** Exclusive practice by Fenix

STAKEHOLDER IDENTIFICATION

(102-42)

Colbun's Sustainability Policy, created in 2011, considers within its principles, the identification and relationship with its stakeholders: Workers, Community and Society, Investors, Customers, Suppliers and Contractors.

In the specific case of the Community and Society group, Colbun carries out a periodic update (or at least once a year) based on new projects, the identified impacts and risks, the relationship programs and the leaders that emerge

in civil society, in each area where our facilities stand. Colbun Community Relations Manual provides a guide for the stakeholder mapping process.

OTHER CASES OF INNOVATION IN COLBUN 2019

103-3, EU8

1. REUSE OF ASHES

Colbun aims to reuse 100% of the ash generated by its only coal-fired thermal power plant, Santa Maria. With this objective, the traditional use in cement companies as a replacement for gypsum, new uses have been sought, identifying that the ashes when mixed with aggregates improve the mechanical properties. To ensure these new applications, Colbun hired the University of Concepción to characterize the Santa Maria ash and validate all the technical aspects regarding the mixing or replacement of aggregates.

2.- SEDIMENT CONTROL

Climate change is producing rains in sectors where there was previously snow, this produces a greater drag of sediments. In this context, an open innovation challenge was carried out in 2018 to address the problem of excess sediment accumulated in the regulation reservoir of Hornitos Hydroelectric Power Plant, where three possible solutions were selected and studied during 2019. The technology finally chosen will provide a highperformance settler that is estimated to retain 90% of the incoming sediment. Today a scale prototype is under construction.

7.3 ECONOMIC PERFORMANCE AND GOVERNANCE



TAXATION AND CRIME PREVENTION MODEL

103-2, 103-3

Companies in Chile must fully comply with their tax obligations, all of them derived from the economic movements that they carry out as legal entities and that consequently generate taxable events. These tax obligations are clearly defined in the different laws that regulate the matter, for example, the Tax Code, the Income Law (DL 824), the VAT Law (DL 825), etc.

Consequently, Colbun fully complies with the laws and regulations applicable to this Law and there is no other better way to develop a tax policy / strategy or guidelines other than the Law.

Likewise, quarterly we publish the Financial Statements and annually the Company's Annual Integrated Report. In these public reports sent to the Financial Market Commission (CMF), the tax situation is explained, clearly explaining, among other matters, the Effective Tax Rate and the Reconciliation from the Tax Rate.

Additionally, on a monthly and annual basis, we send tax documentation to the Chilean Tax Service (SII: Servicio de Impuestos Internos) with all the openness and detail that current regulations require.

Fenix, for its part, fully complies with the laws and regulations applicable to this Law; and on a monthly and annual basis, send tax documentation to the inspection body (SUNAT: National Superintendency of Tax Administration) with all the openness and detail that the current regulations require.

CRIME PREVENTION MODEL

205-2

Our Company has a Crime Prevention Model, within the framework of Law No. 20,393 on Criminal Liability of Legal Companies, which seeks to prevent the risks of bribery, money laundering, terrorist financing, reception, unfair administration, corruption between individuals, misappropriation and water contamination.

INFORMATION AND TRAINING ON ANTICORRUPTION PROCEDURES WITHIN THE ORGANIZATION

| | Board | Workers Chile | Workers Peru |
|--|-------|---------------|--------------|
| Total number of members | 9 | 949 | 112 |
| Members informed on anti-corruption procedures | 9 | 949 | 112 |
| % members informed on anticorruption procedures | 100% | 100% | 100% |
| Members trained on anticorruption procedures | 9 | 833 | 112 |
| % of members trained on anti-corruption procedures | 100% | 88% | 100% |

RISK MANAGEMENT

102-15, 102-30, 102-31

A. RISK MANAGEMENT POLICY

The Risk Management strategy is oriented to safeguard the principles of stability and sustainability of the Company, identifying and managing the sources of uncertainty that affect it or may affect it.

Comprehensively managing risks involves identifying, measuring, analyzing, mitigating and controlling the different risks incurred by the different managements of the Company, as well as estimating the impact on its consolidated position, its monitoring and control over time. Both Colbun's senior management and risk-taking areas are involved in this process.

The tolerable risk limits, the metrics for risk measurement and the frequency of risk analyzes are policies regulated by the Company's Board of Directors.

The risk management function is responsibility of the CEO, as well as of each division and management of the Company, and has the support of the Controlling and Risk Management and the supervision, monitoring and coordination of the Risk Committee and Sustainability.

B. RISK FACTORS

The Company's activities are exposed to various risks that have been classified into risks in the power business and financial risks.

B.1 POWER BUSINESS RISKS

B.1.1 Hydrological risk

In dry hydrological conditions, Colbun must operate its combined cycle thermal power plants with purchases of natural gas or diesel, or by default operate its backup thermal power plants or resort to the spot market.

This situation could increase Colbun's costs, increasing the variability of its results depending on hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated through a commercial policy that aims to maintain a balance between competitive generation (hydro power in a medium dry year, and costefficient coal and natural gas thermal generation, and other renewable energies cost and duly complemented by other generation sources due to their intermittency and volatility) and commercial commitments.

In extreme and repeated drought conditions, an eventual lack of water for refrigeration would affect the generating capacity of the combined cycles. In order to minimize the use of water and ensure operational availability during periods of water shortage, Colbun built an Inverse Osmosis Plant

in 2017 that allows water used in the cooling process of the combined cycles of the Nehuenco Complex to be reduced by up to 50%.

In Peru, Colbun has a combined cycle plant and a commercial policy aimed at committing, through medium and longterm contracts, the power base.

Exposure to dry hydrologies is limited since it would only impact in the event of eventual operational failures that require the use of the spot market. Additionally, the Peruvian power market presents an efficient thermal offer and sufficient local natural gas availability to back it up.

B.1.2 Fuel price risk

In Chile, in situations of low hydrogenation, Colbun must mainly use its thermal power plants or make power purchases in the spot market at marginal cost. The foregoing generates a risk due to the variations that international fuel prices may present. Part of this risk is mitigated with contracts whose sale prices are also indexed with variations in fuel prices. Additionally, hedging programs are carried out with various derivative instruments, such as call options and put options, among others, to cover the remaining portion of this exposure, if any. Otherwise, dealing with abundant hydrology, the Company could be in a surplus position in the spot market, the price would then be partly determined by the price of fuel.

In Peru, the cost of natural gas is less dependent on international prices, given a significant domestic supply of this hydrocarbon, which allows limiting exposure to this risk. As in Chile, the proportion that is exposed to variations in international prices is mitigated through indexation formulas in power sales contracts.

Due to the aforementioned, the exposure to the risk of variations fuel price is partly mitigated.

B.1.3 Fuel supply risks

The Company has a contract with Enap Refinerías S.A. (“ERSA”) that includes reserved regasification and supply capacity for 13 years whose entry into force was on January 1, 2018.

This agreement allows natural gas to operate two combined cycle units for much of the first half, period of the year in which there is generally a lower availability of water resources. In addition, there is the possibility of accessing additional natural gas via spot purchases allowing efficient support in unfavorable hydrological conditions in the second half of the year. Additionally, gas supply contracts have been signed with Argentine providers, to complement the LNG gas supply.

For its part, in Peru, Fenix has long-term contracts with the ECL88 consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

As for coal purchase for Santa Maria thermal power plant, tenders are held (the last one in June 2019), inviting important international suppliers, awarding the supply to competitive and backed companies. The above following an early purchase policy and a management policy inventory in order to substantially mitigate the risk of not having this fuel.

B.1.4 Equipment failures and maintenance risk

The availability and reliability of Colbun’s generation units and transmission facilities are critical to the business. That is why Colbun has a policy of carrying out scheduled, preventive and predictive maintenance on its equipment, in accordance with the recommendations of its suppliers, and maintains a policy of coverage for this type of risk through insurance for its physical assets, including coverage for physical damage and loss due to paralyzation.

B.1.5 Riesgos de construcción de proyectos

The development of new projects may be affected by factors such as: delays in obtaining permits, modifications to the regulatory framework, prosecution, increase in the price of equipment or labor, opposition from local and international interest groups, unforeseen geographical conditions, natural disasters, accidents or other unforeseen events.

The Company’s exposure to this type of risk is managed through a commercial policy that considers the effects of eventual project delays. In addition, slack levels are incorporated in the construction cost and term estimates. Additionally, the Company’s exposure to this risk is partially covered by the contracting of “All Construction Risk” policies that cover both physical damage and loss of profit due to delay in commissioning as a result of a claim, both with standard deductibles for this type of insurance.

Companies in the sector face a very challenging power market, with a lot of activation from various interest groups, mainly from neighboring communities and NGOs, that are legitimately demanding more participation and prominence. As part of this complexity, the environmental processing deadlines have become more uncertain, which are sometimes also followed by extensive judicialization processes. This has resulted in less construction of projects of relevant sizes.

Colbun’s policy is to integrate the social and environmental dimensions with excellence in the development of its projects. For its part, the Company has developed a social bonding model that allows it to work together with neighboring communities and society in general, initiating a transparent process of citizen participation and confidence-building in the early stages of projects and throughout their life cycle.

B.1.6 Regulatory risks

Regulatory stability is essential for the generation sector, where investment projects have long development, execution and return on investment terms. Colbun believes that regulatory changes must be made considering the complexities of the power system and maintaining the proper incentives for investment. It is important to have a regulation that provides clear and transparent rules that consolidate the confidence of the agents in the sector.

Chile

Since October 18, 2019, Chile has experienced a series of social demonstrations that demand reforms mainly in the areas of education, social security and people's income. After the Chilean Government called on political actors to reach different agreements on the social and institutional agenda, on November 15 a total of ten political parties with parliamentary representation signed a commitment called "Agreement for Peace and New Constitution", which set the criteria for citizens to decide in April 2020 whether to approve or refuse to draft a new constitution and under what procedure.

This process, estimated to last until the end of 2021, if the idea of writing a new constitution is approved, could introduce changes to the institutional framework applicable to business in the country.

On the other hand, the current government is carrying out various regulatory changes that have either been inherited from the previous government or have been initiated during the current mandate. These changes, depending on how they are implemented, could represent opportunities or risks for the Company.

In this way, the Ministry of Energy is especially holding discussions for the preparation of three bills that would impact directly to the energy sector. The "New Distribution Law", the "Flexibility Law" and the "Improved Transmission Law".

- (i) The "New Distribution Law" (Long Law) will seek to update the regulation of the distribution sector to better address the technological and market advances that have occurred and are foreseen for the future, encourage investment and improve the quality of service to end users. For this, the incorporation of new roles has been proposed; separating the activities of the power distribution segment and thus introduce competition.
- (ii) Regarding the "Flexibility Law", it aims to address the systemic and market consequences that will arise due to the increasing incorporation of renewable energy sources of variable sources. Reports have been developed by consultants who have evaluated the subject in greater

depth in order to continue the discussion.

- (iii) At the regulatory and Resolutions level that are being processed, it is worth noting the new Power Transfer Regulations and the Exempt Resolution that will establish the technical provisions for the implementation of the Tariff Stabilization Mechanism for regulated customers, previously mentioned.

Peru

In June 2019 the Ministry of Energy and Mines decided to create a Multisectoral Commission in which a potential reform of the entire power sector will be debated and for this they established a term of 24 months. The Commission is committed to showing progress on the following topics: declaration of natural gas prices, promotion of renewable energy, rural electrification, revision of the discount rate, improvement in the bidding processes for long-term contracts, disaggregation of the capacity and associated power, implementation of a new regime to promote transmission projects and the treatment of gas contracts.

Regarding the declaration of natural gas prices, the Ministry delivered its first reform proposal in December 2019, which replaces the price declaration with the presentation of the contracts by the thermal generators, so that the Committee of Economic Operation of

the Interconnected System (COES) determine from them the fixed and variable components for fixing the marginal cost.

The necessary and balanced development of the power market in the coming years, both in Chile and Peru, will depend, to a large extent, on the quality of these new regulations and the signals that the authority provides for this.

B.1.7 Risk of variation in demand / supply and sale price of energy.

The projection of future power consumption demand is very relevant information for determining the market price.

In Chile, a low growth in demand, a drop in the price of fuels and an increase in the income from solar and wind variable renewable energy projects have led in recent years to a drop in the short-term price of power (marginal cost).

Regarding long-term securities, the tenders for supply of regulated customers concluded in August 2016 and October 2017 translated into a significant drop in the prices presented and awarded, reflecting the greater competitive dynamics that exist in this market and the impact that it is having the irruption of new technologies - solar and wind power fundamentally - with a significant reduction in costs as a result of its widespread. Although the factors that trigger this competitive dynamics and price trend can be expected to

continue into the future, it is difficult to determine its precise scope in long-term energy values.

Additionally, and given the difference in energy prices between unregulated and regulated clients, certain clients have entered into the unregulated clients regime. The above can happens given the option, contained in the energy legislation, that allows clients with connected power between 500 kW and 5,000 kW to be categorized as regulated or unregulated clients. Colbun has one of the most efficient generation parks in the Chilean system, so it has the capacity to offer competitive conditions to these clients.

In Peru, there is also a scenario of temporary imbalance between supply and demand, generated mainly by the increase in efficient supply (hydroelectric and natural gas power plants).

The growth that has been observed in the Chilean market (and potentially in the Peruvian one) of renewable generation sources from variable sources such as solar and wind generation, can generate integration costs and therefore affect the operating conditions of the rest of the system, especially in the absence of a complementary services market that adequately remunerates the services necessary to manage the variability of the indicated generation sources.

B.2 FINANCIAL RISKS

Are those risks linked to the inability to carry out transactions or the breach of obligations arising from activities due to lack of funds, as well as to variations in interest rates, exchange rates, bankruptcy of counterparties or other financial market variables that may affect Colbun's patrimony.

B.2.1 Exchange rate risk

The exchange rate risk is mainly due to currency fluctuations that come from two sources. The first source of exposure comes from flows corresponding to investment income, costs and disbursements that are denominated in currencies other than the functional currency (United States dollar).

The second source of risk corresponds to the accounting mismatch that exists between the assets and liabilities of the Statement of Financial Position denominated in currencies other than the functional currency.

Exposure to flows in currencies other than the dollar is limited by having practically all of the Company's sales denominated directly or indexed to the dollar.

Similarly, the main costs correspond to purchases of natural gas and coal, which incorporate pricing formulas based on international prices denominated in dollars.

Regarding disbursements in investment projects, the Company incorporates indexers in its contracts with suppliers and sometimes resorts to the use

of derivatives to fix expenditures in currencies other than the dollar.

Exposure to the mismatch of balance sheet accounts is mitigated by applying a maximum mismatch policy between assets and liabilities for those structural items denominated in currencies other than the dollar. For the purposes of the above, Colbun maintains a relevant proportion of its cash surpluses in dollars and additionally resorts to the use of derivatives, the most widely used being currency swaps and forwards.

B.2.2 Interest rate risk

Refers to changes in interest rates that affect the value of future flows referenced at variable interest rates, and to changes in the fair value of assets and liabilities referenced at fixed interest rates that are accounted for at fair value. Fixed interest rate swaps are used to mitigate this risk.

As of December 31, 2019, the Company's financial debt, incorporating the effect of contracted interest rate derivatives, is 100% denominated at a fixed rate.

B.2.3 Credit risk

The Company is exposed to this risk derived from the possibility that a counter-party fails to fulfill its contractual obligations and produces an economic or financial loss.

Historically, all the counter-parties with which Colbun has maintained energy delivery commitments have correctly addressed the corresponding payments.

In recent times, Colbun has expanded its presence in the segment of unregulated medium and small clients, which is why it has implemented new procedures and controls related to the risk assessment of these types of customers and monitoring of their collection. Quarterly calculations of bad debt provisions are made based on the risk analysis of each client considering the client's credit rating, payment behavior and the industry, among other factors.

Regarding placements and derivatives made in Treasury, Colbun carries out transactions with entities with high credit ratings.

Additionally, the Company has established participation limits by counter-party, which are approved by the Board and periodically reviewed.

As of December 31, 2019, investments of cash surpluses they are invested in a paid current account, mutual funds (from bank subsidiaries) and term deposits in local and international banks. The former correspond to short-term mutual funds, with a tenor of less than 90 days, known as the "money market".

B.2.4 Liquidity risk

This risk is given by the different needs for funds to meet investment commitments, and business expenses, debt maturities, among others. The funds necessary to face these cash outflows are obtained from the resources generated by Colbun's ordinary activity and by contracting lines of credit that ensure sufficient funds to support the anticipated needs for a period.

As of December 31, 2019, Colbun has cash surpluses of approximately US\$ 800 million, invested in Term Deposits with an average tenor of 115 days (including deposits with a tenor of less than and greater than 90 days, the latter are recorded as "Other Current Financial Assets" in the Consolidated Financial Statements) and in short-term mutual funds with a tenor of less than 90 days.

Likewise, the Company has available as additional liquidity sources today: (i) a bond line registered in the local market for an amount of UF 7 million and (ii) uncommitted bank lines for approximately US\$ 150 million.

In the next twelve months, the Company must disburse approximately US\$ 120 million for interest and amortizations of financial debt. It is expected to cover interest payments and amortizations with the own generation of cash flows.

As of December 31, 2019, Colbun has risk ratings AA- by Fitch Ratings, with a positive outlook, and AA by Feller Rate, with a stable outlook.

Internationally, the Company's rating is Baa2 by Moody's and BBB by S&P, both with a stable outlook, and BBB by Fitch Ratings, with a positive outlook.

As of December 31, 2019 Fenix has international risk ratings of Ba1 by Moody's and BBB- by S&P and Fitch Ratings, all with stable prospects.

Based on the foregoing, it is considered that the liquidity risk of the Company is currently limited. Information on contractual maturities of the main financial liabilities is disclosed in note 21.c.2 of the Financial Statements.

B.2.5 Risk measurement

The Company periodically performs analyzes and measurements of its exposure to the different risk variables, in accordance with what is presented in the preceding paragraphs. Risk management is carried out by a Risk Committee with the support of the Corporate Risk Management and in coordination with the other divisions of the Company.

Regarding business risks, specifically those related to variations in commodity prices, Colbun has implemented mitigating measures consisting of indexers in energy sales contracts and hedges with derivative instruments to cover possible remaining exposure. For this reason, no sensitivity analyzes are presented.

In order to mitigate the risks of equipment failure or project construction, the Company has insurance with coverage for damage to its physical assets, damage due to stoppage and loss of profit due to delay in the commissioning of a project. This risk is considered to be reasonably limited.

Regarding financial risks, for the purposes of measuring its exposure, Colbun prepares sensitivity and value-at-risk analyzes with the objective of monitoring the possible losses assumed by the Company in the event that the exposure exists.

The exchange rate risk is considered limited since the main flows of the Company (income, costs and disbursements of projects) are denominated directly or indexed to the dollar.

Exposure to the mismatch of accounting accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural balance sheet items denominated in currencies other than the dollar. Based on the above, as of December 31, 2019, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US\$ 4.3 million, in quarterly terms, based on an analysis sensitivity to 95% confidence.

There is no risk of interest rate variation, since 100% of the financial debt is contracted at a fixed rate.

Credit risk is limited because Colbun operates only with high-level local and international bank counter-parties and has established maximum exposure policies per counterparty that limit the specific concentration with these institutions. In the case of banks, local institutions have a local risk rating equal to or greater than BBB and foreign entities have an international investment grade risk rating.

At the end of the period, the financial institution with the largest share of cash surpluses reached 18%. Regarding existing derivatives, the Company's international counterparties have a risk equivalent to BBB + or higher and national counter-parties have a local rating of BBB + or higher. It should be noted that no counter-party concentrates more than 31% in derivatives in notional terms.

Liquidity risk is considered low due to the Company's relevant cash position, the amount of financial obligations in the next twelve months and access to additional sources of financing.

DETAIL OF FINES AND SANCTION PROCESSES OF THE YEAR 2019

307-1, 419-1

In 2019, there were 2 significant fines, in the economic sphere, related to the Transmission business.

| Description of the sanction | Monetary / non-monetary | Amount US\$ (if applicable) | Date of sanction | Affiliate sanctioned | Description |
|--|-------------------------|-----------------------------|------------------|-------------------------|---|
| Internal Revenue Service Fine | Monetary | 4.65 | 26.11.2019 | Colbún Desarrollo Spa | Affidavit filed after the deadline |
| Fine Superintendency of Electricity and Fuel | Monetary | 129,884.20 | 21.01.2019 | Colbún Transmisión S.A. | Fine paid for not keeping the facilities in good condition, affecting the supply of other dealers and the consumption of regulated clients. |
| Public Tax Services (SII) Fine | Monetary | 22.32 | 26.02.2019 | Colbún Transmisión S.A. | Affidavit filed after the deadline |

| Description of the sanction | Monetary / non-monetary | Amount US\$ (if applicable) | Date of sanction | Affiliate sanctioned | Description |
|---|-------------------------|-----------------------------|------------------|------------------------------|---|
| Fine Superintendency of Electricity and Fuel | Monetary | 406,214.77 | 31.08.2019 | Colbún Transmisión S.A. | Breach of its obligations regarding its facilities, affecting the supply of other dealers and the consumption of regulated customers. |
| Talca Municipality Fine | Monetary | 213.86 | 30.05.2019 | Colbún Transmisión S.A. | Fines Colbun Transmission S.A for Patent in the Municipality of Talca. |
| SII Fine | Monetary | 31.93 | 23.01.2019 | Termoeléctrica Nehuenco S.A | Penalty for Tax rectification in May 2018 |
| SII Fine | Monetary | 22.32 | 26.02.2019 | Termoeléctrica Nehuenco S.A | Modification filed after deadline |
| SII Fine | Monetary | 18.48 | 25.11.2019 | Santa Sofía SpA | Affidavit filed after the deadline |
| SII Fine | Monetary | 18.52 | 25.11.2019 | Termoeléctrica Antilhue S.A | Capital modification filed after the deadline |
| National Superintendency of Customs and Tax Administration Fine | Monetary | 3.56 | 11.10.2019 | Inversiones Las Canteras S.A | Monthly Tax Return filed after the deadline |
| National Superintendency of Customs and Tax Administration Fine | Monetary | 2.40 | 05.02.2019 | Colbún Perú S.A. | Monthly Tax Return filed after the deadline |
| National Superintendency of Customs and Tax Administration Fine | Monetary | 6.08 | 18.03.2019 | Colbún Perú S.A. | Monthly Tax Return filed after the deadline |
| National Superintendency of Customs and Tax Administration Fine | Monetary | 3.32 | 15.04.2019 | Colbún Perú S.A. | Monthly Tax Return filed after the deadline |
| SII Fine | Monetary | 109.52 | 22.04.2019 | Colbún S.A. | Reorganization filed after the deadline |
| SII Fine | Monetary | 341.54 | 31.05.2019 | Colbún S.A. | Modification filed after deadline |
| Labour Direction Fine | Monetary | 1,930.13 | 10.12.2019 | Colbún S.A. | Violation of Art. 29 and 35 of the Labor Code. |
| TOTAL | | 538,828 | | | |

Note: Colbun considers significant fines to be over USD 100,000.

During the year 2019 Colbun S.A. has not been notified of any action, lawsuit or proceeding against it related to unfair competition, monopolistic practices or against free competition. There is also no current process in force in which Colbun S.A. have those categories. The foregoing without prejudice to requests for information that the National Economic Prosecutor's Office (FNE) has requested from Colbun in confidential investigation processes that the FNE carries out as part of its functions.

During the year 2019 Colbun has not been sanctioned for violations of environmental legislation and regulations. Nor has it had to pay fines for environmental noncompliance.

The foregoing, without prejudice to three ongoing proceedings: a) Environmental Damage Claim against Central Santa Maria, ruled in the first instance in favor of Colbun by the Valdivia Environmental Court, and which is pending a final judgment by the Supreme Court; b) Complaint against Colbun for infractions of the RCA of Central Santa Maria before the Environmental Court of Valdivia (with several judgments in favor of the Environment Superintendence and Supreme Court), and in respect of which a sentence is expected to be handed down in 2020; and c) Request for Information from the Superintendency of Environment Biobio Region related to potential complaint or

charge for hieroglyphic findings in the vicinity of the Coronel-Charrúa high-voltage transmission line tower (which has already duly processed DIA).

In the case of Fenix, in Peru, during 2019 it has not been sanctioned for infractions of environmental legislation and regulations; nor is there ongoing litigation. Nor has it been notified of any action, lawsuit or proceeding against it related to unfair competition, monopolistic practices or against free competition; nor is there a current process in place.

GROWTH PERSPECTIVES

103-2, 103-3, EU10

At Colbun, we continue our commitment to maximize the value of our company, exploring and identifying growth opportunities in Chile that allow us to satisfy power demand with competitive, safe and sustainable energy.

PLANNED CAPACITY (MW) TOGETHER WITH ITS RESPECTIVE MAXIMUM ACHIEVABLE GENERATION VERSUS THE FORECASTED DEMAND FOR POWER IN THE LONG TERM, ANALYZED BY ENERGY SOURCE - CHILE

(EU10)

| Classification | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------------------------|----------|----------|----------|----------|----------|----------|
| Energy source | Energy source | 1,058.1 | 1,058.1 | 1,058.1 | 1,058.1 | 1,058.1 | 1,058.1 |
| | Run-of-the-river hydro | 569.0 | 569.0 | 569.0 | 569.0 | 569.0 | 569.0 |
| | Coal therm | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 |
| | LNG / diesel thermal | 1,251.4 | 1,251.4 | 1,251.4 | 1,251.4 | 1,251.4 | 1,251.4 |
| | Wind | 0.0 | 0.0 | 0.0 | 0.0 | 607.0 | 607.0 |
| | Solar | 9.0 | 18.0 | 218.0 | 218.0 | 218.0 | 218.0 |
| Total planned capacity (MW) | 3,237.5 | 3,246.5 | 3,446.5 | 3,446.5 | 4,053.5 | 4,053.5 | 4,053.5 |
| Maximum forecasted generation capacity P70 (GWh) | 19,917.4 | 19,919.0 | 19,973.1 | 20,375.1 | 20,772.8 | 21,970.3 | 21,970.3 |
| Total forecasted demand (GWh) | 70,772.0 | 71,658.0 | 73,234.0 | 74,894.0 | 76,768.0 | 78,639.0 | 80,482.0 |
| Maximum forecasted generation versus forecasted demand (%) | 28% | 28% | 27% | 27% | 27% | 28% | 27% |

Note: For the purposes of estimating growth, conservative plant factors of 0.25 have been considered for solar plants and 0.3 for the wind project.

PLANNED CAPACITY (MW) TOGETHER WITH ITS RESPECTIVE MAXIMUM ACHIEVABLE GENERATION VERSUS THE PROJECTED DEMAND FOR ENERGY IN THE LONG TERM, ANALYZED BY ENERGY SOURCE - PERU

(EU10)

| Classification | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|
| LNG / diesel thermal | 567 | 567 | 567 | 567 |
| Total planned capacity (MW) | 567 | 567 | 567 | 567 |
| Maximum forecasted generation capacity P70 (GWh) | 53.125 | 56.290 | 59.727 | 63.500 |
| Total forecasted demand (GWh) | 52.889 | 56.242 | 59.687 | 63.491 |

RESULTS CLIENTS PERCEPTION AND SATISFACTION SURVEY, CONSOLIDATED CHILE AND PERU

| | 2016 | 2017 | 2018 | 2019 | Meta 2019 |
|-------------------------|-------|-------|-------|-------|-----------|
| % Customer Satisfaction | 64,13 | 70,14 | 74,14 | 68,26 | 76 |
| Coverage | 33,3% | 100% | 100% | 100% | |

Note: Includes the results of the Generation Clients survey in Chile (105 participants; 68.8% satisfaction) and in Peru (21 participants; 80.6% satisfaction), plus Transmission clients in Chile (19 participants; 51, 6% satisfaction). The decrease in the percentage of satisfaction in Chile is mainly explained by the increase in the clients portfolio, the implementation of new billing systems and the failure to hold the Annual Clients Meeting (product of the social crisis that began on 18 October 2020).

7.4 SOCIAL PERFORMANCE



WORKERS

WORKFORCE BY TYPE OF CONTRACT AND WORKING DAY

102-8

Of the total of our workers in Chile, as of December 31, 2019, there are 11 workers with a fixed-term or labor contract. Of these, 7 are women and 4 are men. In the case of Peru, only one man has a fixed-term contract. The following is the headcount of workers according to contract typed and working day:

FOR CHILE

| Working day | 2018 | | 2019 | |
|--------------|------------|------------|------------|------------|
| | Female | Male | Female | Male |
| Full time | 174 | 797 | 184 | 765 |
| Part time | 0 | 0 | 0 | 0 |
| TOTAL | 174 | 797 | 184 | 765 |

| Type of contract | 2018 | | 2019 | |
|---------------------|------------|------------|------------|------------|
| | Female | Male | Female | Male |
| Indefinite contract | 171 | 787 | 177 | 761 |
| Contract for work | 3 | 4 | 7 | 4 |
| Fixed term contract | 0 | 6 | 0 | 0 |
| TOTAL | 174 | 797 | 184 | 765 |

FOR PERU

| Working day | 2018 | | 2019 | |
|--------------|-----------|-----------|-----------|-----------|
| | Female | Male | Female | Male |
| Full time | 19 | 69 | 19 | 73 |
| Part time | 0 | 0 | 0 | 0 |
| TOTAL | 19 | 69 | 19 | 69 |

| Type of contract | 2018 | | 2019 | |
|---------------------|-----------|-----------|-----------|-----------|
| | Female | Male | Female | Male |
| Indefinite contract | 19 | 68 | 19 | 13 |
| Fixed term contract | 0 | 1 | 0 | 1 |
| TOTAL | 19 | 69 | 19 | 14 |

WORKERS DIVERSITY

NCG 386, 405-1

INDICATORS OF GENDER DIVERSITY IN CHILE AND PERU AND CONSOLIDATED

| Indicators of Gender Diversity | CHILE % de mujeres | PERU % de mujeres | CONSOLIDADO % de mujeres |
|---|-----------------------|----------------------|-----------------------------|
| Women in the total workforce | 19.4% | 20.7% | 19.5% |
| Women in leadership positions (as% of total leadership positions) | 13.8% | 16.7% | 14.2% |
| Women in junior leadership positions, i.e. middle managers (as% of total junior leadership positions) | 12.6% | 18.8% | 13.3% |
| Women in high leadership positions, i.e. maximum 2 levels of CEO (or comparable positions) (as% of total senior leadership positions) | 16.9% | 12.5% | 16.4% |
| Women in leadership positions in income generating functions (eg sales) as a% of the total of those leadership positions (i.e. excluding service areas such as HR, IT, Legal, etc.) | 7.8% | 14.3% | 8.4% |

Notes: The following are considered leadership positions: managers, assistant managers, heads and supervisors. For "income generating functions", in the case of Chile, women from the areas of Generation, Transmission, Engineering and Projects and Business were considered. In the case of Fenix, women from the Commercial and plant areas were considered.

TURNOVER RATE

(401-1)

TURNOVER RATE OF WORKERS BY AGE AND GENDER, AS OF DECEMBER 31, 2019 IN CHILE (%)

(401-1)

| Position | <30 | | | 30-50 | | | > 50 | | | Totales | | Grand total |
|-----------------|-------------|------------|-------------|------------|------------|------------|-------------|------------|-------------|------------|------------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | |
| Executives | - | - | - | 10.0 | - | 7.7 | 3.2 | - | 3.1 | - | - | 5.6 |
| Professionals | 21.1 | 5.6 | 13.5 | 7.6 | 7.2 | 7.5 | 21.3 | 16.7 | 20.9 | - | - | 10.2 |
| Administratives | - | - | - | - | - | - | 16.7 | - | 7.4 | - | - | 3.0 |
| Other positions | 10.3 | - | 9.4 | 7,7 | - | 7,5 | 7.8 | - | 7.8 | - | - | 7.8 |
| Total | 13.7 | 4.2 | 10.7 | 7.7 | 5.1 | 7.1 | 11.6 | 4.5 | 10.9 | 9.2 | 4.9 | 8.3 |

Note: In 2019, the turnover rate increased compared to the previous year. Mainly, there were personnel exits in the Generation Division, due to the sale of the Antilhue Power Plant (XIV region).

TURNOVER RATE OF WORKERS BY GEOGRAPHICAL AREAS IN CHILE (%)

(401-1)

| Region | 2017 | | | 2018 | | | 2019 | | |
|--------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Metropolitan | 7.9 | 5.1 | 6.0 | 9.8 | 12.0 | 11.3 | 4.2 | 13.4 | 10.2 |
| V Región | 28.6 | 11.0 | 12.4 | 6.7 | 1.8 | 2.2 | 18.8 | 4.7 | 5.9 |
| VI Región | - | 4.2 | 4.0 | 100.0 | 3.8 | 7.4 | - | 8.3 | 8.0 |
| VII Región | 66.7 | 14.6 | 16.2 | - | 11.8 | 11.1 | - | 6.0 | 5.6 |
| VIII Región | 5.0 | 1.5 | 1.8 | 5.9 | 1.5 | 1.8 | - | 2.0 | 1.9 |
| X Región | 50.0 | - | 4.8 | 100.0 | - | 5.0 | - | 5.6 | 5.3 |
| XIV Región | - | - | - | - | - | - | - | 466.7 | 280.0 |
| Total | 10.4 | 6.3 | 7.1 | 9.8 | 6.4 | 7.0 | 4.9 | 9.2 | 8.3 |

TURNOVER RATE OF WORKERS (TURNOVER, OUTFLOW AND NEW HIRES) IN CHILE

(401-1)

| Turnover rate | N° Workers 2017 | N° Workers 2018 | N° Workers 2019 | |
|-----------------------|-----------------|-----------------|-----------------|-------------------------------|
| Total Workforce | 992 | 971 | 949 | Consider Fixed Terms |
| Total outflow | 70 | 68 | 79 | Does not consider Fixed Terms |
| Total turnover | 43 | 63 | 61 | Does not consider Fixed Terms |
| TURNOVER RATE | 7.1 | 7.0 | 8.3 | |
| RATE NEW HIRES | 4.3 | 6.5 | 6.4 | |

TURNOVER RATE OF WORKERS BY AGE AND GENDER, AS OF DECEMBER 31, 2019 IN PERU (%)

(401-1)

| Position | <30 | | | 30-50 | | | > 50 | | | Totales | | |
|-----------------|------|--------|-------------|-------|--------|------------|------|--------|-------|------------|-------------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Grand total |
| Executives | - | - | - | - | - | - | - | - | - | - | - | - |
| Professionals | - | - | 100 | 8.8 | 12.5 | 9.5 | - | - | - | 8.3 | 30.0 | 13.0 |
| Administratives | - | - | 50 | - | - | - | - | - | - | 66.7 | - | 20.0 |
| Other positions | - | - | - | 4.3 | - | 4.3 | - | - | - | 3.4 | - | 3.3 |
| Total | - | - | 33.3 | - | - | 6.8 | - | - | - | 8.2 | 15.8 | 9.8 |

TURNOVER RATE OF WORKERS (TURNOVER, OUTFLOW AND NEW HIRES) IN PERU

(401-1)

| Indicator | N° Workers 2017 | N° Workers 2018 | N° Workers 2019 |
|-----------------------|-----------------|-----------------|-----------------|
| Total workforce | 92 | 88 | 92 |
| Total outflow | 6 | 18 | 9 |
| Total turnover | 7 | 14 | 13 |
| TURNOVER RATE | 6.5 | 20.5 | 9.8 |
| NEW HIRES RATE | 7.6 | 15.9 | 14.1 |



ELIGIBLE WORKERS TO RETIRE

EU15, 201-3

In Chile, by law, men can retire at 65 years old and women at 60 years old. The table below shows the percentage of workers eligible to retire in the next 5 to 10 years, broken down by job category and by region.

Notwithstanding the foregoing, workers affiliated with an AFP may also retire early, before reaching the legal age, provided they have sufficient funds in their individual account to obtain a pension:

- Equal to or greater than 70% of the average of the remuneration received and income declared in the last 10 years.
- Equal to or greater than 150% of the minimum old-age pension guaranteed by the State.

It is also possible that a worker once retired chooses to continue working in which case the employer has no alternative to deny this possibility. Currently at Colbun we have 77 workers who are in this condition.

In the case of Peru, there are no workers who will retire in 5 - 10 years, taking into account that the voluntary retirement age is 70 years and the compulsory retirement age is 75 years.

| Region | Categories | 2017 | 2018 | 2019 |
|---------------|-------------------------------|--|-------|-------|
| | | Current or expected percentage (%) of workers eligible to retire in 5-10 years | | |
| Metropolitan | Executives | 1.81% | 1.85% | 2.21% |
| | Other workers | 2.72% | 2.68% | 2.00% |
| | Professionals and Technicians | 3.33% | 2.99% | 2.42% |
| V Región | Executives | 0.10% | 0.10% | 0.11% |
| | Other workers | 1.71% | 1.96% | 3.16% |
| | Professionals and Technicians | 1.01% | 1.03% | 0.53% |
| VI Región | Executives | - | - | - |
| | Other workers | - | - | 0.11% |
| | Professionals and Technicians | - | - | 0.11% |
| VII Región | Executives | 0.10% | 0.10% | - |
| | Other workers | 1.31% | 0.21% | 1.79% |
| | Professionals and Technicians | 1.92% | - | 0.42% |
| VIII Región | Executives | 0.20% | 0.10% | 0.32% |
| | Other workers | 0.50% | 1.34% | 0.95% |
| | Professionals and Technicians | 1.01% | 1.34% | 0.53% |
| Other Regions | Executives | - | - | 0.11% |
| | Other workers | - | - | - |
| | Professionals and Technicians | 0.30% | 0.10% | - |

COMPETITIVE REMUNERATIONS

202-1

Chile's minimum wage during 2019 was \$ 301,000 Chilean pesos.

Colbun pays in all his positions a salary higher than the country's minimum wage, with Colbun's lowest salary being 2.2 times the local minimum wage in Chile. In general, the minimum wage for female workers is higher than the minimum wage for male workers.

This is mainly explained by lower paid entry positions being held by men. In the Metropolitan Region the opposite situation occurs, where the initial positions of less expertise and remuneration are held by women.

The minimum wage in Peru during 2019 was \$ 930 Peruvian soles; This means that the lowest salary in Fenix is 5.7 times greater than the country's minimum wage.

LOCAL MINIMUM WAGE IN CHILE

(202-1)

| Regions with significant operations | Men (CLP) | Women (CLP) |
|-------------------------------------|-----------|-------------|
| Metropolitan Region | 800,390 | 754,167 |
| V Región | 702,535 | 878,810 |
| VII Región | 694,180 | 997,589 |
| VIII Región | 745,615 | 931,395 |
| Otras regiones | 694,180 | 674,645 |

Notes:

- The values reflected in the table represent the minimum wage in each area, including gratification and collation and mobilization assignments.
- The gross monthly salary is only reported in those areas where there are more than 4 people of the same sex, due to confidentiality.

LOCAL MINIMUM WAGE IN PERU

(202-1)

| Regions with significant operations | Men (Peruvian Soles) | Women (Peruvian Soles) |
|-------------------------------------|----------------------|------------------------|
| LIMA | 14,337 | 8,997 |
| CHILCA | 8,466 | 5,282 |

PARENTAL LEAVE

401-3

During 2019, 9 women used their maternal leave in Chile and 2 in Peru (pre and post natal licenses). In the case of men, a worker in Chile used 42 days of parental leave.

Additionally, 56 men used the benefit of the Birth Permit in Chile, corresponding

to 5 business days, while in Peru there were 4 men who took the 10 calendar days given by the Government.

The levels of return to work and retention after maternity or paternity leave, broken down by gender, can be seen in the tables below:

MATERNAL / PARENTAL LEAVES IN CHILE

(401-3)

| Gender | N° Health Leaves 2018 (1) | Readmissions 2018 | | N° of people reinstated in 2018 (4) | N° Health Leaves 2019 (1) | Readmissions 2019 | | N° of people reinstated in 2019 (4) |
|--------------|---------------------------|-------------------|----------|-------------------------------------|---------------------------|-------------------|----------|-------------------------------------|
| | | 2017 (2) | 2018 (3) | | | 2018 (2) | 2019 (3) | |
| Male | - | - | - | - | 1 | - | - | - |
| Female | 11 | 4 | 7 | 11 | 9 | - | 7 | 7 |
| Total | 11 | 4 | 7 | 11 | 10 | - | 7 | 7 |

Note:

- (1) The number of employees who used their maternal leave.
- (2) Number of employees who joined the job after a maternity leave in the previous period.
- (3) Number of employees who returned to work after maternity leave in the same period.
- (4) Number of employees who returned to work in the indicated year, considering those who returned to work after their leave in previous years.

LICENCIAS MATERNALES/PATERNALES EN PERÚ

(401-3)

| Género | N° Health Leaves 2018 (1) | Readmissions 2018 | | N° of people reinstated in 2018 (4) | N° Health Leaves 2019 (1) | Readmissions 2019 | | N° of people reinstated in 2019 (4) |
|--------------|---------------------------|-------------------|----------|-------------------------------------|---------------------------|-------------------|----------|-------------------------------------|
| | | 2017 (2) | 2018 (3) | | | 2018 (2) | 2019 (3) | |
| Male | - | - | - | - | - | - | - | - |
| Female | 1 | 1 | - | 1 | 2 | 1 | 1 | 2 |
| Total | 1 | 1 | - | 1 | 2 | 1 | 1 | 2 |

Note:

- (1) The number of employees who used their maternal leave.
- (2) Number of employees who joined the job after a maternity leave in the previous period.
- (3) Number of employees who returned to work after maternity leave in the same period.
- (4) Number of employees who returned to work in the indicated year, considering those who returned to work after their leave in previous years.

UNIONIZATION

(403-4)

IDENTIFICATION OF TRADE UNIONS IN CHILE

(102-41)

| Power PLants | Name of collective agreement that covers SSO issues | Type of agreement |
|-------------------------|---|---|
| Carena | Sindicato N° 4 (ex Empresa Eléctrica Industrial) | Collective agreement |
| Biobio Complex | Sindicato N° 1 y Sindicato N° 2 | Sindicato N° 1 (Collective agreement); Sindicato N° 2 (Collective agreement) |
| Colbun Power Plant | Sindicato N° 1 | Collective agreement |
| Canutillar Power Plant | Convenio Canutillar | Collective agreement |
| Aconcagua Complex | Sindicato N° 2 | Collective agreement |
| Santa Maria Power Plant | Sindicato Santa Maria | Collective agreement |
| Candelaria Power Plant | Convenio Candelaria | Collective agreement |
| Nehuenco Power Plant | Sindicato N° 3 (ex Nehuenco) | Collective agreement |
| Antilhue Power Plant | Sindicato N° 2 | Collective agreement |
| Los Pinos Power Plant | Sindicato N° 2 | Collective agreement |

The collective instruments in force contemplate the delivery of the Complementary Health Insurance benefit for workers and their family responsibilities. They also consider a series of indicators that are part of the Annual Performance Bonus of workers, within it the "Accident Indicator" that measures safety in matters of accidents, thus giving workers the ability to self-manage in a way to face their daily tasks under the rule of safe work. Along with this and throughout the last years, the company, through the Occupational Health and Safety Management, has been working on a project that includes the realization of preventive health exams, in addition to the occupational examinations that by law must be done to workers exposed to some type of risk, at the same time, it is contemplated in the existing collecti-

ve instruments clauses, the delivery of Personal Protection Elements is agreed (EPP) and Work-wear, the latter with high quality standards that also gives it the EPP character.

Along with the foregoing, the entire Company is implementing and operating the various Psychosocial Risk Committees that, in their formation, contemplate the participation of a union delegate. Additionally, under the corporate procedure PRO099 Health Assessment, the creation of a Health Committee comprising the Organization and People Manager and the Occupational Safety and Health Manager is contemplated, which meets periodically and has among its functions:

a) Address cases of Labor Unsuitability, defining together with the respective Head of Installation the plan to follow.

b) Define the Battery of Preventive Health Assessments and the health facilities that will carry them out.

c) Define the Battery of Pre-Occupational Health Assessments.

d) Review the Company's Occupational Health statistics and indices.

e) Analyze and define action plans for particular Occupational Health situations.

This Committee has contact with Heads of Facilities and Area, Union Leaders and workers in general, in order to gather information to achieve their objectives.

COLLECTIVE BARGAINING AGREEMENTS IN CHILE

(102-41)

| Collective agreements | Locality | No. of collaborators subscribed | Total % of the installation | Total % Colbun | Date of last agreement | Validity of the agreement |
|--------------------------------|-------------------------|---------------------------------|-----------------------------|----------------|------------------------|---------------------------|
| Sindicato N° 4 (Ex Carena) | Carena Power Plant | 23 | 74.19% | 2.42% | 01-06-2017 | 31-05-2020 |
| Convenio Los Pinos | Los Pinos Power Plant | 13 | 76.47% | 1.37% | 01-03-2017 | 28-02-2021 |
| Convenio Canutillar | Canutillar Power Plant | 12 | 66.67% | 1.26% | 01-10-2016 | 30-09-2020 |
| Contrato Colectivo Santa María | Santa María Power Plant | 63 | 68.48% | 6.64% | 27-12-2018 | 31-12-2021 |
| | Biobio Complex | 1 | 1.35% | 0.11% | | |
| | Santiago Head-Office | 1 | 0.27% | 0.11% | | |
| Convenio Candelaria | | 11 | 64.71% | 1.16% | 01-09-2016 | 30-08-2020 |
| Sindicato N° 1 Colbún | Colbun Complex | 52 | 74.29% | 5.48% | 01-09-2017 | 31-08-2020 |
| | Biobio Complex | 26 | 35.14% | 2.74% | | |
| | Santiago Head-Office | 19 | 5.08% | 2.00% | | |
| | Talca Transmission | 4 | 36.36% | 0.42% | | |
| | Candelaria | 3 | 17.65% | 0.32% | | |
| Sindicato N° 2 Colbún | Aconcagua Complex | 91 | 85.05% | 9.59% | 01-01-2017 | 31-12-2020 |
| | Biobio Complex | 25 | 33.78% | 2.63% | | |
| | Candelaria Power Plant | 7 | 41.18% | 0.74% | | |
| | Los Pinos Power Plant | 7 | 41.18% | 0.74% | | |
| | Talca Transmission | 5 | 45.45% | 0.53% | | |
| | SS/EE Las Tórtolas | 5 | 100.00% | 0.53% | | |
| | Santa María Power Plant | 3 | 3.26% | 0.32% | | |
| | Nehuenco | 1 | 1.39% | 0.11% | | |
| SS/EE La Calera | 3 | 100.00% | 0.32% | | | |
| Sindicato N° 3 (ex Neuenco) | Nehuenco | 60 | 83.33% | 6.32% | 01-11-2016 | 31-10-2020 |
| Total | | 435 | | 45.84% | | |

TOTAL PERCENTAGE OF UNIONIZED OR COLLECTIVELY BARGAINING WORKERS IN CHILE

(102-41)

| | 2017 | | | 2018 | | | 2019 | | |
|--|-------|-----|-------|-------|-----|-------|-------|-----|-------|
| | Women | Men | TOTAL | Women | Men | TOTAL | Women | Men | TOTAL |
| Total No. of Employees | 182 | 810 | 992 | 174 | 797 | 971 | 184 | 765 | 949 |
| No. of Employees Covered by a Collective Agreement | 28 | 407 | 435 | 28 | 411 | 439 | 31 | 404 | 435 |
| % of Employees Covered by a Collective Agreement | 15% | 50% | 44% | 16% | 52% | 45% | 17% | 53% | 46% |

46% of the organization's workers are covered by a collective instrument, whether it is agreed with a trade union organization or with a group of workers organized to bargain collectively common benefits. beneficios comunes.

When comparing the last three years, an increase in workers covered by collective bargaining is observed, remaining in line with what happened in 2018 in the private sector, which reached 47.2% (in 2017 they are 28.4%).

Source, El Pulso, La Tercera, April 2019.

In the case of Fenix in Peru, there are no unionized workers.

COMMUNICATION CHANNELS WITH TRADE UNIONS

402-1, 103-2, 103-3

In the event of situations that could affect workers in the various facilities, regardless of the fact that there are no formal agreements in the various collective contracts that deal with this point, the company decided to report any event that is considered relevant to the respective unions directives. At the end of 2019, the sale of all the assets of Antilhue power plant took place, which meant the outflow of 14 workers who were offered hiring in the company that acquired the facility. Once the operation was completed, this situation was communicated to the workers involved, directly by the Colbun CEO. Additionally, the union's Chairman where the workers are affiliated participated in discussing this issue with the ones involved.

LABOR CLAIMS

103-2, 103-3

Both in Chile and Peru, Colbun has a direct and anonymous reporting channel related to compliance with its standards of ethical conduct (Ethics Line). If there are any claims, complaints or comments, these are analyzed by the Ethics Committee, an organization established by the Organization and People Manager; the Legal Manager and the Internal Audit Manager, they meet monthly, or as many times as necessary as warranted.

Likewise, our Internal Regulation of Order, Hygiene and Security in its article No. 48 considers a formal complaint procedure with deadlines to be met and with the duly identified instances.

(in 2017 they are 28.4%). Source, El Pulso, La Tercera, April 2019.

In the case of Fenix in Peru, there are no unionized workers.

In the course of 2019, only the Ethics Committee was used as a channel for complaints and / or claims. 31 complaints were received, 9 of those could be classified as labor and were treated and managed by the Committee.

There were two annual conferences with union leaders organized by the Organization and People Management, with the participation of our CEO.

Additionally, the Organization and People Management held 10 meetings with various union leaders, which even though they do not strictly correspond to claims, serve to receive information and clarify doubts and concerns of the workers represented by their leaders.

TRAINING AND DEVELOPMENT

404-2

The development and growth of our employees is essential to Colbun. The Company is committed to training and internal promotion as mechanisms to enhance excellence in people management, one of the objectives that we have set ourselves within our corporate guidelines.

This year, new programs aiming to improve technological skills for digital transformation were incorporated, such as: Office 365, Power BI and Cybersecurity. Leadership programs were also included and enhanced to deliver adaptive skills for change management, such as the Leader

Skills Development Program and the Women's Leadership Program.

Regarding the Crime Prevention Program, the number of trained people decreases, since in 2019 coverage was directed at new entrants.

PROGRAMS TO IMPROVE EMPLOYEE SKILLS AND TRANSITION AID PROGRAMS IN CHILE (404-2)

| Training program | Description | 2017 | | 2018 | | 2019 | |
|---|--|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| | | Nº of beneficiaries | % of beneficiaries out of total | Nº of beneficiaries | % of beneficiaries out of total | Nº of beneficiaries | % of beneficiaries out of total |
| Undergraduate Scholarships | Financing of technical or university studies. | 53 | 4.1% | 48 | 4.9% | 36 | 3.8% |
| Postgraduate studies | Financing of postgraduate studies (Diploma, Master and MBA) | 56 | 4.3% | 65 | 6.7% | 57 | 6.0% |
| Get Training Program | Development of soft and technical skills in workers | 46 | 3.5% | 130 | 13.4% | 153 | 16.1% |
| English | Improvement in English language | 56 | 4.3% | 86 | 8.9% | 75 | 7.9% |
| Crime Prevention Program | Report relevant aspects of Law 20,393 | 396 | 30.6% | 348 | 35.8% | 21 | 2.2% |
| eLearning Company Induction Program | Inform relevant aspects of the business to the people who join the company | 53 | 4.1% | 31* | 3.2% | 26 | 2.7% |
| Induction Program to Empresa Presencial | Inform relevant aspects of the business to the people who join the company | 56 | 4.3% | 34 | 3.5% | 53 | 5.6% |
| Induction Program Visit to Power Plants | Make the plants known to both new staff and the Head Office people who have been with the Company for years | 16 | 1.2% | 8 | 0.8% | 9 | 0.9% |
| Asset Management | Development of technical skills in Internal Audit ISO 55001 | - | - | 40 | 4.1% | - | - |
| Labor Legislation Workshop | Provide insight into the role of management as an employer and the fundamental rights of workers | - | - | 34 | 3.5% | - | - |
| Leader Skills Development Program | Promote the exercise of leadership in positions with personnel in charge. | - | - | 114 | 11.7% | 168 | 17.7% |
| Energy Market Course | Deliver theoretical and practical knowledge regarding regulations, tendering, pricing and business operations. | - | - | 37 | 3.8% | - | - |
| Female Leadership Development Program | Strengthen and enhance leadership skills in a group of professional women | - | - | - | - | 20 | 2.1% |
| Power BI program | Improve integration in the reportability of the different areas of the company | - | - | - | - | 101 | 10.6% |
| Office 365 program | Disseminate collaborative technological tools to promote digital transformation processes of the company | - | - | - | - | 329 | 34.7% |
| Cybersecurity program | Ensure the security of the company's digital media | - | - | - | - | 595 | 62.7% |
| | | 729 | | 944 | | 1.643 | |

PROGRAMS TO IMPROVE THE SKILLS OF EMPLOYEES AND TRANSITION AID PROGRAMS IN PERU
(404-2)

| Training program | Description | 2017 | | 2018 | | 2019 | |
|---|--|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|
| | | Nº of beneficiaries | % of beneficiaries respect total | Nº of beneficiaries | % of beneficiaries respect total | Nº of beneficiaries | % of beneficiaries respect total |
| Laguages | Perfeccionamiento en idiomas extranjeros | 6 | 6.5% | 8 | 9.1% | 10 | 10.9% |
| Leadership program "We are Fenix Managers" | Leadership Skills of Company Management / Headquarters | 17 | 18.5% | 3 | 3.4% | 15 | 16.3% |
| Management, Regulation and Electricity Market Program | Technical skills focused on Commercial Management | - | - | 9 | 10.2% | 10 | 10.9% |
| Operational Excellence Program | Development of Operations and Maintenance Competencies | 36 | 39.1% | - | - | 5 | 5.4% |
| | | 59 | 64.1% | 20 | 22.7% | 40 | 43.5% |

PROCESSES TO ENSURE THE RETENTION AND RENEWAL OF TALENTS

EU14

PROGRAMS AND PROCESSES THAT ENSURE THE AVAILABILITY OF QUALIFIED LABOR IN CHILE (EU14)

| Program Name | Program description | Describe alliances if applicable for the qualification program | Women N° of trained workers | Men N° of trained workers |
|--|--|--|--------------------------------|------------------------------|
| Colbun Technical Academy 2020 | This program aims to level and reinforce the knowledge required by specialized power plant workers according to the area in which they work. The program develops necessary technical skills for all areas of a power plant (operations, maintenance, etc.). A Training curriculum map was developed, with courses to be designed internally with Colbun technical experts, with e-learning methodology. This 2019 the Operational Management and Management with Dispatch courses were taught. Likewise, the content for the design of 20 courses to be taught in the coming years began to be developed. | Not applicable | - | 230 |
| 2020 Risks Diploma | 75-hour program that combines on-site methodology and e-learning, carried out along with the University of Santiago, which provides technical knowledge and adaptive tools to manage electrical risks in the facilities. A first version was carried out in 2018, and a second version was replicated in 2019, covering Generation and Transmission Installations workers. | USACH | 4 | 21 |
| Predictive Trainings 2020 | Training program that includes various topics oriented to preventively determine the need for equipment maintenance in plants. The methodology is face-to-face, combining theory and ground training. Includes topics such as Thermography, Pi System, NDT analysis, penetrating inks and magnetic particles, Ultrasound and Fundamentals of lubrication and best sampling practices. | Not applicable | 5 | 47 |
| Management Tools Program | Development of learning to facilitate the performance of the worker, such as the improvement of the English language, computer tools and management. Consider face-to-face training and e-learning. Central and Transmission workers are included in this section of the report. | Not applicable | 11 | 99 |
| Safety, Regulation and Environment Program | Provide knowledge that allows us to safeguard safety and integrity of our workers, our operation and environment, as well as compliance with legal aspects. It considers face-to-face and e-learning trainings carried out both in the facilities or in the headquarters, both for Central and Transmission workers. | Not applicable | 26 | 477 |

Note: The attached document corresponds to the training record carried out in 2019 at the Colbun power plants. This information is obtained from the online platform "Digital Learning", a platform where all the training activities carried out in the company are entered.

PROGRAMS AND PROCESSES THAT ENSURE THE AVAILABILITY OF QUALIFIED LABOR IN PERU
(EU14)

| Program Name | Program description | Describe alliances if applicable for the qualification program | Women N° of trained workers | Men N° of trained workers |
|------------------------|--|---|---------------------------------------|-------------------------------------|
| Operational excellence | Training aimed at improving the Operation of the CT Fenix. | Not applicable | - | 4 |
| Maintenance | Maintenance-oriented training | Not applicable | - | 2 |

PERFORMANCE EVALUATION

404-3

Percentage of employees receiving regular performance and career development reviews, disaggregated by sex and by professional category:

COMPANY'S WORKFORCE EVALUATED IN CHILE (%)

(404-3)

| Position Category | 2017 | | | 2018 | | | 2019 | | |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Executive | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Professional | 96.9 | 92.7 | 95.8 | 98.2 | 98.2 | 98.2 | 99.0 | 95.9 | 98.1 |
| Administrative | 90.3 | 94.5 | 93.0 | 96.3 | 97.6 | 97.1 | 100.0 | 95.6 | 97.0 |
| Other positions | 98.7 | 85.7 | 98.5 | 99.2 | 100.0 | 99.2 | 99.7 | 100.0 | 99.8 |
| TOTAL | 97.8 | 93.4 | 97.0 | 98.7 | 98.3 | 98.7 | 99.5 | 96.2 | 98.8 |

The Performance Evaluation Process is carried out for all personnel under an indefinite contract. The personnel without performance evaluation, measured by other evaluation criteria, correspond personnel under contract for work or under fixed term contract and Project.

COMPANY'S WORKFORCE EVALUATED IN PERU (%)

(404-3)

| Position Category | 2017 | | | 2018 | | | 2019 | | |
|-------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Executive | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Professional | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 97.2 | 90.0 | 95.7 |
| Administrative | 100.0 | 100.0 | 100.0 | 75.0 | 83.3 | 80.0 | 100.0 | 100.0 | 100.0 |
| Other positions | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 93.1 | 100.0 | 93.3 |
| TOTAL | 100.0 | 100.0 | 100.0 | 98.6 | 94.7 | 97.7 | 95.9 | 94.7 | 95.7 |

WORK ENVIRONMENT

BENEFITS AND MEASURES OF WORK-FAMILY CONCILIATION

404-3

We believe that having benefits according with the needs of our workers contributes to a sense of belonging and pride towards the Company. This is why we have benefits and special instances to include the families of our workers.

All the Company's employees hired for an indefinite period, regardless of their geographical location or facility, have a package of social benefits superior in many aspects to those managed in the companies of the power sector, that along with competitive compensation and remuneration we provide, makes it an attractive company to work for.

We are continuously monitoring through the purchase of specialized studies, new trends and new benefits that we can provide to our workers, in order to cover the widest spectrum of this item.

At Colbun all workers have full time and are entitled to the following benefits:

LIST OF BENEFITS AND NUMBERS OF WORKERS WHO RECEIVE THEM IN CHILE

401-2

| List of Benefits / Benefits | 2019 |
|--|------|
| Complementary Risk Work Insurance | 943 |
| Life insurance | - |
| Maintenance of Remuneration for Medical License Life Insurance | 340 |
| Mortuary Fee | - |
| Christmas Toys for Children | 460 |
| Children's Christmas Party | 949 |
| Children Scholarships | 582 |
| Birth Bonuses, Marriages | 48 |
| Disability coverage | - |
| Birthday gift | 949 |
| Christmas basket | 949 |
| Dental Bonus | 535 |
| Medications Bonus | 681 |
| Optical Bonus | 331 |
| Free Disposal or Emergency Loans | 307 |
| Parental leave | 10 |
| Birth, marriage, death permit | 75 |
| Days for oneself | 828 |
| Catastrophic Illness Leave for children or spouse | 2 |
| Compensation Years of Service to All Events | 5 |
| Sports Grant | 49 |
| Pension savings incentive | 5 |

Note: All the benefits detailed in the table are agreed in collective instruments or in individual employment contracts, which gives them the right to use the benefit. Reported on 2019 is the effective use of the benefit.

LIST OF BENEFITS AND NUMBERS OF WORKERS WHO RECEIVE THEM IN PERU

401-2

| List of Benefits / Benefits | 2017 | 2018 | 2019 |
|---|------|------|------|
| Complementary Risk Work Insurance | 92 | 88 | 92 |
| Life insurance | 92 | 88 | 92 |
| Maintenance of Remuneration for Medical License Life Insurance | 92 | 88 | 92 |
| Christmas gifts for children | 54 | 55 | 51 |
| Christmas party for children | 54 | 55 | 51 |
| Disability coverage | 92 | 98 | 92 |
| Christmas basket | 92 | 98 | 92 |
| Parental leave | 92 | 98 | 92 |
| Private Health Policy (EPS) | 92 | 98 | 92 |
| Private Health Policy (EPS) | 92 | 98 | 92 |
| Transportation of outstanding collaborators | 47 | 47 | 50 |

Note: All Fenix workers have full time. Those who work in the plant have the benefit of door-to-door transportation. In the case of the Christmas Party and the Christmas Gift, it applies to children up to 12 years of age.

SPECIFIC BENEFITS AND CONCILIATION POLICIES IN CHILE

| Benefit | Detail |
|---------------------------|--|
| Academic Excellence Award | Eleventh version, which seeks to recognize the families of the workers, symbolically and economically rewarding academic performance, highlighting both the school, sports, academic and university areas. |
| Work Day with Children | Instance in which the children visit the office. It is carried out for the eleventh consecutive year, taking place in all the Colbun plants, in addition to Santiago. |
| Days for oneself | Workers are given two administrative days a year to be used when needed. They can be divided into four half days. |
| Friday half day | At the headquarters every Friday we work half a day, until 1:30 p.m. This modality is beginning to be implemented in some plants. |
| Inter-holidays | Inter-holidays are granted Monday or Friday to have a long weekend. That day must be previously recovered with a Friday afternoon. |
| Flexible schedule | In Santiago there is the option to advance or postpone the entry time. There are three new schedules plus the current one. You must choose one and keep it throughout the year. |
| Quality of Life Program | It takes place in Santiago and central. Quality of Life Competitive Funds are assigned, where workers apply for activities such as Trekking, Cooking Classes, Soccer, among others, and then administer the funds. |

MANAGEMENT MILESTONES WITH SUPPLIERS

IMPLEMENTATION OF THE SAP FIELDGLASS CONTRACT MANAGEMENT PLATFORM

As part of the improvement and digitization plan of our processes, in December the trial period of SAP Fieldglass contract management platform began, with it contracting companies will be able to manage their contracts with Colbun, it will allow a more agile, secure and transparent management, optimizing the approval times of payment statuses.

REGIONAL MEETINGS WITH LOCAL SUPPLIERS

We hold regional meetings with our suppliers, in order to transfer best

practices to more than 150 of them in the field of electronic guidance, Code of Ethics, Fieldglass platform and optimizing processes.

These instances also allowed sharing experiences and deepening opportunities for improvement for the Company's management.

BIDDING PROCESSES

148 tenders have been executed through the Ariba Platform, allowing us to ensure equity, competitiveness, traceability and auditability of our supply processes.



SAFETY AND HEALTH

403-1, 403-3 , EU18

A Joint Committee is formed in each of the plants, which represents 100% of our workers.

During 2019, the focus of the joint committees was working on safe behaviors and learning about ACHS certification

systems of the joint committees.

Additionally, in December, the annual meeting of Colbun parity committees was held, where initiatives could be shared and doubts about its operation could be clarified.

WORKERS REPRESENTED IN FORMAL HEALTH AND SAFETY COMMITTEES IN CHILE

(403-1)

| Power Plant | 2018 | | | 2019 | | |
|----------------------------------|------------------|-------------------|----------------------|------------------|-------------------|---------------------|
| | N ° Participants | Employees covered | % employee coverages | N ° Participants | Employees covered | % employee coverage |
| Canutillar Power PLant | 19.00 | 64.00 | 5.90 | 18 | 43 | 4.57 |
| Biobio Complex (Rucue -Quilleco) | 39.00 | 52.00 | 4.79 | 37 | 33 | 3.51 |
| Biobio Complex (Angostura) | 37.00 | 112.00 | 10.32 | 37 | 84 | 8.94 |
| Colbun Complex | 73.00 | 111.00 | 10.23 | 71 | 105 | 11.17 |
| Carena Power Plant | 34.00 | 13.00 | 1.20 | 34 | 11 | 1.17 |
| Aconcagua Complex | 94.00 | 103.00 | 9.49 | 96 | 141 | 15.00 |
| Antilhue Power Plant | 14.00 | 10.00 | 0.92 | 14 | 13 | 1.38 |
| Los Pinos Power Plant | 17.00 | 60.00 | 5.53 | 17 | 30 | 3.19 |
| Candelaria Power Plant | 16.00 | 41.00 | 3.78 | 18 | 24 | 2.55 |
| Nehuenco Power Plant | 66.00 | 103.00 | 9.49 | 71 | 97 | 10.32 |
| Santa Maria Power Plant | 93.00 | 223.00 | 20.55 | 92 | 200 | 21.28 |
| Santiago Head-Office | 436.00 | 24.00 | 2.21 | 417 | 24 | 2.55 |
| (*) Trasmision | 46.00 | 169.00 | 15.58 | 51 | 135 | 14.36 |
| TOTAL | 984.00 | 1,085.00 | 100.00 | 973 | 940 | 100.00 |

(*) Note: Transmission Management does not have a CPHS; they participate in each CPHS of the corresponding power plant

WORKERS REPRESENTED IN FORMAL HEALTH AND SAFETY COMMITTEES IN PERU

(403-1)

| Central | 2018 | | | 2019 | | |
|--------------|------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| | N ° Participants | Employees covered | % employee coverage | N ° Participants | Employees covered | % employee coverage |
| Fenix | 6 | 36 | 100% | 6 | 36 | 100% |
| TOTAL | 6 | 36 | 100% | 6 | 36 | 100% |

WORKERS AT RISK OF DISEASES RELATED TO THEIR ACTIVITIES

(403-3)

| Power Plants | Agents | N° of Colbun workers exposed to agents | |
|---------------------------|--|--|--------------|
| | | Chile | Peru |
| All Colbun's power plants | Noise | 162 | 31 |
| | Ionizing radiation | 8 | 17 |
| | Ultraviolet A / B radiation | 217 | 35 |
| | Work-related Skeletal Muscle Disorders of the Upper Extremities TMERT-EESS | 129 | 8 |
| | Manual Handling of Loads | 139 | 21 |
| | Physical Height | 311 | 16 |
| | Great Geographic Height | 36 | - |
| | Mobile Equipment Operator | 43 | 14 |
| | Confined space | 208 | 14 |
| | Psychosocial Disorders | 47 | 61 |
| | Watchers and Guards | 5 | - |
| | TOTAL | | 1,305 |

During 2019, we worked with an exclusive ACHS specialist, who carried out a survey, control and recommendations for each Company facility where personnel had been exposed to noise. The above, according to the MINSAL protocol

for Exposure to Noise, PREXOR. Work was also carried out on the verification and monitoring of the following MINSAL protocols: TMERT, Psychosocial, MMC and the Technical Guide for UV radiation exposure. In turn, the monitoring

and permanent management of the occupational health examinations of the Company's workers who are exposed to specific risks was maintained.

FREQUENCY INDEX OWN WORKERS AND CONTRACTORS, CHILE-PERU

(Number of accidents x 1,000,000 / working hours)

| | 2016 | 2017 | 2018 | 2019 |
|-------------|------|------|------|------|
| Own workers | 0.42 | 0.85 | 0.39 | 0.77 |
| Contractor | 2.79 | 1.38 | 1.19 | 1.62 |

Note: The data covers 100% of our workers and contractors in Chile and Peru.

Regarding Colbun contractors in Chile, in 2019 4,236 inductions were carried out on occupational health and safety issues and 988 trainings associated with

ECFs (Fatality Control Standards), use and handling of fire extinguishers, AST content, Law 16,744 and UV radiation.

COMMUNITY RELATIONSHIP

COMMUNICATION CHANNELS WITH THE COMMUNITY

RADIO PROGRAMS

In 2019, the program “Voices with Energy” was broadcast on the International Road Route, in the commune of Los Andes and San Esteban, with the aim of discussing topics of common interest between Colbun and its neighbors, including operational aspects, environmental and social.

In addition to its informative nature, this program seeks to link people, develop networks, among others. This is the fourth radio program of these characteristics, and joins similar existing in the communes of Santa Barbara, Coronel and Colbun.

+ENERGY NEWSLETTER

In order to improve communication with our neighbors, Colbun publishes community newsletters - in paper and / or digi-

tal versions, under the name + Energía of the communes of Colbun, Santa Bárbara, Quilaco, Coronel, Curacaví, Mostazal, Quillota and Los Andes.

Fenix also has the community newsletter, called “Good Neighbor,” which is published bi-monthly.

LOCAL DEVELOPMENT

203-1, 203-2, 413-1, Colbun-3.SO

Colbun carries out programs that contribute to local development (“Generating Future” pillar) of the communities surrounding all its power plants in Chile and Peru.

| Name of project/program | Amount USD | Related community name | Description Program and associated community pillar | N° operations where the program has been carried out | Impact evaluations, community participation, applied to the entire organization |
|---|------------|---------------------------------------|--|--|---|
| Community Organizations Strengthening Program (I Take Care of My Planet Fund) | 86,827 | Candelaria, Carena, Aconcagua, Colbún | Program aimed at promoting, through education, care for the planet through various initiatives and strengthening of social organizations neighboring Centrales de Colbun | 4 | <ul style="list-style-type: none"> - In Candelaria 6 social organizations, in Carena 6 social organizations and 1 in Aconcagua. In total 1,442 direct beneficiaries. Implementing 13 projects that help care for the environment and improve the quality of life of direct beneficiaries. - 6 communities in the commune: Rincón de Pataguas, Santa Elena, Villa Don Francisco, Colbun Alto, La Guardia and Los Boldos, plus 10 sectors involved in the competitive funds in environmental management. 886 direct beneficiaries, 3,472 indirect beneficiaries living in the sectors mentioned. - Cabrero: Attendance report, impact surveys 2019 and technical report 300 indirect beneficiaries of the FCGA Implementation removal of inorganic recyclable waste - Work with 8 Environmental monitors - Presentation of 1 theater play in 4 locations. Talks, trainings and door-to-door dissemination in each location. - Implementation of an agroecology center and installation of a green point. Recycling campaign for hazardous waste and batteries, collecting almost 10 tons. - Operation and management of 10 Green Points in the commune, collecting more than 10 tons of inorganic recyclable was |

| Name of project/program | Amount USD | Related community name | Description Program and associated community pillar | N° operations where the program has been carried out | Impact evaluations, community participation, applied to the entire organization |
|--|------------|---|--|--|--|
| Energy Program for School Education | 308,453 | Aconcagua, Carena, Yerbas Buenas, Cochamó, Cabrero, Quilleco | Education program aimed at supporting individuals and educational establishments, which provides tools to middle school students to be able to work in case of not continuing with higher studies, in the towns near the central | 6 | <ul style="list-style-type: none"> - Gabriela Mistral School, San Esteban High School, Balmaceda High School, Curacaví. Total 273 direct beneficiaries - Yerbas Buenas 30 3rd and 4th year students from Juan Gómez Millas de Orilla de Maule de Yerbas Buenas High School - Canutillar: 20 direct beneficiaries and 200 indirect beneficiaries - Quilleco: impact report of the year 2019 program |
| Scholarship Program for Technical University Education | 46,076 | Curacaví, San Esteban, Quillota, Colbún, Yerbas Buenas, Cochamó | Program aimed at financially supporting higher education students | 6 | <ul style="list-style-type: none"> Scholarships from the Balmaceda high school in Curacaví, high school students from San Esteban and university students from Quillota. Total 63 scholars. Scholarships from Ignacio Carrera Pinto de Colbun High School and Juan Gómez Millas de Orilla de Maule de Yerbas Buenas High School. Total 9 new scholars in 2019 and 10 scholars who continue in 2019 and have been awarded scholarships since 2018 |
| Colbun Power Plant Guided Tours Program | 12,209 | Aconcagua, Colbún | Education program and open doors of the company towards the community, through guided visits to the community and school children are presented with the operation of the plant making a tour of the Colbun facilities. | 1 | Aconcagua: 605 direct beneficiaries. Colbun: 1,848 direct beneficiaries. |
| Energy for Champions Program | 18,930 | Aconcagua | Soccer school program, which seeks to promote healthy life and teamwork of children on the International Route, also involving the entire family and parents with the project. | 1 | 50 direct beneficiaries |
| Gray Water Recycling and Storage | - | Aconcagua | Awareness program and installation of recycling and storage systems for Gray Waters to support Rural Drinking Water Systems for residents of the International Route. | 1 | 175 direct beneficiaries |
| Recycling and Reuse of Clothes (EcoModa) | 30,709 | Nehuenco | Program that seeks to improve job opportunities for 100 women in the City of Quillota, through recycling and reuse of textile waste. | 1 | 18 direct beneficiaries |

| Name of project/program | Amount USD | Related community name | Description Program and associated community pillar | N° operations where the program has been carried out | Impact evaluations, community participation, applied to the entire organization |
|-----------------------------------|------------|---|---|--|---|
| Family Garden Program | 36,654 | Aconcagua | Program that seeks to improve eating habits in the population of the International Route and also seeks to have a good impact on the family economy. | 1 | 56 direct beneficiaries |
| Infrastructure projects | 1,047,532 | Angostura, Quillota, Codegua, los andes, Colbún, Lago Chapo | Development of socio-community infrastructure projects designed collaboratively with the municipalities or (JJVV) Neighborhood Boards (Angostura trails and viewpoints, International Route Luminaries, Quilleco Luminaries Project 3rd year, Codegua Theater Infrastructure, sports infrastructure renovation, centennial sports club, promenade coastal lake chapo) | 6 | 72,654 beneficiaries |
| Entrepreneurship Centers | 491,783 | Coronel, santa bárbara, Quilaco, Antuco, Quilleco | Training, advisory, pre-incubation, incubation, direct competitive financing and support program for public funds for entrepreneurs through 2 entrepreneurship centers located in the Biobío region | 2 | Management report 2019 - results infographic |
| Future Fishing | 219,439 | Coronel | Scholarship program for technical studies and comprehensive support for fishermen based on productive development | 1 | 141 beneficiaries |
| Development of Municipal Projects | 38,223 | Cochamó | It is about supporting development of relevant projects for the municipality, formulated through an NGO, Fundación Huella Local, putting professionals at the disposal of the Municipal Planning Secretariat, to carry them out. | 1 | 800 direct beneficiaries |

INVESTMENT IN COMMUNITY INFRASTRUCTURE IN CHILE

(203-1)

| Name of the Project | Community Name | Project Description | Impact of infrastructure projects and support services |
|---|-------------------------------------|---|---|
| Quillota Luminaires 2018-2019-2020 | Quillota (Nehuenco Complex) | 1st stage Replacement of public lighting to led luminaire | Increase in people's sense of security |
| Codegua Theater Draft Project | Codegua (Candelaria Power Plant) | Deliver detailed architecture and specialties to the Municipality of Codegua so that it can apply to state funds for the construction of the Theater | Increase in the dissemination of local culture and greater access to culture by the inhabitants of Codegua |
| Ruta Internacional Luminaires | Los Andes | Installation of LED luminaires on the international route, which will improve the security and traffic conditions of the place | Installation of luminaires that will improve the security and traffic conditions of the place |
| Lago Chapo Coastal Walk and Visitor Center | Lago Chapo (Canutillar Power Plant) | Construction of the Coastal Path that consists of a path of approximately 700 meters long, which is connected through 2 squares and 3 viewpoints, with signs and historical and tourist information on the area | It incorporates a tourist infrastructure where there was none and provides a place for local products sales. It fosters local entrepreneurship by applying for competitive funds. |
| Cerro La Virgen Viewpoint Remodelation, Coronel commune | Coronel | Complete remodeling of pavements, furniture, lighting, green areas, adding murals and fixed spyglasses | Improved sense of belonging, identity and heritage value |
| FV Luminaires, Patagual sector | Patagual, Coronel commune | Installation of 34 photovoltaic luminaires in the rural sector of Patagual that illuminated 5 km of route O-852 | Improving quality of life and public safety |
| Revaluation of Antuco's Cultural Attractions (Improvement of Plaza Abanico) | Antuco | Construction of furniture, paving and Cultural infographics "Antuco historico al aire libre" | Improves sense of belonging, identity and heritage value |
| Remodelation of the Centennial Sports Club, Colbún - Rincón de Pataguas Oriente | Rincón de Pataguas Oriente, Colbún | Implementation of a Sports Field with: dressing rooms, cellar, bathrooms, multipurpose room, field plastering, irrigation system, bleachers improvements, perimeter closing and the acquisition of a lawn mower tractor. | Improving quality of life |
| Machicura Beach Reservoir Improvement | Colbún | Implement improvements in the reservoir beach: implementation of an access portico, paving in part of the external and internal access, access ramp to water for people with disabilities or reduced mobility, electrical system. | Improving quality of life |
| Machicura Beach Reservoir | Colbún | Construction of the reservoir beach started in 2018, finished in 2019 | Improving quality of life |
| Trails and viewpoints on the Biobio riverbank | Angostura | Construction of trails and viewpoints to enhance tourism | Improving quality of life, promoting tourism |

INVESTMENT IN COMMUNITY INFRASTRUCTURE IN PERU

(203-1)

| Name of the Project | Community Name | Project Description | Impact of infrastructure projects and support services |
|--|------------------------|--|--|
| Educational Institutions Las Salinas and Chilca | Las Salinas and Chilca | Improvement of educational infrastructure: Educational Institutions of Las Salinas and Chilca | Increased quality of educational service |
| Installation of medical care modules in the Maternal and Child Center of Our Lady of La Asunción in Chilca | Chilca | Construction of 2 modules for medical care in the Maternal and Child Center of Our Lady of La Asunción in Chilca | Increased quality of health service |
| Installation of waste collectors and tourist signs | Las Salinas | Improvement of Tourism infrastructure: Installation of waste holder in the Centro Poblado Menor Las Salinas and placement of tourist signs | Improve beautification to promote tourism and economic development |
| Repair and improvement of the water system, drainage and taps of the Police Station of Chilca | Las Salinas and Chilca | Improvement of security infrastructure: Repair and improvement of the water system, drainage and taps of the Chilca Police Station | Improved security perception |

VALUE OF POLITICAL CONTRIBUTIONS

415-1

During 2019 there were no political contributions from Colbun S.A., neither in Chile nor in Peru.

Additionally, our Code of Ethics prohibits the delivery of gifts and gifts to public officials in excess of the value of US\$ 100.

CONTRIBUTIONS TO THE COMMUNITY IN CHILE AND PERU (CONSOLIDATED)

(402-1)

| Type of contribution | Total amount (USD) |
|--|--------------------|
| "Cash" contributions | 4,962,124 |
| Time: Employee volunteering during paid work hours | 4,823 |
| Donations in kind: donations of products or services, projects / associations or similar | 993,911 |
| General administration expenses | 1,180,000 |

Notes:

- In the case of volunteering, an average participation of 10 people was considered, with an average dedication of 17 hours / year each.
- For donations in kind, we considered the desalinated and purified water that is delivered to the Municipality of Chilca in Peru, and the land owned by Colbun in Chile that is given as a loan to third parties.

7.5 ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE



USE OF MATERIALS AND EFFICIENCY

INTERNAL ENERGY CONSUMPTION

302-1

POWER CONSUMPTION AT POWER PLANTS AND CORPORATE OFFICES IN CHILE

(302-1)

| Type of source | Measurement Unit | 2016 | 2017 | 2018 | 2019 |
|----------------|------------------|------|------|------|------|
| Energy | Tera Joules | 47 | 72 | 77 | 86 |

Note: 1 Tera Joule (TJ) = 277.78 MWh.

Power consumption corresponds to the power plants and the corporate offices building

ENERGY USED BY POWER PLANTS TO GENERATE IN CHILE

(302-1)

| Type of source | Measurement Unit | 2016 | 2017 | 2018 | 2019 |
|------------------------|--------------------|---------------|---------------|---------------|---------------|
| Diesel | Tera Joules | 2,460 | 2,109 | 809 | 736 |
| Natural Gas | Tera Joules | 24,434 | 25,231 | 25,581 | 29,681 |
| Coal | Tera Joules | 22,205 | 24,416 | 23,083 | 17,317 |
| Total Emissions | Tera Joules | 49,099 | 51,756 | 49,473 | 47,734 |

The 3.5% decrease in energy used by Colbun power plants compared to 2018, is mainly due to the drop in diesel consumption (-9%) and coal (-25%), which is justified for lower consumption in thermal power plants. On the other hand, LNG consumption increased 16% due to greater thermal generation from this fuel in 2019.

POWER CONSUMPTION IN CENTRAL FENIX POWER PLANT AND CORPORATE OFFICE IN PERU

(302-1)

| Type of source | Measurement Unit | 2016 | 2017 | 2018 | 2019 |
|----------------|------------------|------|------|------|------|
| Energy | Tera Joules | 4.0 | 3.4 | 3.4 | 4.0 |

ENERGY USED BY THE FENIX POWER PLANT TO GENERATE IN PERU

(302-1)

| Type of source | Measurement unit | 2016 | 2017 | 2018 | 2019 |
|------------------------|--------------------|---------------|---------------|---------------|---------------|
| Diesel | Tera Joules | 55 | 0 | 0 | 0 |
| Natural Gas | Tera Joules | 22,290 | 25,557 | 26,676 | 26,717 |
| TOTAL EMISSIONS | Tera Joules | 22,345 | 25,557 | 26,676 | 26,717 |

ATMOSPHERIC EMISSIONS

EMISSIONS OF SUBSTANCES THAT DEplete OZONE

(305-6)

SF₆ gas is used as an insulator in transformers, switches, and other electrical equipment. Although it is true, the eventual leaks of this gas are rather isolated events, these could be produced as a result of a failure

in the unions, seals or gaskets of the aforementioned equipment.

For the third consecutive year, during 2019 there were no SF₆ gas leaks at our facilities, reflecting the effort of the maintenance area of our power plants.

Notwithstanding the foregoing, it is pertinent to mention that, in the event of a leak, it is reported in the

Incident Reporting System (SRI) as an environmental incident. A preliminary incident report is produced and an investigation is launched to find the root cause of the leak in question. Finally, a document or report of lessons learned regarding the investigated fact is generated and, if necessary, an action plan is put in place to help prevent the incident from recurring.

SF₆ GAS EMISSIONS

(305-6)

| Emissions | Unit | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|-------------------------|------------|------------|----------|----------|------------|
| SF ₆ | Kg | 9 | 35,6 | 0 | 0 | 5 |
| % coverage | % | 100% | 100% | 100% | 100% | 100% |
| TOTAL EMISSIONS | TCO₂e | 209 | 837 | 0 | 0 | 118 |

BIODIVERSITY

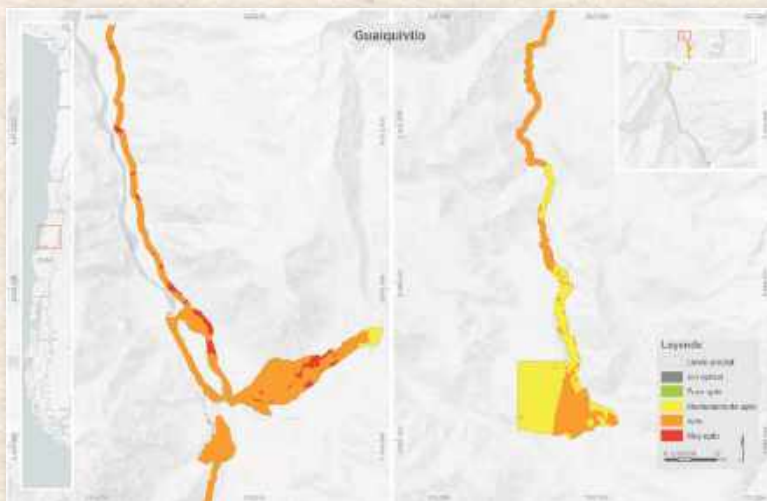
304-1; 304-2; 304-3, 304-4

In 2019, a review of all Colbun's surface property was carried out, to detect potential areas for biodiversity development. This survey covered a total of approximately 11,000 hectares and as a result of the review carried out, the areas were categorized into: high, medium and low biodiversity potential.





AREA OF POTENTIAL VALUE FOR BIODIVERSITY - GUAQUIVILO



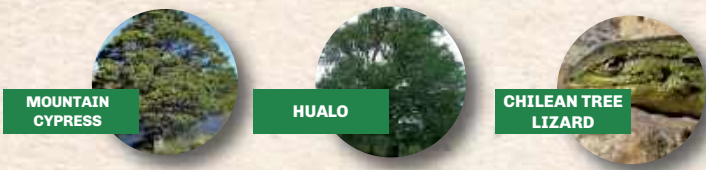
GENERAL FACTS

Region: Maule
Commune: Colbun
Property Surface: 1,095.93 hectares
Surface area of potential value for biodiversity:
 0.48 ha. Not fit
 1.05 ha. Poor
 322.52 ha. Fair
 712.07 ha. Good
 59.81 ha. Excellent

GENERAL REMARKS

Project located in the mountain range of Maule Region attracting great interest for national biological conservation mainly due to the presence of species with a very restricted distribution contemplated in Law 20,283 as part of the Preservation Forest, such as Lleuque and Belloto del Sur (Southern acorn tree), in addition to endemic fauna and in a conservation category, such as the Chilean Lizard, the Jewel Lizard as well as fish such as the Chilean Silverside and the Bagrecito (Catsfish), both present in Melado river.

CONSERVATION TARGETS



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees**
 - Cordillera Cypress (NT)
 - Winter's Bark-Canelo (LC)
 - Hualo (NT)
 - Lleuque (VU)
 - Lingue (LC)
 - Frangel (NT)
 - Southern acorn (EN)
- b) Herbaceous**
 Calceolaria pallida (EN)
- c) Ferns**
 - Black stick (LC)
 - Quilquil (LC)
 - Dennstaedtia glauca (VU)

Fauna

- a) Mammals**
 - Long haired field mouse (LC)
 - Culpeo fox (LC)
 - Grey fox (LC)
 - Puma (NT)
- b) Birds**
 - Chilean pigeon (LC)
 - Rufous-legged Owl (NT)
 - Black faced ibis (LC)
 - Condor (VU)
 - White-throated hawk (R)
 - Magellanic woodpecker (EN)
 - Burrowing Parakeet (VU)
 - Torrent Duck (NT)
 - Slender-billed Parakeet (LC)

c) Reptiles

- Chilean lizard (LC)
- Slender Jeweled Lizard (LC)
- Schroeder's Tree Iguana (VU)

d) Amphibians

- Warty toad (LC)

e) Fish

- Chilean silverside (VU)
- Catfish (VU)

Forest Floor

- 29.31% Low Andean Mediterranean shrubland of white grass and Discaria articulata
- 69.93% Andean temperate Mediterranean-deciduous forest of Coihue and Cipres de cordillera
- 0.72% Andean Mediterranean deciduous forest of Hualo and Pellin oak

Forest types

- Coihue - Raulí - Tapa 0.38%
- Sclerophyllo 2.27
- Lenga 0.64%
- Roble-Hualo 2.53%
- Roble-Raulí-Coihue 12,22%

Catastro de bosque nativo

- Dense Mature-secondary forest 0.38%
- Semi-dense Low-level forest 0.61%
- Open Mature forest 2%
- Dense Mature forest 0.17%
- Semi-dense Mature forest 0.36%
- Open Secondary forest 3.3%
- Dense Secondary forest 3.64%
- Semi-dense Secondary forest 6.43%
- Open Secondary 1.13%

Notable species

- Cordillera Cypress
- Hualo
- Belloto del sur- Southern acorn (Declared a natural monument by Decree No. 13/1995)

Endemic species

- Flora**
- a) Trees**
- Lleuque
 - Southern acorn
- Fauna**
- a) Reptiles**
- Chilean lizard
 - Slender Jeweled Lizard
 - Schroeder's Tree Iguana
- b) Fish**
- Chilean silverside
 - Catfish
- c) Birds**
- Slender-billed Parakeet

Glossary

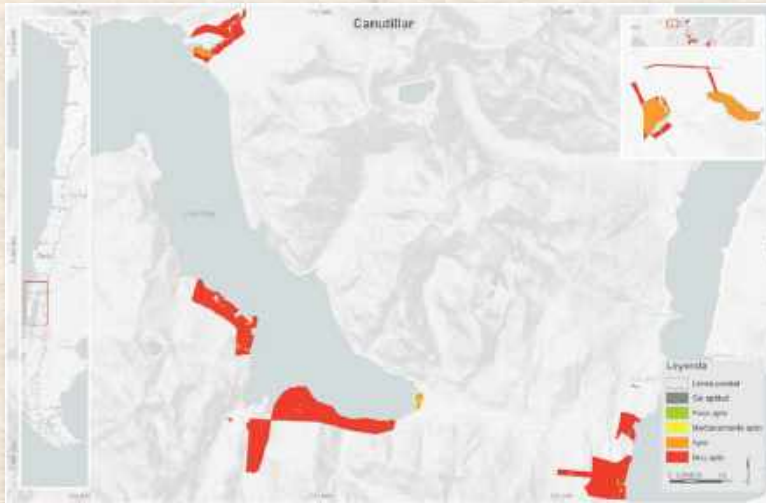
CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

R = Rare
 VU = Vulnerable



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CANUTILLAR



GENERAL FACTS

Region: Los Lagos
Communes: Cochamo, Puerto Montt
Property surface: 677.93 hectares
Surface area of potential value for biodiversity:
 2.13 ha. Not fit
 0.92 ha. Poor
 3.56 ha. Fair
 51.44 ha. Good
 619.88 ha. Excellent

GENERAL REMARKS

Set of properties that surround Lake Chapo and the Reloncavi estuary, largely dominated by mainly dense temperate Evergreen and temperate Andean native formations, widely represented in the SNASPE (Chilean national public system of protected areas). It highlights the great wealth of ferns present in the area and the presence of fish in a vulnerable state of conservation such as the Lamprey and the Bagrecito.

CONSERVATION TARGETS

CANELO



MABLE WOOD FROG



CHILEAN TREE MOUSE



Compositional biodiversity

Species in conservation category

Flora

- a) Trees
 - Canelo (LC)
- b) Herbaceous
 - Sanguinaria (LC)
- c) Ferns
 - Filu-lahuén (LC)
 - Palmita (LC)
 - Helecho de las cascadas (LC)
 - Costilla de vaca (LC)
 - Palito negro (LC)
 - Hymenophyllum fuciforme* (LC)
 - Hymenophyllum pectinatum* (LC)
 - Hymenophyllum plicatum* (LC)
 - Hymenophyllum secundum* (LC)
 - Hymenophyllum seselifolium* (LC)
 - Yerba del lagarto (LC)

Fauna

- a) Mammals
 - Long haired field mouse (LC)
 - Chilean tree mouse (LC)
- b) Birds
 - White throated hawk (R)
 - Chuco Tapaculo (LC)
 - Huet-huet Tapaculo (LC)
- c) Amphibians
 - Mable wood frog (LC)
- d) Fish
 - Lamprea de bolsa (VU)
 - Puye (LC)
 - Catfish (VU)

Notable species

- Misodendrum gayanum*

Endemic species

- Flora
- a) Ferns
 - Hymenophyllum fuciforme*
 - Palmilla
- Fauna
- Endemic fauna does not appear in this area

Structural biodiversity

Forest Floor

- Inland temperate Evergreen Forest of Coihue de Chiloé and sharp leaves Mañío 95.71%
- Andean temperate resinous forest of Alerce 0.02%

Tipos forestales

- Cordillera Cypress 3.36%
- Coihue - Raulí - Tapa 2.57%
- Magallanic Coigüe 4.20%
- Oak - Raulí - Coihue 1.94%
- Evergreen 68.41%
- Not applicable* 3.81%

* The percentage assigned to the "Not applicable" typology included in Forest Types indicates the non-existence of a Forest-type surface, not ruling out the presence of Prairies or Thickets.

Native forest cadastre

- Dense Mature-Secondary forest 9.53%
- Mature forest open 3.41%
- Dense Mature forest 8.05%
- Semi-dense Mature forest 7.19%
- Open Secondary 8.81%
- Dense Secondary 22.62%
- Semi-dense Secondary 15.69%
- Open Secondary forest 1.82%
- Semi-dense Secondary forest 3.36%
- Semi-dense arborescent scrub 2.21%
- Semi-dense scrub 1.60%

Glossary

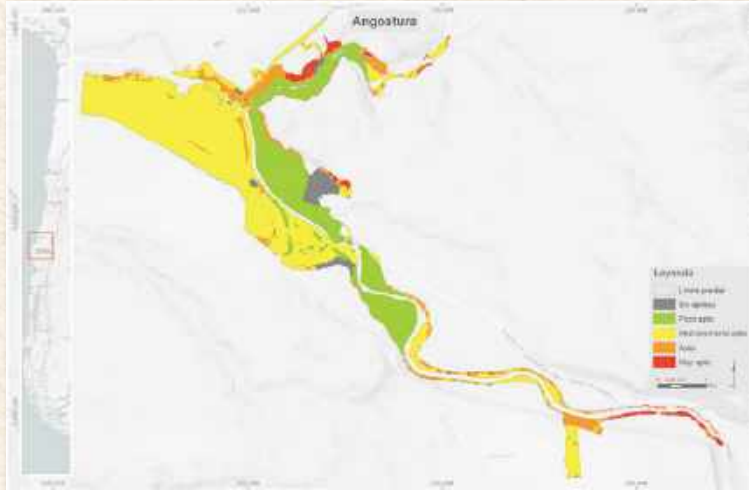
- | | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |

Developed by





AREA OF POTENCIAL VALUE FOR BIODIVERSITY - ANGOSTURA



GENERAL FACTS

Region: Bío Bío
Communes: Quilaco, Santa Bárbara
Property Surface: 1,355.46 hectares

Surface area of potential value for biodiversity:
57.11 ha. Not fit
357.67ha. Poor
739.44 ha. Fair
162.71ha. Good
38.53 ha. Excellent

GENERAL REMARKS

This sector is home to tree species such as Lleuque and Guindo Santo, contemplated in Law 20,283 constituting the Native Preservation Forest. In addition, the presence of Copihue (Chilean bell flower) stands out, its habitat is highly fragmented and dispersed. In fauna the great wealth of fish species in conservation category stands out, such as the freshwater Tollo (Dogfish), the Pocha de Los Lagos or the Chilean Silverside.

CONSERVATION TARGETS

LLEUQUE



FRESHWATER TOLLO



GUINDO SANTO



Biodiversidad composicional

Biodiversidad estructural

Species in conservation category

Flora

- a) Trees**
-Cordillera Cypress (NT)
-Canelo (LC)
-Guindo santo (VU)
-Lingue (LC)
-Lleuque (VU)

- b) Ferns**
-Palito negro (*Adiantum scabrum*) (LC)
-*Blechnum asperum* (NT)

Fauna

- a) Mammals**
-Pudú (VU)
- b) Birds**
-Rufous-legged owl (VU)
-Red shoveler (LC)
-Spectacled duck (NT)
-Souther American painted snipe (NT)
-Chilean pigeon (NT)
-Huet-Huet tapaculo (LC)
-Black-faced ibis (LC)
- c) Reptiles**
-Jewel lizard (LC)

- d) Amphibian**
-Sapito de cuatro ojos (NT)

- e) Fish**
-Pocha de los lagos (VU)
-Carmelita de Concepción (VU)
-Tollo de agua dulce (EN)
-Puye (VU)
-Pejerrey chileno (VU)
-Bagre grande (VU)
-Bagrecito pintado (VU)
-Lamprea de bolsa (VU)
-Bagrecito (VU)

Structural biodiversity

- Mediterranean deciduous forest of Roble Pellín and Lingue 90.45%
- Andean temperate deciduous forest of Raulí and Palo Santo 9.54%

Forest types

- Coihue - Raulí - Tepa 0.05%
- Roble - Raulí - Coihue 12.12%

Native forest cadastre

- Dense Mature forest 0.05%
- Open Secondary Forest 0.69%
- Dense Secondary forest 3.02%
- Semi-dense Secondary forest 8.13%
- Dense Secondary 0.18%
- Semi-dense Secondary 0.10%

Notable species

- Cordillera Cypress
- Copihue (Protected by decree No. 129/1971 modified by decree No. 121/1985)
- Big catfish
- Litre (Protected by decree No. 366)
- Bollén (Protected by decree N°366)

Endemic species

- Flora**
- a) Trees**
-Guindo Santo
-Litre
-Lleuque
-Corcolén
-Bollén
- b) Ferns**
-Palito negro (*Adiantum scabrum*)
- c) Liana**
-Copihue
- Fauna**
- a) Reptiles**
-Lagartija esbelta
- b) Fish**
-Freshwater Tollo
-Pocha de los lagos
-Carmelita de Concepción
-Chilean silverside
-Bagre grande

Glossary

- CR = Critically Endangered
- DE = Insufficient data
- EN = In danger
- EW = Extinct in the wild
- EX = Extinct

- FP = Out of danger
- IC = Insufficiently known
- LC = Least concern
- NT = Almost threatened

- R = Rare
- VU = Vulnerable



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LA MINA



GENERAL FACTS

Region: Maule
Communes: San Clemente
Property surface: 689.6 hectares

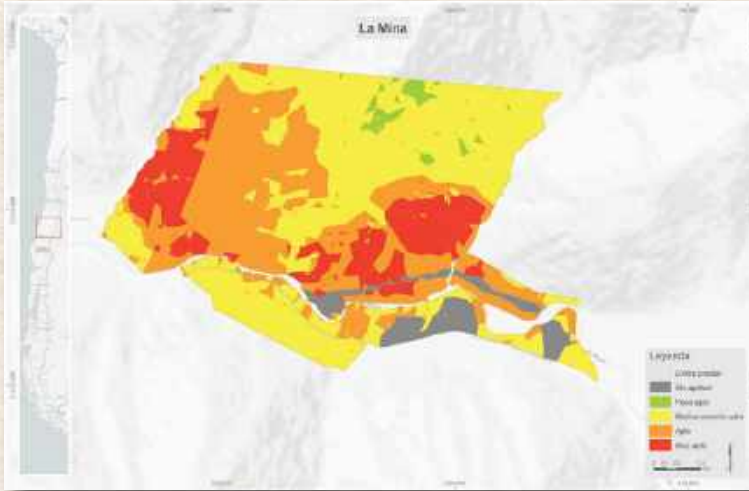
Surface area of potential value for biodiversity:

- 37.28 ha. Not fit
- 13.34 ha. Poor
- 314.77 ha. Fair
- 219.71 ha. Good
- 104.51 ha. Excellent

GENERAL REMARKS

In this area it is possible to observe the altitudinal transition of the native vegetation of Maule Region.

In the lower areas the presence of forests dominated by Oak, Raulí and Coihue stands out, which as the altitude and slope increases, mix with the Cordillera Cypress. In high altitude areas, it is possible to observe the gradual disappearance of forests to make way for high Andean shrub and herbaceous formations. This transition or ecotone produces a diversity of habitat for fauna, which results in greater specific wealth, where the presence of charismatic species and in a conservation category such as the Condor and Trichahue stands out, while in Maule river waters that cross the property, it is possible to find fish fauna at risk of extinction such as the Chilean Silverside and the Bagrecito.



CONSERVATION TARGETS

CORDILLERA CYPRESS

HUALO

CULPEO FOX

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees**
- Cordillera Cypress (NT)
 - Canelo (LC)
 - Hualo (NT)
 - Lingue (LC)
 - Frangel (NT)

- b) Herbaceous**
- Doradilla (LC)

- c) Ferns**
- Palito negro (LC)
 - Quilquil (LC)

Fauna

- a) Mammals**
- Long haired field mouse (LC)
 - Zorro culpeo (LC)
- b) Birds**
- Black-faced ibis (LC)
 - Andean Condor (VU)
 - Slender-billed Parakeet (LC)
 - Torrent duck (NT)
 - Chilean pigeon (LC)
 - Burrowing Parakeet (VU)
 - White-throated Hawk (R)
 - Magellanic Woodpecker (EN)
- c) Reptiles**
- Chilean lizard (LC)
 - Jewel lizard (LC)
- d) Fish**
- Chilean silverside (VU)
 - Bagrecito (VU)
 - Freshwaters Tollo (EN)

Forest Floor

- Low Mediterranean scrub of Andean white grass and Discaria articulata 0.0007%
- Deciduous Mediterranean-temperate Andean forest of Roble Pellín and Cypress of Cordillera 99.4%
- Low Andean Mediterranean scrub of Laretilla and Palo Amarillo 0.59%

Forests types

- Roble - Raulí - Coihue 52.11%

Native forest cadastre

- Renoval semidenso 52.11%

Notable species

- Cordillera Cypress
- Hualo

Endemic species

- Flora**
- a) Trees**
- Cordillera Cypress
- Fauna**
- a) Reptiles**
- Jewel Lizard
- b) Fish**
- Chilean silverside
 - Bagrecito
- c) Birds**
- Slender-billed Parakeet

Glossary

- | | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |

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AREA OF POTENTIAL VALUE FOR BIODIVERSITY - RUCUE

GENERAL FACTS

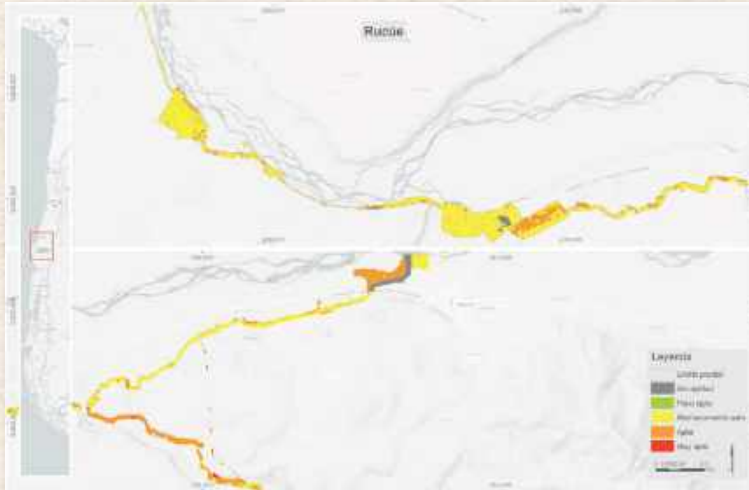
Region: Bio Bio
Communes: Quilleco, Tucapel, Antuco
Property surface: 710.91 hectares

Surface area of potential value for biodiversity:

25.11 ha. Not fit
3.27 ha. Poor
508.36 ha. Fair
169.78 ha. Good
4.39 ha. Excellent

GENERAL REMARKS

Rucue power plant is located in Biobio region, next to the Laja river, an endemic fish habitat with a greatly diminished population such as the freshwater Tollo, and also for some very limited habitat such as the Carmelita de Concepción. It also shelters birds in conservation category such as the Black-necked Swan or the Andean Gull and amphibians in danger of extinction such as Darwin's Little Frog. As a highlight, this property includes a relevant part of the Quillailebu stream creek that is home to tree species contemplated in Law 20,283, which could constitute the Native Preservation Forest, such as the Guindo santo and the Naranjillo.



CONSERVATION TARGETS

DARWIN'S FROG

NARANJILLO

FRESHWATER TOLLO

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Cordillera Cypress (NT)
 - Naranjillo (VU)
 - Guindo santo (VU)
- b) Shrubs
 - Menta de árbol (NT)
 - Radal enano (NT)
- c) Cactaceae
 - Hierba del guanaco (NT)
- d) Ferns
 - Palito negro (LC)
 - Filu-lahuén (LC)
 - Quilquil (LC)

Fauna

- a) Mammals
 - Long haired field mouse (LC)
- b) Birds
 - Chilean pigeon (LC)
 - Rufous-legged Owl (NT)
 - Andean Gull (R)
 - Black-necked Swan (EN)
 - Osprey (VU)
 - Concón (NT)
- c) Amphibian
 - Sapito de cuatro ojos (NT)
 - Ranita de Darwin (EN)
 - Ranita de antifaz (NT)
- d) Fish
 - Freshwater Tollo (EN)
 - Chilean silverside (NT)
 - Puye (VU)
 - Carmelita de Concepción (EN)
 - Pocha de Los Lagos (VU)
 - Bagrecito (VU)

Forest Floor

- Coihue and Lingue Mediterranean deciduous forest 76.4%
- Andean temperate deciduous forest of Raulí and Palo Santo (*Dasyphyllum diacanthoides*) 23.64%

Forests types

- Sclerophyllous 12.12%
- Roble - Raulí - Coihue 19,5%

Native forest cadastre

- Open Mature Secondary forest 0.01%
- Dense Mature Secondary forest 0.21%
- Semi-dense Mature fores 0.07%
- Open Secondary forest 8.8%
- Dense secondary fores 8.03%
- Open Secondary forest 5.53%
- Semi-dense Secondary forest 8.98%

Notable species

- Cordillera Cypress
- Naranjillo
- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)

Endemic species

- Flora
 - a) Trees
 - Naranjillo
 - Guindo santo
 - Quillay
 - b) Herbaceous
 - Menta de árbol
- Fauna
 - a) Fish
 - Freshwater Tollo
 - Pocha de los lagos
 - Carmelita de Concepción
 - Chilean silverside

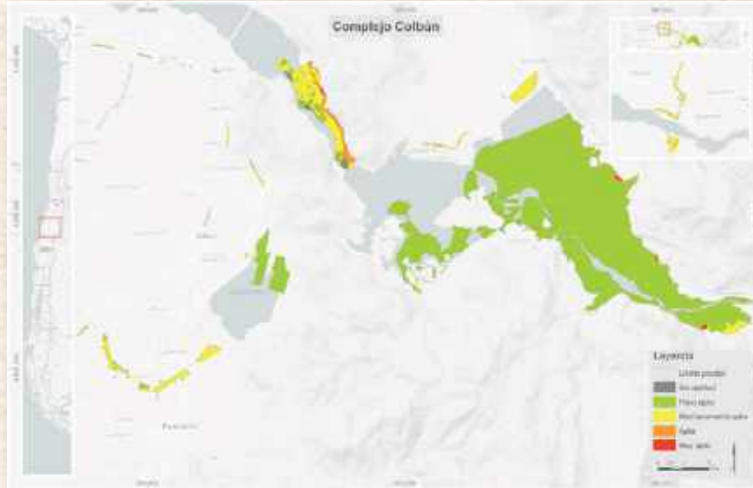
Glossary

- | | | |
|----------------------------|---------------------------|-----------------|
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| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |

Developed by



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - COLBUN COMPLEX



GENERAL FACTS

Region: Maule
Communes: Colbun, Yervas Buenas, San Clemente
Property surface: 3,980.87 hectares

Surface area of potential value for biodiversity:

28.87 ha. Not fit
3,433.23 ha. Poor
418.94 ha. Fair
89.01 ha. Good
10.82 ha. Excellent

GENERAL REMARKS

The area of this power plant has presence of heterogeneous floristic components, with few remnants of native vegetation, mainly composed of temperate and sclerophyllous elements. The presence of Hualo forests stands out and it is also possible to observe typical species of the interior Mediterranean forest, thorny interior Mediterranean and the Andean Mediterranean.

Among the fauna elements of interest, we mention the presence of the Andean Gull, Torrent Duck, the Chilean Flamingo and the Magellanic Woodpecker.

CONSERVATION TARGETS

HUALO



MAGELLANIC WOODPECKER



CANELO



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Canelo (LC)
 - Hualo (NT)
 - Lingue (LC)
- b) Herbaceous
 - Doradilla (LC)
- c) Ferns
 - Palito negro (LC)
 - Quilquil (LC)

Fauna

- a) Mammals
 - Culpeo fox (LC)
- b) Birds
 - Cocoi Heron (LC)
 - White-throated Hawk (R)
 - Magellanic Woodpecker (EN)
 - Andean Gull (R)
 - Burrowing Parakeet (VU)
 - Torrent Duck (NT)
 - Chilean pigeon (LC)
 - Chilean Flamingo (R)
 - Chucao Tapaculo (LC)
 - Spectacled Duck (NT)
 - Rufous-legged Owl (NT)
- d) Fish
 - Chilean silverside (LC)
 - Pocha de los lagos (VU)
 - Perca trucha (LC)
 - Bagrecito (VU)

Forest Floor

- Inland Mediterranean thorny forest of Hawthorn and Litre 4.91%
- Litre and Peumo inland Mediterranean sclerophyllous forest 12.34%
- Litre and Radal Andean Mediterranean sclerophyllous forest 14.14%
- Coihue and Algarrobo inland Mediterranean deciduous forest 2.14%
- Hualo and Coihue Andean Mediterranean deciduous forest 5.1

Forests types

- Coihue - Raulí - Tapa 0,06%
- Esclerófilo 3,43%
- Roble-Hualo 0,36%
- Roble-Raulí-Coihue 0,37%

Notable specie

- Hualo
- Pingo-pingo
- Litre (Protected by decree N°366 / 1944)
- Boldo (Protected by decree N°366 / 1944)
- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955) *

Glossary

- CR = Critically Endangered
- DE = Insufficient data
- EN = In danger
- EW = Extinct in the wild
- EX = Extinct

Endemic species

- Flora
 - a) Trees
 - Corcolén
 - Lun
 - Hualo
 - Litre
 - Boldo
 - b) Shrubbery
 - Colliguay
 - Mayú
- Fauna
 - a) Fish
 - Pocha de los lagos

Native forest cadastre

- Dense Mature forest 0.06%
- Open Secondary forest 0.15%
- Dense Secondary forest 0.95%
- Semi-dense Secondary forest 3.06%

- FP = Out of danger
- IC = Insufficiently known
- LC = Least concern
- NT = Almost threatened

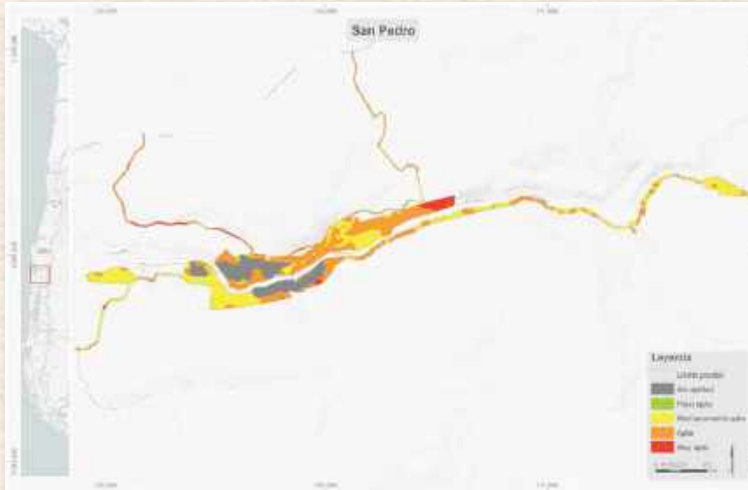
- R = Rare
- VU = Vulnerable

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AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SAN PEDRO



GENERAL FACTS

Region: Los Ríos
Communes: Los Lagos, Panguipulli.
Property surface: 186.3 hectares
Surface area of potential value for biodiversity:
 35.44 ha. Not fit
 0.27 ha. Poor
 68.61 ha. Fair
 74.98 ha. Good
 7 ha. Excellent

GENERAL REMARKS

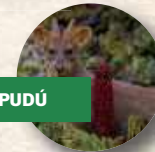
San Pedro power plant is located between patches of Coihue and laurel forest formations. Undoubtedly, its main attribute is the presence of the San Pedro River, suitable environments for native fish species that are seriously threatened, such as Freshwater Tollo de agua dulce and the Chilean Silversided. Among the terrestrial species of interest, mammals such as the Puma, the Güiña and the Pudú or amphibians such as the Red Toad, the Banded wood Frog, the Gray wood Frog and the Coico Toad stand out.

CONSERVATION TARGETS

GUIÑA



PUDÚ



COPIHUE



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Canelo (LC)
 - Lingue (LC)
- b) Herbaceous
 - Sanguinaria (LC)
- c) Ferns
 - Palito negro (LC)
 - Filu-lahuén (LC)
 - Asplenium triphyllum (NT)
 - Palmita (LC)
 - Helecho de las cascadas (LC)
 - Costilla de vaca (LC)
 - Quilquil (LC)
 - Grammitis magellanica (LC)
 - Pallante chilote (LC)
 - Shushulahuén (LC)
 - Hymenophyllum cuneatum (LC)
 - Hymenophyllum fuciforme (LC)
 - Hymenophyllum krauseanum (LC)
 - Hymenophyllum pectinatum (LC)
 - Hymenophyllum plicatum (LC)
 - Wilel-lawen (IC)
 - Palmilla (LC)
 - Pesebre (LC)
 - Helecho coca (LC)
 - Yerba del lagarto (LC)

Fauna

- a) Mammals
 - Long haired field mouse (LC)
 - Chingue común (LC)
 - Rata arbórea (LC)
 - Huillín (EN)
 - Puma (NT)
 - Zorro chilla (LC)
 - Coipo (LC)
 - Monito del monte (NT)
 - Güiña (VU)
 - Pudú (VU)
- b) Birds
 - Rufous-tailed Hawk (R)
 - Chucaco tapaculo (LC)
 - Rufous-legged Owl(NT)
 - Black-faced ibis(LC)
 - Chilean pigeon(LC)
 - Slender-billed parakeet(LC)
- c) Reptiles
 - Lagartija de vientre azul (LC)
 - Lagartija esbelta (LC)
- d) Amphibians
 - Rana moteada (LC)
 - Sapo rojo (*Eupsophus roseus*) (VU)
 - Sapito de cuatro ojos (NT)
 - Rana de antifaz (NT)
- e) Fish
 - Puye (*Galaxias maculatus*) (LC)
 - Puyén grande (LC)
 - Peladilla listada (EN)
 - Peladilla (*A. taeniatus*) (EN)
 - Puye (*Brachygalaxias bullocki*) (VU)
 - Puye (*Galaxias platei*) (LC)
 - Carmelita (EN)
 - Perca Trucha (LC)
 - Pejerrey chileno (VU)
 - Bagrecito (NT)
 - Cauque (VU)
 - Tollo de agua dulce (EN)
 - Pocha del sur (VU)
 - Lamprea de bolsa (VU)

Forest Floor

-Bosque laurifolio templado interior de Coihue y Ulmo 100%

Forest types

-Roble - Raulí - Coihue 20.53%
 -Siempreverde 16.41%

Native forest cadastre

-Open Mature Secondary forest 7.30%
 -Dense Mature Secondary forest 6.84%
 -Semi-dense Mature Secondary forest 5.83%
 -Dense Mature forest 3.02%
 -Open Secondary forest 0.81%
 -Dense Secondary forest 11.87%
 -Semi-dense Secondary 1.27%

Singular species

- Pilpilvoqui
- Quilmay
- Avellano
- Nalca
- Coihue (Protected by decree N°129 / 1971 modified by decree N° 121/1985)
- Cogüilera
- Tepa
- Palo negro
- Palmilla
- Botellita
- Coihue
- Roble

Glossary

CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

Endemic species

Flora

- a) Trees
 - Corcolén
 - Temu
 - Laurel chileno
 - Chequén
 - Pelú

b) Herbaceous

- Chupalla
- Llaupangue
- Chupón
- Quilineja
- Mitique
- Medallita

c) Ferns

- Hymenophyllum krauseanum
- Parrilla blanca

d) Lianas

- Coihue
- Cogüilera

Fauna

- a) Reptiles
 - Jewel lizard
- b) Amphibians
 - Sapo rojo
- c) Fish
 - Carmelita (*Percilia gillissii*)
 - Pejerrey chileno (*Basilichthys australis*)
 - Bagrecito (*Trichomycterus areolatus*)
 - Cauque
 - Tollo
 - Pocha del sur
 - Lamprea de bolsa
- d) Birds
 - Slender-billed parakeet

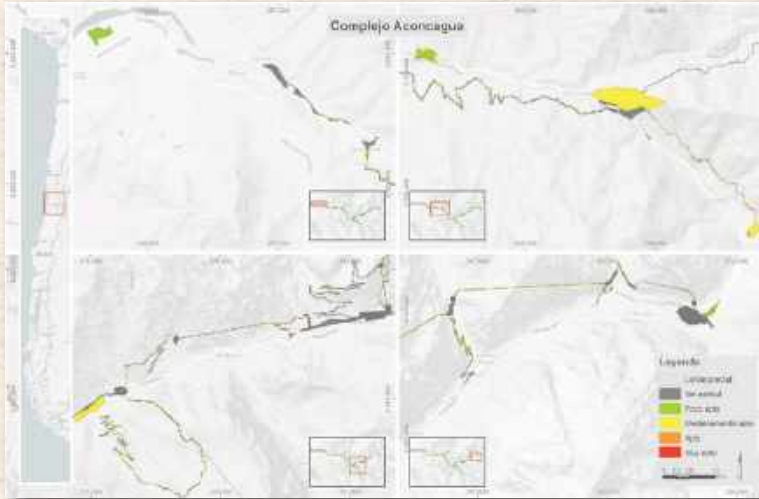
R = Rare
 VU = Vulnerable

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

Developed by



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - ACONCAGUA COMPLEX



GENERAL FACTS

Region: Valparaíso
Communes: Los Andes, San Esteban
Property surface: 338.31 hectares
Surface area of potential value for biodiversity:
 163.42 ha. No aptitude
 65.73 ha. Poor
 107.56 ha. Fair
 1.6 ha. Good

GENERAL REMARKS

In Aconcagua complex it is possible to observe the altitudinal progression of the vegetation, starting in its lowest areas with remnants of Mediterranean Andean sclerophyllous forest, to scrub and Andean Mediterranean grasslands characteristic of the phytogeographic elements of Central Andes. The presence of species in conservation category such as the Guayacán, the Condor and the Andean Gull stands out.

CONSERVATION TARGETS

GUAYACÁN



LAGARTO NÍTIDO



CÓNDOR



Compositional biodiversity

Species in conservation category

Flora

- a) Trees
 - Guayacán (VU)
 - Frangel (LC)
- b) Herbaceous
 - Yerba del platero (LC)
 - Doradilla (LC)
- c) Cactaceae
 - Quisco (LC)
 - Sandillón (VU)
 - Quisquito rojo (LC)
- d) Ferns
 - Palito negro (LC)
 - Quilquil (LC)

Fauna

- a) Mammals
 - Culpeo fox (LC)
 - Chilla fox (LC)
- b) Birds
 - White throated hawk (R)
 - Andean gull (R)
 - Peregrine Falcon(LC)
 - Chilean pigeon(LC)
 - Andean Condor(VU)
- c) Reptiles
 - Lagartija lemniscata (LC)
 - Lagarto nítido (NT)
 - Lagartija esbelta (LC)
- d) Amphibians
 - Sapito de cuatro ojos (LC)

Singular species

- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Yerba de platero
- Guayacán (Protected by decree N°366 / 1944)

Endemic species

- | | |
|--|--|
| Flora a) Trees -Frangel -Quillay b) Shrubbery -Guayacán -Puya c) Ferns -Palito negro d) Cactaceae -Quisquito rojo -Sandillón | Fauna a) Birds Moustached Turca b) Reptiles -Lagarto nítido |
|--|--|

Glossary

- | | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
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| EX = Extinct | | |

Structural biodiversity

Forest Floor

- Low Andean Mediterranean scrub of white grass and Chilca 10.94%
- Mediterranean grassland of Nastanto and *Menonvillea spathulata* 0.06%
- Inland Mediterranean thorny scrub of Tralhuén and Colliguay 55.53%
- Frangel and Guindilla Mediterranean Andean sclerophyllous forest 32.12%
- Low Andean Mediterranean scrub of Llareta and Grape of mountain range 1.22%

Forest types

- Open Secondary forest 13.54%
- Dense Secondary forest 0.01%
- Wide open Secondary forest 1.92%
- Semi-dense Secondary forest 2.73%
- Open scrub 11.00%
- Open arborescent scrub 7.75%
- Dense arborescent scrub 0.41%
- Wide open arborescent scrub 7.89%
- Semi-dense arborescent scrub 5.72%
- Open succulent scrub 0.11%
- Wide open succulent scrub 1.99%
- Dense scrub 2.01%
- Wide open scrub 1.16%
- Semi-dense scrub 5.33%

Native forest cadastre

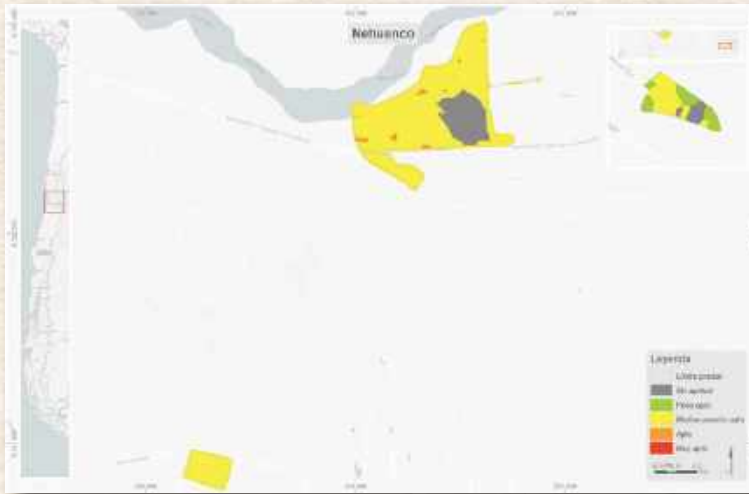
- Sclerophyllous 18.20%
- Not applicable *43.38%

* The percentage assigned to the "Not applicable" typology included in Forest Types indicates the non-existence of a Forest type surface, not ruling out the presence of Meadows or Thickets.





AREA OF POTENTIAL VALUE FOR BIODIVERSITY - NEHUENCO



GENERAL FACTS

Region: Valparaíso
Communes: Quillota, Limache
Property Surface: 68.53 hectares
Surface area of potential value for biodiversity:
 11.26 ha. Not fit
 1.97 ha. Poor
 52.68 ha. Fair
 2.62 ha. Good

GENERAL REMARKS

This power plant is located in the sclerophyllous ecoregion, characteristic of central Chile, with riparian intrusions due to its proximity to the Aconcagua river; it possesses remnants of sclerophyllous forest and scrub. It is located in one of the most important ecosystems for national biological conservation. The presence of Northern Belloto stands out, a tree species protected by Law 20,283.

CONSERVATION TARGETS

CHILLA FOX



BOLDO



NORTHERN BELLOTO



Compositional biodiversity

Species in conservation category

Flora

a) Trees
 - Northern Belloto (Acorn)(VU)

Fauna

a) Mammals
 -Chilla Fox (LC)

Structural biodiversity

Forest floor

-Litre and Peumo Mediterranean coastal sclerophyllous forest 100%

Forest types

-Sclerophilic 1.08% 1.08%
 -Not applicable* 51.78

* The percentage assigned to the "Not applicable" typology included in Forest Types indicates the non-existence of a Forest type surface, not ruling out the presence of Meadows or Thickets.

Notable species

-Boldo (Protected by decree N°366 / 1944)
 - Quillay (Protected by decree N°366 / 1944 modified by decree No. 2250/1955)

Endemic species

Flora

a) Trees
 -Boldo
 -Northern Belloto

Fauna

Endemic fauna does not appear in this area

Native forest cadastre

-Wide open Secondary forest 1.01%
 -Semi-dense Secondary forest 0.07%
 -Open arborescent scrub 22.56%
 -Semi-dense arborescent scrub 29.22%

Glossary

CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

R = Rare
 VU = Vulnerable



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CARENA



GENERAL FACTS

Region: Metropolitana
Communes: Curacaví, Maipú
Property Surface: 146.11 hectares
Surface area of potential value for biodiversity:
 8.52 ha. Not fit
 98.49 ha. Poor
 39.1ha. Fair f

GENERAL REMARKS:

Carena power plant is located in the sclerophyllous ecoregion of central Chile, this area is considered to have one of the highest endemism of vascular plants in the country, and at the same time, has few areas with official protection, therefore any conservation effort is a great contribution to national biodiversity.
 This power plant has tree species, in its enclosure, contemplated in Law 20,283 as part of the Native Preservation Forest.

CONSERVATION TARGETS

PEREGRINE FALCON



QUILLAY



GUAYACÁN



Compositional biodiversity

Species in conservation category

Flora

- a) Trees
 - Algarrobo (VU)
 - Guayacán (VU)
- b) Cactaceae
 - Quisco (NT)
- c) Herbaceous
 - Puya (LC)
- d) Shrubbery
 - Cola de caballo (LC)

Fauna

- a) Mammals
 - Culpeo Fox (LC)
 - Chilla Fox (LC)
- b) Birds
 - P(eregrine Falcon LC)
- c) Reptiles
 - Lagartija lemniscata (LC)
 - Lagartija esbelta (LC)
 - Lagarto oscuro (LC)

Structural biodiversity

Forest floors

- Litre and Radal Andean Mediterranean Sclerophyllous Forest 32.9%
- Peumo and Boldo Mediterranean coastal sclerophilic forest 62.85%
- Inland Mediterranean thorny forest of Espinos and Algarrobo 4.23%

Forest types

- Sclerophyllous 21.11%
- Not applicable* 53.82%

* The percentage assigned to the "Not applicable" typology included in Forest Types indicates the non-existence of a Forest type surface, not ruling out the presence of Meadows or Thickets.

Notable species

- Yerba del Platero
- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Litre (Protected by decree N°366 / 1944)

Endemic species

Flora

- a) Trees
 - Quillay
 - Litre

b) Shrubbery

- Colliguay
- Mitique

c) Herbaceous

- Puya

Fauna

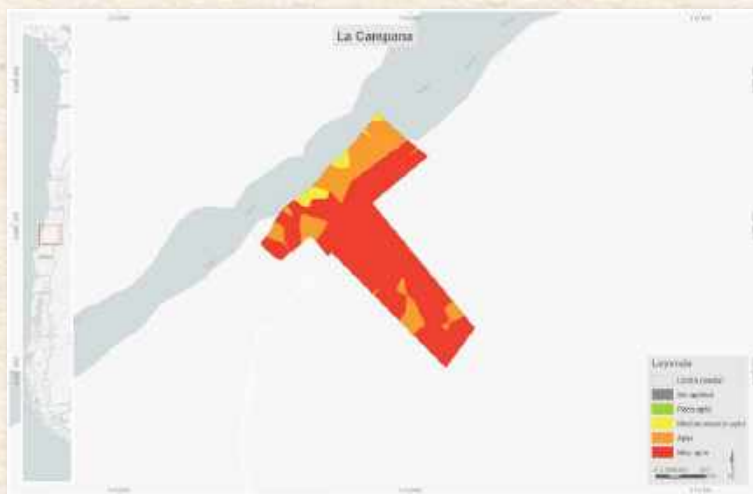
- a) Birds
 - Chilean Tinamou
- b) Reptiles
 - Lagartija negra
 - Lagarto oscuro

Glossary

- CR = Critically Endangered
- DE = Insufficient data
- EN = In danger
- EW = Extinct in the wild
- EX = Extinct
- FP = Out of danger
- IC = Insufficiently known
- LC = Least concern
- NT = Almost threatened
- R = Rare
- VU = Vulnerable



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LA CAMPANA



GENERAL FACTS

Region: Maule
Commune: San Clemente
Property Surface: 20.92 hectares
Surface area of potential value for biodiversity:
 1.21 ha. Fair
 5.05 ha. Good
 14.66 ha. Excellent

GENERAL REMARKS

The property is located in a flow transition zone between the precordilleran sclerophyllous formations and temperate elements located at higher altitudes such as secondary Hualo, characteristic of the Maule region. This ecotonal system houses a rich and varied native fauna, among these species in conservation category the Burrowing Parakeet, the Magellanic Woodpecker and the Southern Grumbler stand out.

CONSERVATION TARGETS

CORDILLERA CYPRESS



MAGELLANIC WOODPECKER



SOUTHERN GRUMBLER



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Ciprés de cordillera (NT)
 - Canelo (LC)
 - Hualo (NT)
 - Lingue (LC)
 - Frangel (NT)
 - Lleuque (VU)

b) Ferns

- Quilquil (LC)

Fauna

- a) Mammals
 - Chilla Fox (LC)
- b) Birds
 - White Throated Hawk (R)
 - Magellanic Woodpecker(EN)
 - Burrowing Parakeet(VU)
 - Chilean Pigeon(LC)
 - Rufous Legged Owl(LC)
 - Slender-billed Parakeet(LC)
- c) Reptiles
 - Weeping Lizard (Chilean Lizard)(LC)
 - Jewel Lizard (LC)
 - Southern Grumbler (VU)

Forest floors

- Andean Mediterranean deciduous forest of Hualo and Coihue 100%

Forest types

- Roble - Hualo 20.17%
 -Sclerophyllous 4.4%

Native forest cadastre

- Semi-dense Secondary forest 24.58%

Notable species

- Cordillera Cypress
 -Hualo

Endemic species

- Flora**
 a) Trees
 - Hualo
 - Frangel
- Fauna**
 a) Birds
 -Slender-billed Parakeet
- b) Reptiles
 -Jewel lizard
 -Southern Grumbler

Glossary

- CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct
- FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened
- R = Rare
 VU = Vulnerable

Developed by



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SANTA MARIA



GENERAL FACTS

Region: Bío Bío
Communes: Coronel, Lota
Property surface: 109.27 hectares
Surface area of potential value for biodiversity:
 38.04 ha. Not fit
 53.25 ha. Poor
 17.92 ha. Fair
 0.06 ha. Excellent

GENERAL REMARKS

Santa Maria power plant is located in a highly fragmented landscape resulting from forestry activity. It has few remnants of native formations (patches), and due to its scarcity and phytogeographic position they increase its value for national biological conservation. The occasional presence of Güiña, Sapo de Contulmo and Naranjillo stand out, the latter being a species contemplated in Law 20,283 as part of the Preservation Forest.

CONSERVATION TARGETS

DARWIN'S FROG

SAPO DE CONTULMO

NARANJILLO

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Naranjillo (VU)
- b) Arbustos
 - Chequén de hoja fina (LC)
 - Macolla (LC)
- c) Herbaceous
 - Menta de árbol (NT)
 - Puya (LC)
- d) Ferns
 - Wilel-lawen (LC)
 - Palito negro (*Adiantum chilense*) (LC)
 - Palito negro (*Adiantum scabrum*) (LC)
 - Filu-lahuén (LC)
 - Costilla de vaca (LC)
 - Quilquil (LC)
 - Palmilla (LC)

Fauna

- a) Mammals
 - Long haired field mouse(LC)
 - Güiña (VU)
 - Coipo (LC)
 - Bridges's Degu(LC)
- b) Birds
 - Chilean pigeon(LC)
 - Rufous-legged Owl (NT)
 - White-throated Hawk (R)
 - Chucao tapaculo (LC)
- c) Reptiles
 - Lagartija de vientre azul (FP)
 - Lagartija esbelta (LC)
 - Lagartija lemniscata (LC)
 - Lagarto chileno (LC)
 - Lagartija (*Liolaeumus pictus*) (LC)
 - Culebra cola larga (LC)
- d) Amphibians
 - Sapito de cuatro ojos (NT)
 - Darwin's frog(EN)
 - Ranita de antifaz (NT)
 - Sapo de Contulmo (EN)

Forest floors

- Litre and Corcolen coastal Mediterranean sclerophyllous forest 100%

Forest types

This plant does not have the registry corresponding to the Native Forest Cadastre.

Native forest cadastre

This plant does not have the registry corresponding to the Native Forest Cadastre.

Notable species

- Copihue (Protected by Decree No. 129/1971 modified by Decree No. 121/1985)
- Boldo (Protected by decree N°366 / 1944)
- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Bollén (Protected by decree N°366 / 1944)
- Litre (Protected by decree N°366 / 1944)

Endemic species

- | | | |
|--|--|--|
| <p>Flora</p> <ul style="list-style-type: none"> a) Trees <ul style="list-style-type: none"> -Naranjillo -Quillay -Peumo -Bollén -Patagua -Lun -Litre -Chequén b) Shrubbery <ul style="list-style-type: none"> -Mayú -Chequén de hoja fina -Macolla | <ul style="list-style-type: none"> c) Herbaceous <ul style="list-style-type: none"> -Puya -Llaupangue -Chupón -<i>Hydrocotyle poeppigii</i> -Tupa -Viola portalesia d) Ferns <ul style="list-style-type: none"> -Palito negro (<i>Adiantum scabrum</i>) -Palmilla e) Lianas <ul style="list-style-type: none"> -Copihue | <p>Fauna</p> <ul style="list-style-type: none"> a) Reptiles <ul style="list-style-type: none"> Lagartija esbelta b) Amphibians <ul style="list-style-type: none"> -Sapo de Contulmo |
|--|--|--|

Glossary

- | | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |



AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LOS PINOS



GENERAL FACTS

Region: Bío Bío
Communes: Cabrero
Property Surface: 47.72 hectares
Surface area of potential value for biodiversity:
 7.11 ha. Not fit
 27.28 ha. Poor
 13.27 ha. Fair
 0.06 ha. Excellent

GENERAL REMARKS

Los Pinos power plant is located in the transition of the intermediate depression and the foothills of Biobío region that conserves remnants of native vegetation. This is a region strongly impacted by agricultural and forestry uses. Its spatial configuration and orientation make it a natural biological corridor for altitudinal migratory species.

CONSERVATION TARGETS



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Lingue (LC)
 - Olivillo (LC)
- b) Herbaceous
 - Menta de árbol (LC)
- c) Ferns
 - Costilla de vaca (LC)
 - Quilquil (LC)
 - Wilel-lawen (LC)
 - Yerba del lagarto (LC)
 - Yerba loza (LC)
 - Palito negro (*Adiantum chilense*) (LC)
- d) Cactaceae
 - Hierba del guanaco (NT)

Fauna

- a) Mammals
 - Long haired field Mouse (LC)
 - Guiña (VU)
- b) Birds
 - Chilean pigeon (LC)
 - Chucaos tapaculo (LC)
 - Huet-huet tapaculo (LC)
- c) Reptiles
 - Valdivian lizard (FP)
- d) Amphibians
 - Sapito de cuatro ojos (NT)

Forest floors

- 100% Quillay and Pichi inland Mediterranean psamophilous sclerophyllous forest.

Forest types

This power plant does not have the registry corresponding to the Native Forest Cadastre.

Native Forest cadastre

This power plant does not have the registry corresponding to the Native Forest Cadastre.

Notable species

- Chilean hazelnut
- Copihue (Protected by Decree N°129 / 1971 modified by decree N°121 / 1985)
- Olivillo (Protected by decree N°366 / 1944)

Endemic species

- | | |
|--|---|
| <p>Flora</p> <ul style="list-style-type: none"> a) Herbaceous <ul style="list-style-type: none"> - Menta de árbol b) Lianas <ul style="list-style-type: none"> -Copihue | <p>Fauna</p> <ul style="list-style-type: none"> a) Birds <ul style="list-style-type: none"> -Chucaos Tapaculo |
|--|---|

Glossary

| | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SAN CLEMENTE



GENERAL FACTS

Region: Maule
Communes: San Clemente
Property surface: 14.86 hectares
Surface area of potential value for biodiversity:
 3.51 ha. Not fit
 0.69 ha. Poor
 9.89 ha. Fair
 0.77 ha. Good

GENERAL REMARKS

Pre-Andean sector in an environment fragmented by monocultures with remnant patches of native vegetation, mainly composed by sclerophilic elements, where endemic tree and shrub species such as Quillay, Litre, Bollén and Canelo stand out, harboring endemic fauna species such as the Jewel Lizard, the Chilean Lizard, the Choroy (Slender-billed Parakeet) and the Trichahue (Burrowing Parakeet).

CONSERVATION TARGETS

JEWEL LIZARD

SLENDER-BILLED PARAKEET

CANELO

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Lingue (LC)
 - Canelo (LC)
 - Frangel (NT)
- b) Ferns
 - Palito negro (*Adiantum chilense*) (LC)
 - Adiantum sulphureum* (LC)

Fauna

- a) Mammals
 - Culpeo fox (LC)
 - Chilla fox (LC)
 - Bridges's degu (LC)
- b) Birds
 - Chilean pigeon (LC)
 - Slender-billed Parakeet (LC)
 - Burrowing Parakeet (VU)
- c) Reptiles
 - Jewel Lizard (LC)
 - Long tailed snake (LC)
 - Weeping Lizard (LC)
 - Wreath tree iguana (LC)

Forest floors

- Inner Mediterranean sclerophyllous forest of Litre and Boldo 99.95%
- Litre and Radal Mediterranean Andean sclerophyllous forest 0.05%

Forest types

- Sclerophyllous 4.86%

Native forest cadastre

- Open Secondary forest 0.01%
- Dense Secondary forest 4.46%
- Semi-dense Secondary forest 0.39%

Notable species

- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Coihue
- Pingo pongo
- Litre (Protected by decree N°366 / 1944)
- Bollén (Protected by decree N°366 / 1944)

Endemic species

- | | | |
|---------------------|----------------------|--------------------------|
| Flora | c) Herbaceous | Fauna |
| a) Trees | -Mitique | a) Birds |
| -Quillay | -Tupa | -Slender-billed parakeet |
| -Litre | | |
| -Bollén | d) Ferns | b) Reptiles |
| -Frangel | Lianas | Jewel lizard |
| -Raran | | |
| -Corcolén | | |
| b) Shrubbery | | |
| - Michay | | |

Glossary

- | | | |
|----------------------------|---------------------------|-----------------|
| CR = Critically Endangered | FP = Out of danger | R = Rare |
| DE = Insufficient data | IC = Insufficiently known | VU = Vulnerable |
| EN = In danger | LC = Least concern | |
| EW = Extinct in the wild | NT = Almost threatened | |
| EX = Extinct | | |



AREA OF POTENTIAL VALUE FOR BIODIVERSITY CANDELARIA



GENERAL FACTS

Region: Libertador Bernardo O'Higgins
Communes: Codegua, Mostazal
Property surface: 18.36 hectares
Surface area of potential value for biodiversity:
 5.86 ha. Not fit
 7.69 ha. Poor
 4.81 ha. Fair

GENERAL REMARKS

Property adjacent to Codegua estuary, it has large areas of scarce vegetation, mainly primary successional shrubs and some native sclerophyllous elements. In the surroundings of this property it is possible to find the jewel lizard, an endemic species that has a conservation category.

CONSERVATION TARGETS



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
- Northern Acorn tree (VU)
- Algarrobo (VU)

Fauna

- a) Mammals
- Culpeo fox (LC)
- b) Birds
- Burrowing parakeet (VU)
- c) Reptiles
- Jewel lizard (LC)
- Wreath tree iguana (LC)

Forest floors

- Espino y Algarrobo inland Mediterranean thorny forest 97.39%
- Quillay and Liter Andean Mediterranean sclerophyllous forest 2.6%

Forest types

- Sclerophyllous 29.96%

Native fores cadastre

- Wide open Secondary fores 29.92%
- Semi-dense Secondary forest 0.04%

Notable species

- Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Algarrobo (Protected by decree N°366 / 1944)

Endemic species

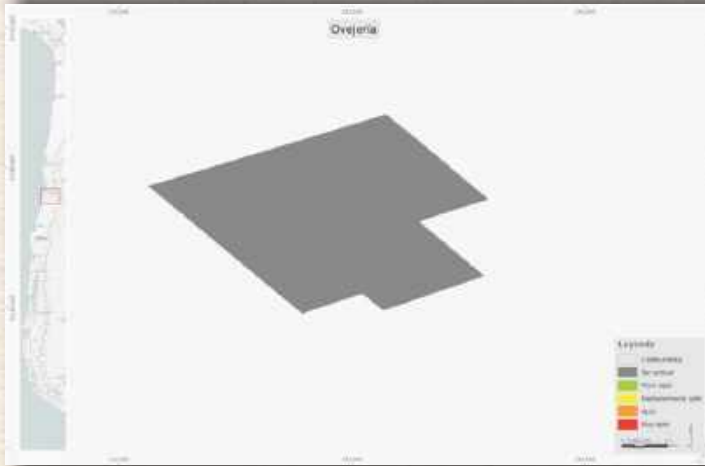
- Flora**
- a) Trees
- Quillay
- Peumo
- Northern Acorn tree
- b) Shrubbery
- Lilén
- Bailahuén
- Corontillo

- Fauna**
- a) Reptiles
- Jewel lizard

Glossary

- CR = Critically Endangered
- DE = Insufficient data
- EN = In danger
- EW = Extinct in the wild
- EX = Extinct
- FP = Out of danger
- IC = Insufficiently known
- LC = Least concern
- NT = Almost threatened
- R = Rare
- VU = Vulnerable

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - OVEJERIA



GENERAL FACTS

Region: Metropolitana
Communes: Til Til
Property surface: 18.06 hectares
Surface area of potential value for biodiversity:
 17.17 ha. Not fit
 0.27 ha. Poor
 0.62 ha. Fair

GENERAL REMARKS

This property does not have suitable surfaces to carry out biological conservation actions or programs.

CONSERVATION TARGETS

PEREGRINE FALCON



CULPEO FOX



ALGARROBO



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora

- a) Trees
 - Algarrobo (VU)
 - Guayacán (VU)
- b) Shrubbery
 - Yerba del platero (LC)
- c) Cactaceae
 - Quisco (NT)

Fauna

- a) Mammals
 - Culpeo fox (LC)
- b) Birds
 - Peregrine fox(LC)
- c) Reptiles
 - Wreath tree iguana (LC)
 - Jewel lizard(LC)

Forest floors

-Interior thorn bush of Espino and Algarrobo 100%

Forest types

-Sclerophyllous 93.73%

Native forest cadastre

-Open prairie scrub 93.73%

Notable species

- Algarrobo (Protected by decree N°366 / 1944)
- Guayacán (Protected by decree N°366 / 1944)

Endemic species

- Flora**
- a) Trees
 - Guayacán

- Fauna**
- a) Reptiles
 - Jewel lizard

Glossary

CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

R = Rare
 VU = Vulnerable



FACILITIES LINKED TO PROTECTED AREAS OR OF GREAT VALUE FOR BIODIVERSITY

(304-1, 304-3)

| Unit of measurement | Facilitie/s - Colbun | Geographic Location | Area and / or Surface in Km ² ⁽¹⁾ | Operation Type (operation, office, etc.) | Position of the company regarding the protected area ⁽²⁾ | Description of the area (protected / unprotected) |
|---------------------------------------|------------------------|---------------------|---|--|---|---|
| Alerce Andino National Park | Canutillar Power Plant | Los Lagos Region | 392.5 | Canutillar Power Plant Civil Works | Adjacent | Protected (state) |
| Llanquihue National Reserve | Canutillar Power Plant | Los Lagos Region | 339.7 | Canutillar Power Plant Civil Works | Adjacent | Protected (state) |
| Forest Reserve Rio Blanco | TL Los Maquis-Hornitos | Valparaiso Region | 101.8 | TL Los Maquis-Hornitos | Inside (one portion) | Protected (state) |
| Quebrada de La Plata Nature Sanctuary | TL Carena-Lo Prado | Metropolitan Region | 11.1 | TL Carena-Lo Prado | Adjacent | Protected (state) |
| Los Nogales Sanctuary | TL Polpaico-Maitenes | Metropolitan Region | 110.23 | TL Polpaico-Maitenes | Inside (one portion) | Protected (state) |

Note:

(1) Consider the surface of the entire protected area.

(2) It is considered "adjacent" when the facility is up to 1 km from the protected area.

HABITATS PROTECTED, RESTORED OR REFORESTED

(304-3)

| Habitat name | Geographic location | Are or surface (Km ²) | Protected / Restored / Reforested |
|---|--|-----------------------------------|--|
| Fdo. Villa Rivas | Contulmo, Arauco Prov. | 0.0025 | Enrichment with 4 species in conservation status |
| Fdo. Cabaña Eugenia | Angostura Power Plant, Santa Barbara, Biobio Prov. | 0.36 | Degraded Forest Enrichment |
| Ribera embalse Angostura | Angostura Power Plant, Santa Barbara, Biobio Prov. | 0.075 | Reforestation of banks for wildlife refuge |
| Bosque Nativo con potencial melífero | Angostura Power, Yumbel, Prov Biobio | 1.25 | Pilot project is being developed to see the potential of monofloral honey from quillay |
| Conversión de plantaciones exóticas por bosque nativo | Los Pinos Power PLant, Cabrero, Biobio Prov. | 0. | Conversion of exotic plantations (pine) by native forest |
| Parque Nativo Nehuenco | Nehuenco Complex, Quillota, Quillota Prov | 0.036 | Reforestation for conservation and promoting the incorporation of flora and fauna |
| Bosque Nativo con potencial melífero | Aconcagua Complex, Los Andes | 0.16 | Reforestation for conservation and honey potential |

Our facilities and operations do not affect any of the protected species just mentioned, neither in Chile nor in Peru.

PROTECTED SPECIES WITHIN COLBUN'S AREA OF INFLUENCE IN CHILE

(304-4)

| Flora or fauna species | Geographic Location | Extinction Risk Level |
|-----------------------------|--|--------------------------------|
| Aegla abtao | Chamiza river (Canutillar) | Least concerned |
| Samastacus spinifrons | Chamiza river (Canutillar), Maule river | Least concerned |
| Galaxias maculatus | Chamiza river and Chapo lake (Canutillar) Huerquecura and Biobio rivers (Angostura) | Least concerned |
| Geotria australis | Chamiza river (Canutillar) | Vulnerable |
| Trichomycterus areolatus | Chamiza river and Chapo lake (Canutillar), Rucue and Laja rivers, Huerquecura and Biobio rivers (Angostura), Maule river | Vulnerable |
| Percichthys trucha | Chapo lake (Canutillar), Rucue and Laja rivers, Huerquecura and Biobio rivers (Angostura) | Least concerned |
| Basilichthys australis | Rucue and Laja river, Maule river and Colbun reservoir | Near threatened |
| Percilia gillissi | Maule river | Endangered |
| Diplomystes nahuelbutaensis | Rucue and Laja rivers (Quilleco), Huequecura and Biobio rivers (Angostura), Maule river | Endangered |
| Percilia irwini | Rucue and Laja rivers (Quilleco), Huequecura and Biobio rivers (Angostura) | Endangered |
| Cheirodon galusdae | Rucue y Laja rivers, Maule river, Colbun reservoir | Vulnerable |
| Bullockia maldonadoi | Huerquecura and Biobio rivers (Angostura) | Endangered |
| Nematogenys inermis | Huerquecura and Biobio rivers (Angostura) | Endangered |
| Aegla pewenchae | Maule river | Least concerned |
| Aegla araucaniensis | Maule river | Least concerned |
| Beilschmiedia miersii | V-VI (Nehuenco) | Vulnerable |
| Kageneckia angustifolia | IV-VII (Aconcagua) | Least concerned |
| Porlieria chilensis | IV-VI (Aconcagua) | Vulnerable |
| Austrocedrus chilensis | V-X (La Mina) | Least concerned |
| Eucryphia glutinosa | VII-IX (Angostura) | Vulnerable |
| Persea lingue | V-X (Angostura) | Least concerned |
| Citronella mucronata | IV-X (Angostura) | Vulnerable |
| Leopardus guigna | VU (XIV al norte), NT (X al sur) (Angostura) | Vulnerable and Near threatened |

LIST OF SOME PROTECTED SPECIES, LOCATED IN COLBÚN AREA OF INFLUENCE IN PERU

(304-4)

| Flora or fauna species | Geographic location | Supreme Decree No. 004-2014-MINAGRI (1) | IUCN |
|-----------------------------|---|---|-----------------|
| Larosterna inca | Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto San Pedro Wetlands | Vulnerable | Near threatened |
| Pelecanoides garnotii | Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya | Vulnerable | Endangered |
| Pelecanus thagus | Cuerpo de Agua, Laguna Artificial, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands | Endangered | Near threatened |
| Phalacrocorax bougainvillii | Cuerpo de Agua, Laguna Artificial, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands | Near threatened | Near threatened |
| Phalacrocorax gaimardi | Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands | Endangered | Near threatened |
| Spheniscus humboldti | Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya | Endangered | Vulnerable |
| Sula variegata | Cuerpo de Agua, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands | Endangered | Least concern |
| Otaria byronia | Cuerpo de Agua, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands | Vulnerable | Least concern |

(1) Supreme Decree No. 004-2014-MINAGRI (April 8, 2014) - Updating the List of Categorization of Endangered Species of Legally Protected Wild Fauna



BIODIVERSITY OF THE MASSES OF WATER AND RELATED HABITATS

303-2, 306-5

Chile

No receiving body or habitat has been “significantly affected” by our discharges. This is demonstrated in the monitoring of quality variables that are carried out in the receiving environment and in compliance with the corresponding emission regulations (DS 90), in accordance with the verification programs defined for each establishment by the competent authority.

There are self-control certificates, which demonstrate compliance with the emission regulations for the year 2019, of each of the 4 thermal power plants where LIW are generated and with the results of water quality monitoring carried out in Coronel bay (by RCA 176_CTSM), in the Aconcagua river (Volunteer in Nehuenco) and Canal de Derrame (RCA 120_Los Pinos). Finally, the temperature monitoring carried out in Coronel bay is also highlighted, where Santa Maria 1 power plant discharges its waters, a voluntary monitoring carried out by the company since 2010 and based on a network of thermistors in the water column.

It is worth mentioning that hydro power plants do not modify the quality of water, and therefore cannot “significantly affect” the habitats and water bodies that exist downstream from the power plants.

Peru

No receiving body or habitat has been “significantly affected” by our discharges. This is demonstrated in the monitoring of quality variables that are carried out in the receiving environment and in compliance with the corresponding emission regulations.

WATER EXTRACTION SOURCES

As for the extraction of water, Colbun power plants use water from different sources, depending on their location and type of technology.

In the case of run-off-the-river hydro power plants, the surface water of a river is diverted to generate energy, being restored with the same volume and under the same conditions at a later point in the river. Since the end of the 90s, the environmental qualification resolutions establish minimum flows in the rivers in the intervened rivers, which cannot be used to generate energy. This is what happens, for example, with the Rucue, Quilleco, Chacabuquito, La Mina and San Clemente power plants. In the case of the reservoir plants, the surface water used to generate power is that accumulated in the reservoir, these resources being restored to the flow of the basin where the facilities are located.

Colbun, Machicura, Angostura and Canutillar power plants are in this category. In the latter case, the power plant uses water from Lake Chapo, which is adjacent to the Alerce Andino National Park. This Colbun facility is the only one close to a territory with these characteristics.

At all Colbun hydro power plants, the company conducted studies of fish fauna present in the basins where its facilities are located, in order to determine the present biodiversity conditions and their evolution. Finally, Colbun thermal power plants use water in their cooling processes. In the case of Santa Maria Power Plant and Fenix Power Plant (Peru), this water comes from the sea, being replaced by that same body of water. In the first case, University of Concepción has been monitoring Coronel Bay for several years, and an impact on biodiversity has not been detected.

In the case of gas-based power plants (Nehuenco and Candelaria), groundwater is used from authorized wells, establishing various measures for its more efficient use. In the case of the Nehuenco Complex, which has an 18-well battery to supply its water consumption for cooling, a numerical model of the aquifer under the power plant was developed, that is updated every year prior to the dry season, its objective is to anticipate

the conditions of the aquifer and to provide a well pumping plan that optimizes the use of the resource and the assurance of supply, as well as advancing mitigation plans in case of shortages.

There is no history of a negative impact of biodiversity in these cases.

CONSULTANTS WHO SUPPORT COLBUN IN THE IMPLEMENTATION OF THE BIODIVERSITY STRATEGY

| Consultor | Expertise |
|---|--|
| Centro EULA de la Universidad de Concepción | Fish fauna, macrophytes, phyto and zoobenthos, phyto and zoo plankton, water quality |
| Universidad de Talca | Flora in conservation status |
| GEA Ambiental | Fish fauna, water quality, macrophytes, phyto and zoobenthos, phyto and zoo plankton |
| ERA Sustentable | Fish fauna, macrophytes, phyto and zoobenthos, phyto and zoo plankton, water quality |
| Centro de Ecología Aplicada | Fish fauna, macrophytes, phyto and zoobenthos, phyto and zoo plankton, water quality |
| Bioamerica | Monitoring of terrestrial fauna and birds |
| Fundación de Conservación Tierra Austral | Biodiversity and conservation studies |
| Golder Associates Perú | Fish fauna, water quality, macrophytes, phyto and zoobenthos, phyto and zoo plankton |

WASTE GENERATED

306-2

As a result of the industrial processes for power generation, some of the activities generate solid waste, which is segregated in the power plants in categories and managed independently, according to their dangerousness and the possibility of valorizing them.

The hazardous waste habitually generated by the operation of our facilities corresponds to fabrics contaminated with fuels, used industrial oils, fluorescent tubes, paint containers, solvent contain-

ers, cells and batteries. Non-hazardous waste corresponds to household assimilable waste and includes organic waste, bags, plastics and others.

Regarding the “Non-hazardous Waste” in Thermoelectric Power Plants in Chile, the generation of waste decreased compared to 2018, since that year there was scrap removal and a change of Nehuenco air filters (which did not occur in 2019).

On the other hand, in Hydro Power Plants in Chile, there was an increase in the generation of “Non-hazardous Waste”, as a result of the scrap removal carried out during 2019 at the Colbun Complex.

Regarding the generation of “Non-hazardous Waste” in Fenix, Peru, the increase compared to 2018 was mainly due to the cleaning that was carried out on the seawater filtration system due to the presence of jellyfish registered during 2019.

TOTAL WEIGHT OF GENERATED WASTE

(306-1)

| | | Chile | | | | Peru | | |
|---|-----------------------|--------------|--------------|------------|------------|------------|------------|------------|
| | | 2016 | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| Household / Non-hazardous Waste (Ton) | Thermal Power Plants | 327 | 911 | 383 | 214 | 335 | 135 | 598 |
| | Hydro Power Plants | 71 | 67 | 65 | 95 | - | - | - |
| | Santiago Head-offices | 42 | 45 | 42 | 43 | - | - | - |
| Hazardous Waste (Ton) | Thermal Power Plants | 900 | 673 | 231 | 230 | 27 | 105 | 92 |
| | Hydro Power Plants | 41 | 22 | 39 | 32 | - | - | - |
| TOTAL | | 1,381 | 1,673 | 718 | 614 | 362 | 240 | 690 |

TOTAL WEIGHT AND DESTINATION OF ASHES OF CENTRAL SANTA MARIA

(306-2)

| | Measuring Unit | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|----------------|---------------|---------------|----------------|---------------|
| Ashes Reused outside of Colbun | Ton | 55,211 | 68,894 | 48,983 | 47,776 |
| Ash Gathering | Ton | 33,969 | 28,813 | 53,979 | 27,017 |
| TOTAL | TON | 89,180 | 97,707 | 102,962 | 74,793 |

INCOME FROM ASH SALES IN CHILE

(306-2)

| Income from the sale of ashes | 2016 | 2017 | 2018 | 2019 |
|-------------------------------|---------|---------|---------|---------|
| USD | 257,601 | 371,174 | 377,407 | 256,799 |

DISPOSAL OF WASTE WATER

Discharges from power plants are carried out in a planned manner in accordance with the provisions of environmental permits (RCAs) and self-control resolutions, that

are monitored and certified by the SMA (Superintendency of the Environment), they are specific for each facility. In addition, the facilities that do not have the possibility of connecting to

the sewerage network have sewage treatment systems, which are under permanent review and monitoring.

Water has different uses in the power plants, so their quantity (flow rates), physiochemical characterization, and prior treatment at their disposal are specific and particular for each facility.

Likewise, the standards or limits of discharges also depend on the receiving environment, be it superficial water courses or outfalls off the coast, or infiltration into the subsoil.

TOTAL WATER DISCHARGE AND DESTINATIONS IN CHILE

(306-1)

| Power Plant | Measurement unit | 2016 | 2017 | 2018 | 2019 | Planned/Not planned/ | Discharge destination | Treatment method | Reuse by another organization yes / no | Calidad del agua |
|-------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|-----------------------|---|--|------------------|
| Candelaria Power Plant | m ³ | 34,844 | 31,288 | 12,935 | 19,861 | Expected (normal operation) | Surface course | PH stabilization, activated sludge (PTAS), neutralization / disinfection. | No | D.S. N°90/00 |
| Los Pinos Power Plant | m ³ | 59,751 | 48,052 | 44,262 | 25,024 | Expected (normal operation) | Surface course | PH stabilization, activated sludge (PTAS), neutralization / disinfection. | No | D.S. N°90/00 |
| Nehuenco Complex | m ³ | 1,690,291 | 1,897,700 | 2,399,730 | 1,993,130 | Expected (normal operation) | Surface course | PH stabilization, activated sludge (PTAS), neutralization / disinfection. | No | D.S. N°90/00 |
| Antilhue Power Plant | m ³ | 22,347 | 98,292 | 43,300 | 119,916 | Expected (normal operation) | Subsoil | Without treatment | No | NCh 1333 |
| SUB-TOTAL | m³ | 1,807,233 | 2,075,332 | 2,500,227 | 2,157,931 | | | | | |
| Santa Maria Power Plant | m ³ | 316,705,253 | 336,714,557 | 343,677,118 | 266,839,526 | Expected (normal operation) | Ocean | Without treatment | No | D.S. N°90/00 |
| TOTAL | | 318,512,486 | 338,789,889 | 346,177,345 | 268,997,457 | | | | | |

Notes: The notorious drop in total discharges is mainly explained by the lower operation of Santa Maria Power Plant and by the greater operation of the Reverse Osmosis Plant of the Neuhuenco Complex. In the case of Antilhue Power Plant, the total amount of discharges was estimated based on the 2019 generation (52,163.5 MWh). (PTAS) Sewage water treatment plant.

TOTAL WATER DISCHARGE AND DESTINATIONS IN PERU

(306-1)

| Power Plant | Measurement unit | 2016 | 2017 | 2018 | 2019 | Destination | Planned/Not planned/ | Treatment method | Reuse by another organization yes / no |
|-------------|------------------|-------------|-------------|-------------|-------------|-------------|-----------------------------|---------------------------|--|
| Fenix | m ³ | 255,840,933 | 290,786,513 | 287,459,463 | 260,220,997 | Ocean | Expected (normal operation) | Residual chlorine control | No |

TOTAL NUMBER AND VOLUME OF MOST SIGNIFICANT ACCIDENTAL SPILLS IN CHILE AND PERU

(306-3)

There were no significant spills in Chile or Peru in 2019.

8





CONSOLIDATED FINANCIAL STATEMENTS





Independent Auditor's Report

The Shareholders and Directors
Colbún S.A.:

We have audited the accompanying consolidated financial statements of Colbún S.A. and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of income and other comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility


Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Colbún S.A. and its Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.


Patricio Guevara R.
Santiago, January 28, 2020

KPMG Ltda.

Consolidated
Financial Statements

for the period ended
December 31, 2019 and 2018

COLBÚN S.A. AND SUBSIDIARIES

Colbún S.A. and Subsidiaries
Consolidated Classified Statements of Financial Position
as of December 31, 2019 and 2018
(In thousands of U.S. dollars)

| ASSETS | Note No. | December 31, 2019 ThUS\$ | December 31, 2018 ThUS\$ |
|---|-------------|--------------------------------|--------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 326,886 | 219,191 |
| Other financial assets, current | 8 | 472,784 | 569,251 |
| Other non-financial assets, current | 19 | 20,683 | 19,796 |
| Trade and other receivables, current | 9 | 252,566 | 241,679 |
| Receivables due from related parties, current | 11.b | 833 | 1,117 |
| Inventories, current | 12 | 48,559 | 44,249 |
| Current tax assets | 18.a | 17,140 | 55,980 |
| Total current assets | | 1,139,451 | 1,151,263 |
| Non-current assets | | | |
| Other financial assets, non-current | 8 | 1,918 | 8,797 |
| Other non-financial assets, non-current | 19 | 40,494 | 26,930 |
| Trade and other receivables, non-current | 10 | 28,923 | - |
| Equity-accounted investees | 9 | 24,718 | 30,202 |
| Intangible assets other than goodwill | 16 | 124,362 | 127,940 |
| Property, plant and equipment | 17 | 5,307,676 | 5,397,156 |
| Deferred tax assets | 20.b | 37,808 | 36,061 |
| Total non-current assets | | 5,565,899 | 5,627,086 |
| TOTAL ASSETS | | 6,705,350 | 6,778,349 |

See the accompanying notes to the Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Consolidated Classified Statements of Financial Position (continued)
as of December 31, 2019 and 2018
(In thousands of U.S. dollars)

| LIABILITIES AND EQUITY | Note No. | December 31, 2019 ThUS\$ | December 31, 2018 ThUS\$ |
|--|-------------|--------------------------------|--------------------------------|
| Current liabilities | | | |
| Other financial liabilities, current | 21.a | 81,774 | 68,503 |
| Trade and other payables | 22 | 147,820 | 182,883 |
| Payables due to related parties, current | 11.b | 5,936 | 17,971 |
| Other current provisions | 23 | 26,694 | 31,504 |
| Current tax liabilities | 18.b | 32,146 | 74 |
| Current provisions for employee benefits | 24 | 19,832 | 20,462 |
| Other non-financial liabilities, current | 25 | 24,096 | 23,968 |
| Total current liabilities | | 338,298 | 345,365 |
| Non-current liabilities | | | |
| Other financial liabilities, non-current | 21.a | 1,598,726 | 1,534,760 |
| Trade and other payables, non-current | 22 | 17,936 | 3,739 |
| Other provisions, non-current | 23 | 35,259 | 34,948 |
| Deferred tax liabilities | 20.b | 922,963 | 958,800 |
| Provisions for employee benefits, non-current | 24 | 35,576 | 30,786 |
| Other non-financial liabilities, non-current | 25 | 20,957 | 13,013 |
| Total non-current liabilities | | 2,631,417 | 2,576,046 |
| Total liabilities | | 2,969,715 | 2,921,411 |
| Equity | | | |
| Share capital | 26.a | 1,282,793 | 1,282,793 |
| Retained earnings | 26.f | 1,458,332 | 1,550,677 |
| Share premium | 26.c | 52,595 | 52,595 |
| Other reserves | 26.e | 742,573 | 770,449 |
| Equity attributable to the shareholders of the Parent | | 3,536,293 | 3,656,514 |
| Non-controlling interests | - | 199,342 | 200,424 |
| Total equity | | 3,735,635 | 3,856,938 |
| TOTAL LIABILITIES AND EQUITY | | 6,705,350 | 6,778,349 |

See the accompanying notes to the Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Consolidated Statements of Comprehensive Income, by Nature
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

| STATEMENTS OF COMPREHENSIVE INCOME BY NATURE | Note No. | January - December | |
|---|-------------|--------------------|----------------|
| | | 2019 ThUS\$ | 2018 ThUS\$ |
| Revenue | 6, 27 | 1,487,387 | 1,529,387 |
| Raw materials and consumables | 28 | (691,984) | (731,643) |
| Employee benefit expenses | 29 | (74,351) | (79,765) |
| Depreciation and amortization expenses | 30 | (250,522) | (236,955) |
| Other expenses, by nature | - | (23,974) | (33,856) |
| Other gains (losses) | 34 | (109,346) | (53,568) |
| Income from operations | - | 337,210 | 393,600 |
| Finance income | 31 | 22,115 | 20,367 |
| Finance costs | 31 | (91,069) | (83,871) |
| Share of profit of equity-accounted investees and joint ventures | 15, 33 | 9,102 | 11,388 |
| Foreign currency translation differences | 32 | (7,176) | (12,641) |
| Profit before income taxes | - | 270,182 | 328,843 |
| Tax expense (benefit) from continuing operations | 20.a | (68,216) | (98,418) |
| Profit from continuing operations | | 201,966 | 230,425 |
| NET PROFIT | | 201,966 | 230,425 |
| Net profit attributable to | | | |
| Shareholders of the Parent | 26.h | 203,047 | 240,350 |
| Non-controlling interests | - | (1,081) | (9,925) |
| PROFIT | | 201,966 | 230,425 |
| Earnings per share | | | |
| Basic earnings per share - Continuing operations US\$/share | 26.h | 0.01158 | 0.01371 |
| Basic earnings per share | | 0.01158 | 0.01371 |
| Diluted earnings per share - Continuing operations US\$/ share | 26.h | 0.01158 | 0.01371 |
| Diluted earnings per share | | 0.01158 | 0.01371 |

See the accompanying notes to the Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Consolidated Statements of Other Comprehensive Income
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

| STATEMENTS OF OTHER COMPREHENSIVE INCOME | Note | January - December | |
|--|------|--------------------|----------------|
| | | 2019 | 2018 |
| | No. | ThUS\$ | ThUS\$ |
| Net profit for the year | | 201,966 | 230,425 |

Components of other comprehensive income that will not be reclassified to profit or loss for the year, before taxes

| | | | |
|---|---|----------------|--------------|
| Profit (loss) for new measurements of defined benefit plans | - | (5,819) | (765) |
| Total other comprehensive (loss) income that will not be reclassified to profit or loss for the year, before taxes | - | (5,819) | (765) |

Components of other comprehensive income (loss) that will be reclassified to profit or loss for the year, before taxes

| | | | |
|---|------|----------------|--------------|
| Gain (loss) for foreign currency translation differences | 15.a | (494) | (2,829) |
| Gain (loss) from cash flow hedges | - | 4,070 | 6,645 |
| Share of comprehensive income (loss) on associates and joint ventures using the equity method | - | (62) | 46 |
| Total other comprehensive income (loss) that will be reclassified to profit or loss for the year, before taxes | | 3,514 | 3,862 |
| Other components of other comprehensive income (loss), before taxes | | (2,305) | 3,097 |

Income tax related to components of other comprehensive income that will not be reclassified to profit or loss for the year

| | | | |
|---|------|-------|-----|
| Income tax related to new measurements of defined benefit plans | 20.c | 1,571 | 207 |
|---|------|-------|-----|

Income tax related to components of other comprehensive income that will be reclassified to profit or loss for the year

| | | | |
|---|------|----------------|----------------|
| Income tax related to share of other comprehensive income (loss) on associates and joint ventures using the equity method | 20.c | 17 | (12) |
| Income tax related to cash flow hedges | 20.c | (1,000) | (1,794) |
| Income tax related to components of other comprehensive income | | 588 | (1,599) |
| Total other comprehensive (loss) income | | (1,717) | 1,498 |
| Total comprehensive income | | 200,249 | 231,923 |
| Comprehensive income (loss) attributable to: | | | |
| Shareholders of the Parent | | 201,330 | 241,848 |
| Non-controlling interests | | (1,081) | (9,925) |
| TOTAL COMPREHENSIVE INCOME | | 200,249 | 231,923 |

See the accompanying notes to the Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Consolidated Statements of Cash Flows - Direct Method
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

| STATEMENTS OF CASH FLOWS - DIRECT METHOD | Note No. | December 31, 2019 ThUS\$ | December 31, 2018 ThUS\$ |
|---|-------------|--------------------------------|--------------------------------|
| Cash flows from (used in) operating activities | | | |
| Cash receipts from operating activities | | | |
| Cash receipts from sale of goods and rendering of services | - | 1,742,876 | 1,822,652 |
| Cash receipts from premiums and services, annuities and other benefits of subscribed policies | - | 102 | 1,244 |
| Other cash receipts from operating activities | - | 16,335 | 6,442 |
| Cash payments for operating activities | | | |
| Cash payments to suppliers for goods and services | - | (943,291) | (948,339) |
| Cash payments to and on behalf of employees | - | (70,193) | (74,296) |
| Cash payments for premiums and services, annuities and other benefits of subscribed policies | - | (17,068) | (23,370) |
| Other cash payments for operating activities | - | (155,593) | (177,052) |
| Cash generated from operating activities | - | 573,168 | 607,281 |
| Dividends received | - | 13,951 | 7,923 |
| Interest received | - | 21,505 | 18,095 |
| Income taxes paid | - | (35,242) | (108,356) |
| Other cash receipts (payments) | - | (8,562) | (8,613) |
| Net cash flows from operating activities | | 564,820 | 516,330 |
| Cash flows from (used in) investing activities | | | |
| Other cash receipts (payments) to acquire interests in joint ventures | - | 61 | (4,100) |
| Proceeds for sales of other long-term assets, classified as investing activities | - | 20,718 | - |
| Acquisition of property, plant and equipment | - | (87,784) | (107,939) |
| Other cash receipts (payments) | - | 101,319 | (34,392) |
| Net cash flows from (used in) investing activities | | 34,314 | (146,431) |
| Cash flows from (used in) financing activities | | | |
| Payment of lease liabilities | - | (7,906) | - |
| Repayment of borrowings | - | (46,946) | (35,388) |
| Dividends paid | - | (346,264) | (290,665) |
| Interest paid | - | (80,753) | (74,587) |
| Other cash (payments) receipts | - | (3,137) | 4,160 |
| Net cash used in financing activities | 7.c | (485,006) | (396,480) |
| Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held | | 114,128 | (26,581) |
| Effects of movements in exchange rates on cash and cash equivalents | | | |
| Effects of movements in exchange rates on cash and cash equivalents | | (6,433) | (23,424) |
| Net increase (decrease) in cash and cash equivalents | | 107,695 | (50,005) |
| Cash and cash equivalents as of January 1 | | 219,191 | 269,196 |
| Cash and cash equivalents as of December 31 | 7 | 326,886 | 219,191 |

See the accompanying notes to the Consolidated Financial Statements

COLBÚN S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars)

1. General information

Colbún S.A. was incorporated via public deed on April 30, 1986, witnessed by the Public Notary Mr. Mario Baros G. and registered at sheet 86 with the Trade Register of the Real Estate Registry of Talca on May 30, 1986. The Company's Tax Identification Number is 96.505.760-9.

The Company is registered as a publicly-held shareholders' corporation in the Securities Registry under number 0295 on September 1, 1986, and subject to the inspection by the Financial Market Commission. The Company's shares are traded on the Santiago Stock Exchange and Santiago Electronic Stock Exchange.

As of December 31, 2019, Colbún is a power generation company and the Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of eight entities: Colbún S.A. and seven Subsidiaries.

The Company's registered address is located at Avenida Apoquindo 4775, 11th floor, Las Condes, Santiago.

The Company's line of business is the generation, transportation and distribution of energy, as explained in Note 2.

The control of the Company is performed in accordance with a control and joint venture agreement entered into by Forestal O'Higgins S.A. and other companies. It is hereby expressly established that the aforementioned joined control and operation agreement considers limitations to the free disposal of shares. The Parent is controlled by the members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the form and proportional interests indicated below.

- Patricia Matte Larraín, Taxpayer ID 4.333.299-6 (6.49%) and her children María Patricia Larraín Matte, Taxpayer ID 9.000.338-0 (2.56%); María Magdalena Larraín Matte, Taxpayer ID 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, Taxpayer ID 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, Taxpayer ID 10.031.620-K (2.56%).
- Eliodoro Matte Larraín, Taxpayer 4.336.502-2 (7.21%) and his children Eliodoro Matte Capdevila, Taxpayer ID 13.921.597-4 (3.27%); Jorge Matte Capdevila, Taxpayer ID 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, Taxpayer ID 15.959.356-8 (3.27%).
- Bernardo Matte Larraín, Taxpayer ID 6.598.728-7 (7.79%) and his children Bernardo Matte Izquierdo, Taxpayer ID 15.637.711-2 (3.44%); Sofía Matte Izquierdo, Taxpayer ID 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, Taxpayer ID 16.612.252-K (3.44%).

Natural persons indicated above are part of the same corporate group due to family relationship.

As of December 31, 2019, in accordance with Title XV of Law No. 18,045, shareholders representing 49.96% of the voting right shares are detailed as follows:

| Controlling Group | No. of shares | Ownership % |
|---|----------------------|--------------|
| Minera Valparaíso S.A. | 6,166,879,733 | 35.17 |
| Forestal Cominco S.A. | 2,454,688,263 | 14.00 |
| Forestal Bureo S.A. | 49,078,961 | 0.28 |
| Forestal Constructora y Comercial del Pacífico Sur S.A. | 34,126,083 | 0.19 |
| Forestal Cañada S.A. | 22,308,320 | 0.13 |
| 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 ownership interest | 8,761,439,346 | 49.96 |

2. Business Description

Company's line of business

The Company's line of business is the production, transportation, distribution, and supply of energy and power capacity, for which it may acquire and exploit concessions and grants or use rights obtained. Likewise, it is empowered to transport, distribute, supply and commercialize natural gas for sale to industrial or generating processes. It can provide advisories in the field of engineering both domestically and abroad.

Description of business in Chile

Main assets

The power generation fleet is composed of hydroelectric power plants (reservoir and run-of-the-river) and coal-fired, diesel and gas power plants (combined and conventional cycles), and renewable energies from variable sources, which in total provide an installed capacity of 3,328 MW to the National Power System ("SEN" for its Spanish acronym).

Hydroelectric power plants have an installed capacity of 1,634 MW distributed among 17 plants: Colbún, Machicura, San Ignacio, Chiburgo, San Clemente and La Mina, located in the Maule Region; Rucúe, Quilleco and Angostura, located in the Biobío Region; Carena, in the Metropolitan Region; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos, in the Valparaíso Region; and Canutillar, in Los Lagos Region. Colbún, Machicura, Canutillar and Angostura power plants have their own reservoirs, whereas the remaining hydroelectric power plants are run-of-the-river.

Thermal power plants have an installed capacity of 1,685 MW and are distributed in the Nehuenco Complex, located in the Valparaíso Region; Candelaria power plant in the O'Higgins Region; Antilhue⁽¹⁾ power plant in Los Ríos Region; and Los Pinos and Santa María power plants, located in the Biobío Region.

In addition, during 2018, the photovoltaic plant "Ovejería" (9MW) located in Tiltill in the Metropolitan Region of Chile was commissioned.

Business policy

The Company's commercial policy is to achieve a proper balance between commitments to sell power and its own efficient generation capacity with the objective of increasing and stabilizing operation margins, with acceptable levels of risk in the events of droughts. In addition, this requires an appropriate combination of thermal and hydro power generation.

As a result of this policy, the Company intends to maintain sales or purchases in the spot market from reaching significant volumes, since prices in this market experience significant variations, the hydrologic condition being the most relevant variable.

Main customers

Customer's portfolio is composed of regulated and unregulated customers:

The regulated customers supplied during 2019 are: CGE Distribución S.A., Enel Distribución Chile S.A., Sociedad Austral de Electricidad S.A., Empresa Eléctrica de la Frontera S.A., Cooperativa de Consumo de Energía Eléctrica Chillán Ltda., Compañía Eléctrica de Osorno S.A., Cooperativa Eléctrica de Curicó Ltda., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa de Abastecimiento de Energía Eléctrica Curicó Ltda., and Cooperativa Eléctrica Paillaco Ltda.

The main unregulated customers supplied during 2019 (to those we sold more than 100 GWh of energy during the year) are: Codelco for its divisions Salvador, Andina, Ventanas and El Teniente, Anglo American Sur S.A. for its work sites Los Bronces/Las Tórtolas, Cartulinas CMPC.S.A., CMPC Pulp S.A., CMPC Maderas S.A., Cementos Polpaico S.A., Walmart Chile S.A., Bio-Bio Cementos S.A., Cementos Bio Bio del sur S.A., Sociedad Contractual Minera Franke, Minera Meridian Ltda, Molibdenos y Metales S.A., Inacal S.A., Sonda S.A., Vulco S.A., Logística, Transporte y Servicios LTS, Alimentos y Frutos S.A., Magotteaux Chile S.A., Puerto Central S.A.

The Electricity Market

The Chilean power sector has a regulatory framework of almost 3 decades of operations. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average rate of approximately 3.1% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún operates in the largest, the National Power System (SEN), which comprises Arica in the north and Isla Grande de Chiloé in the south. The consumption in this zone represents 99% of total power demand in Chile. Colbún has a market share of approximately 14.8% in the SEN.

The pricing system identifies different mechanisms for the short and long-term. For short-term pricing, the sector is based on a marginal cost scheme, including security and efficiency criteria in distributing resources. Power marginal costs result from the actual operation of the electric system in accordance with the financial merit programming conducted by the National Electrical Coordinator (CEN, for its Spanish acronym) and relate to the variable cost of production of the most expensive unit under operation at all times. Capacity payments are calculated based on the sufficiency power of plants, i.e., the reliable level of capacity that could be provided to supply the system at the point of high demand, considering the uncertainty associated with the availability of supplies, forced and programmed unavailabilities, and unavailability of the facility which connects the unit to the Transmission and Distribution System. The Power capacity price is determined as an economic indicator, which represents the investment in most efficient units to address power demand during high demand hours.

For long-term pricing, power generation companies may have two types of customers: regulated and unregulated.

As a result of Law No. 20.018 passed on January 1, 2010, in the market of regulated customers, composed of distribution companies, power generation companies' sale power at the price resulting from competitive and public tenders.

Unregulated customers comprise those with a connection power exceeding 5,000 KW, and they freely negotiate their prices with suppliers.

Note that the regulation allows users with connection power between 500 KW and 5,000 KW to select between systems of regulated or unregulated prices, with a minimum of four years in each system.

Spot market is where power generation companies trade at marginal cost energy and capacity (on an hourly basis) surplus or deficit resulting from their commercial position, net of production capacity, since dispatch orders relate to financial merit and are exogenous to each power generation company.

To inject energy into the system and supply energy and capacity to its customers, Colbún uses own and third party transmission facilities as per the rights granted by the power legislation.

In this context, on July 20, 2016, the law establishing a new Power Transmission System was published in the Official Journal, which also creates a coordinating agency independent to the National Power System. The principal amendments included in this law indicate that the transmission remuneration will be charged fully in connection with power demand. Additionally, a new Coordinator with legal personality is established to operate the National Power System, which commenced its operations on January 1, 2017.

Description of business in Peru

Main assets

Combined cycle gas-fired thermoelectric power plant of 565 MW located in Las Salinas, Chilca district, at 64 kilometers south Lima, owned by the subsidiary Fenix Power Peru. Its location is considered strategic, since it is near the Camisea gas pipeline and Chilca power substation, allowing power generation at an efficient cost.

This power plant begun its commercial operation in December 2014 and is composed of two General Electric dual (gas or diesel) turbines generating 60% of its power, and a General Electric steam turbine generating the remaining 40%. This plant is considered a strategic asset in the Peruvian power market since it is one of the most efficient in the country and the third largest at domestic level.

Fenix has capacity of 565 MW, which results in a market share of approximately 8% in the SEIN.

Main customers

Regulated customers with long-term contracts: Distriluz Group, composed of Electro Norte S.A., Electro Noreste S.A. and Electrocentro S.A., and Hidrandina, COELVISAC, Enel Distribution S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. and Luz del Sur S.A.A.

Customers with short-term contracts: Customers with short-term contracts: Celepsa S.A., Distriluz Group and GCZ Energía, Ege Junín and Enel Distribución S.A.A.

Unregulated customers: Pamolsa, Algeciras (formerly - Centenario), Austral, Minera Luren and Garment and Del Ande.

The Electricity Market

Peru restructured the power market in 1992 (The Electricity Act No. 25,844: Energy Concessions Act), and during the last 4 years significant reforms have been made to the sector's regulatory framework.

As of December 2019, the Peruvian power market has an installed capacity, at a domestic level, of approximately 15.3 GW, of which 13.2 GW corresponds to the capacity installed in the National Interconnected Power System (SEIN); out of this amount, nearly 56% relates to thermal power, 39% to hydro power, and the remaining 5% to renewable energies. Accordingly, natural gas is critical at the domestic thermal power generation level, because of its significant reserves and exploration wells, being Camisea the main deposit with approximately 12.8 trillion cubic feet.

The pricing system identifies two types of customers: regulated users that consume less than 200 kW and unregulated customers (large private users that consume more than 2,500 kW). Customers with a demand between 200 kW and 2,500 kW have the option to be considered as regulated or unregulated.

The National Interconnected Power System (SEIN for its Spanish acronym) is managed by a System Economic Operation Committee (COES for its Spanish acronym), incorporated as a nonprofit private entity and as a legal personality under public law. The COES is composed of other SEIN agents (Power Generation Companies, Transmitters, Distribution Companies and Unregulated Customers) and their decisions are mandatory for all agents. Its objective is to coordinate SEIN's short, medium, and long-term operations, ensuring system security, use of power resources, as well as planning the development of SEIN transmission and managing the Short-Term Market, the latter based on marginal costs.

In terms of energy consumption, the annual energy demand until the fourth quarter of 2019 was approximately 52.9 TWh, concentrated in the mining and residential sectors. In 2018, the system demand was 50.8 TWh.

3. Significant accounting policies

3.1 Accounting policies

These Consolidated Financial Statements of Colbún S.A. and subsidiaries as of December 31, 2019, have been prepared in accordance with International Financial Standards (IFRS) as issued by International Accounting Standards Board (IASB).

These Consolidated Financial Statements have been prepared assuming that the company will continue as a going concern and approved by the Board of Directors for issue at their Meeting held on January 28, 2020.

The accounting policies set out below have been used in the preparation of these Consolidated Financial Statements.

a. Basis of preparation and period - These Consolidated Financial Statements of Colbún S.A. and subsidiaries comprise the following:

- Statement of Financial Position as of December 31, 2019 and 2018.
- Statement of Comprehensive Income for the years ended December 31, 2019 and 2018.
- Statement of Cash Flows for the years ended December 31, 2019 and 2018.
- Statements of Changes in Equity for the years ended December 31, 2019 and 2018.
- Notes to the Financial Statements.

The information contained in these Consolidated Financial Statements is the responsibility of the Company.

These Consolidated Financial Statements have been prepared under the historical cost basis, with the exception of those assets and liabilities recognized at fair value (note 3 h. and 3 i).

a.1 Functional currency - The Company's functional currency is the United States dollar, which is the currency that mainly impacts sale prices of goods and services in the markets in which the Company operates. All financial information in these Consolidated Financial Statements has been rounded in Thousands of United States dollar (ThUS\$) to the nearest number, except otherwise indicated.

b. Basis of consolidation - The Consolidated Financial Statements include the financial statements of the Parent and controlled companies.

Control is established as the base for determining which entities are consolidated in the Consolidated Financial Statements.

Subsidiaries are those in which Colbún S.A. is exposed to, or has rights to, variable returns from its interests in those entities and has the ability to affect those returns through its power over the entities. In general, the Company's power over its subsidiary arises from holding the majority of the voting rights provided by the subsidiary's equity instruments.

The detail of subsidiaries is as follows:

| Consolidated company | Country | Currency | Tax ID No. | Ownership % as of | | | |
|---|---------|----------|--------------|-------------------|----------|-------|------------|
| | | | | 12.31.2019 | | | 12.31.2018 |
| | | | | Direct | Indirect | Total | Total |
| Empresa Eléctrica Industrial S.A. ⁽¹⁾ | Chile | US\$ | 96.854.000-9 | - | - | - | 100 |
| Sociedad Hidroeléctrica Melocotón Ltda. ⁽¹⁾ | Chile | US\$ | 86.856.100-9 | - | - | - | 100 |
| Río Tranquilo S.A. ⁽¹⁾ | Chile | US\$ | 76.293.900-2 | - | - | - | 100 |
| Termoeléctrica Nehuenco S.A., en Liquidación ⁽³⁾ | Chile | US\$ | 76.528.870-3 | 100 | - | 100 | 100 |
| Termoeléctrica Antihue S.A. ⁽⁴⁾ | Chile | US\$ | 76.009.904-K | - | - | - | 99.9998 |
| Colbún Transmisión S.A. | Chile | US\$ | 76.218.856-2 | 100 | - | 100 | 100 |
| Colbún Desarrollo SpA | Chile | US\$ | 76.442.095-0 | 100 | - | 100 | 100 |
| Inversiones SUD SpA ⁽²⁾ | Chile | US\$ | 76.455.649-6 | - | - | - | 100 |
| Inversiones Andinas SpA ⁽²⁾ | Chile | US\$ | 76.455.646-1 | - | - | - | 100 |
| Santa Sofía SpA | Chile | US\$ | 76.487.616-4 | 100 | - | 100 | 100 |
| Colbún Perú S.A. | Peru | US\$ | Foreign | 100 | - | 100 | 100 |
| Inversiones de Las Canteras S.A. | Peru | US\$ | Foreign | - | 51 | 51 | 51 |
| Fenix Power Perú S.A. | Peru | US\$ | Foreign | - | 51 | 51 | 51 |

Differences in the consolidation perimeter

As of December 31, 2019, changes in the consolidation perimeter were as follows:

⁽¹⁾ On January 3, 2019, the Chilean Financial Market Commission (CMF for its Spanish acronym) was notified of a corporate reorganization process that Colbún S.A. carried out in relation to certain of its subsidiaries, in compliance with the provisions of number 1 of article 4 of Decree Law No. 3,538 per its current text contained in Law No. 21,000.

Indeed, on December 22, 2018, Colbún S.A. became the owner of one hundred percent of the shares of its subsidiary Empresa Eléctrica Industrial S.A. ("EEI") and, after an uninterrupted period exceeding 10 days, EEI was dissolved and merged into Colbún S.A., pursuant to Article 103 No. 2 of the Public Company Act.

Upon the dissolution of EEI and its merger into Colbún S.A., Colbún S.A. became the sole partner of its subsidiary Sociedad Hidroeléctrica Melocotón Limitada, which consequently was also dissolved. In addition, the dissolution of EEI implied that Colbún S.A. became the sole shareholder of the subsidiary Río Tranquilo S.A., which was dissolved once an uninterrupted period of more than 10 days has elapsed.

⁽²⁾ On January 4, 2019, the subsidiaries Inversiones SUD SpA and Inversiones Andinas SpA were dissolved.

⁽³⁾ On December 2, 2019, the early dissolution of Termoeléctrica Nehuenco S.A. was approved starting its liquidation process. In addition, on such date, the company changed its name adding “en liquidación” (under liquidation in the end) as established by Article 109 of the Chilean Law resulting in the name “Termoeléctrica Nehuenco S.A. en Liquidación” surviving as legal entity for its liquidation purposes.

⁽⁴⁾ On December 11, 2019, Colbún sold 100% of its stake in Termoeléctrica Antilhue S.A. to Prime Energía Antilhue SpA.

During 2018, changes in the consolidation perimeter were as follows:

On October 1, 2018, within the framework of the reorganization process of the Colbún Group and in order to concentrate in the subsidiary Colbún Transmisión S.A. all the assets and businesses associated with energy transmission, Colbún S.A., Empresa Eléctrica Industrial S.A. and Río Tranquilo S.A. contributed certain electricity transmission assets to Colbún Transmisión S.A. by means of a capital increase in the latter. Such transaction had no effects on a consolidated basis.

On June 6, 2018, Colbún S.A. acquired 100% of Santa Sofía SpA, shares, which is a joint stock company incorporated in accordance with the current legislation in Chile. Accordingly, beginning on such date such company is a direct subsidiary of Colbún S.A.

All intercompany transactions and balances have been eliminated in consolidation, as well as non-controlling interest have been recognized which relates to the ownership interest percentage of third parties in subsidiaries, which is included separately in Colbún's consolidated equity.

b.1 Business combinations and goodwill - Business combinations are recognized using the acquisition method. The acquisition cost is the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the acquiree non-controlling interest, if any. For each business combination, the Company determines whether the non-controlling interest of the acquiree is measured at fair value or proportional to the net identifiable assets of the acquiree. Related acquisition costs are accounted for as incurred in other expenses.

When the Company acquires a business, it assesses the financial assets and financial liabilities acquired for their appropriate classification based on contractual terms, economic conditions and other related conditions at the acquisition date. This includes separating the embedded derivatives of the acquiree main contracts.

If the business combination is conducted by stages, ownership interests previously maintained in acquiree equity are measured at fair value at the acquisition date, and gains or losses are recognized in the income statement.

Any contingent consideration transferable by the acquiree is recognized at fair value at the acquisition date. Contingent considerations which are classified as financial assets or financial liabilities in accordance with IFRS 9 Financial Instruments are measured at fair value, accounting for changes in fair value as gain or loss or through comprehensive income. In the events contingent considerations are not within the scope of IFRS 9, these are measured in accordance with the related IFRS. If the contingent consideration classified as equity, this is not revalued and any subsequent settlement is recorded in net equity.

Goodwill is the excess of the sum of the consideration transferred recognized on the net value of assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the amount of the consideration transferred, the Company conducts a new assessment to ensure that all assets acquired and liabilities assumed have been appropriately identified, and reviews all procedures applied to conduct the measurement of the amount recognized at the acquisition date. If the new assessment results in an excess of fair value of net assets acquired on the aggregate amount of the consideration transferred, the difference is recognized as profit in the income statement.

Subsequent to initial recognition, goodwill is recognized at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each Company's cash-generating unit which is expected to receive benefits, regardless if there are other assets or liabilities of the acquiree allocated to those units. Once the business combination is completed (concludes the measurement process) goodwill is not amortized and the Company reviews on a regular basis its carrying amounts to recognize any impairment losses.

When goodwill is part of the cash-generating unit and a portion of such unit is derecognized, goodwill related to such disposed operations is included in the carrying amount of the operations when determining gains or losses obtained at disposal. Goodwill derecognized is measured based on the relative value of the disposed operation and the portion of the cash-generating unit maintained.

b.2 Non-controlling interest - The value of non-controlling interest in subsidiaries' equity and comprehensive income is presented under captions "Total Equity: Non-controlling interest" of the consolidated statement of financial position and "Net profit attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interest" in the statement of comprehensive income.

b.3 Interest in unconsolidated structured entities - On May 17, 2010, as per the D.E. No.3,024, the Ministry of Justice grants legal personality and approves the Colbún Foundation's bylaws (hereinafter the "Foundation"). Main objectives of the Foundation address the following:

The promotion, encouragement and support of all type of projects and activities that aim to improve living conditions in the neediest sectors.

Research, development and dissemination of culture and arts The Foundation will be able to participate in the formation, organization, management and support of all entities, institutions, associations, groups and organizations, either public or private, which have the same goals.

The Foundation will support all entities mainly involved in the dissemination, research, encouragement and development of culture and arts.

The Foundation may finance the acquisition of real estate, equipment, furniture, laboratories, classrooms, museums and libraries, and finance the collection of infrastructures to support professional enhancement.

Additionally, the Foundation may finance research and development, prepare and implement training programs, provide training for development and finance the publishing and distribution of books, brochures and any types of publications.

This legal entity is not considered in the consolidation process, as being a nonprofit entity the Company expects no economic benefit from it.

c. Equity-accounted investees - Correspond to interests in entities where Colbún has joint control with other company or in which it exercises significant influence.

The equity method comprises recognizing initially at acquisition cost and subsequently adjusted for the changes in net assets of the acquiree.

If the amount is negative the interest is zero unless there is a commitment by the Company to restore the entity's equity, which then records the related provision for risks and expenses.

Dividends received by these companies are recognized by reducing the interest value, and profit or loss obtained by these entities, which corresponds to Colbún as per its interest, are included net of tax effects in the profit or loss account “Interest in gains (losses) of associates and joint ventures accounted for using the equity method.”

The detail of companies accounted for using the equity method is as follows:

| Relationship | Company | Country | Currency | Tax ID No. | Ownership % as of | |
|---------------|---|---------|----------|--------------|-------------------|------------|
| | | | | | 12.31.2019 | 12.31.2018 |
| | | | | | Direct | Direct |
| Associate | Electrogas S.A. | Chile | US\$ | 96.806.130-5 | 42.5 | 42.5 |
| Joint venture | Aysén Transmisión S.A., en Liquidación ⁽¹⁾ | Chile | Ch\$ | 76.041.891-9 | - | 49.0 |
| Joint venture | Aysén Energía S.A., en Liquidación ⁽¹⁾ | Chile | Ch\$ | 76.091.595-5 | - | 49.0 |
| Joint venture | Transmisora Eléctrica de Quillota Ltda. | Chile | Ch\$ | 77.017.930-0 | 50.0 | 50.0 |

⁽¹⁾ On September 7, 2018, in the liquidation process of Centrales Hidroeléctricas de Aysén S.A., Colbún S.A., received interest of 49% of the shares of Aysén Transmisión S.A. and Aysén Energía S.A.

On March 19, 2019, the minute approving the dissolution of both companies was drafted as a public deed; and on June 24, 2019, the liquidation of these companies was formally completed.

c.1 Investment in associates - Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Overall, significant influence exists when the Company has between 20% and 50% of voting rights of other company.

c.2 Investments in joint ventures - Relate to entities in which the Company has joint control over its activities, as established by contractual terms and which requires unanimous consent to make relevant decisions by all venturers.

d. Effect of foreign exchange rate fluctuations - Transactions in foreign and domestic currency, other than functional currency, are translated to the functional currency using the exchange rates prevailing at the transaction dates.

Profits and losses in foreign currency that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of comprehensive income, unless they have to be recognized in other retained earnings, as in the case of cash flow hedges and net investment hedges. In addition, the translation of balances receivable and payable at each reporting date in currency other than functional currency of the financial statements which are part of the consolidation perimeter, is conducted at closing exchange rates. Differences in measurement are recognized as finance income and finance costs under foreign currency translation differences.

e. Translation Basis - Assets and liabilities denominated in Chilean pesos, Euros, Peruvian soles and inflation adjusted units have been translated into United States dollars at the exchange rates at the reporting date, as per the following:

| Exchange rate | 12.31.2019 | 12.31.2018 |
|--------------------------|------------|------------|
| Chilean peso | 748.74 | 694.77 |
| Euro | 0.8918 | 0.8742 |
| Peruvian sol | 3.3170 | 3.3790 |
| Inflation-adjusted units | 0.0264 | 0.0252 |

f. Property, plant and equipment - Property, plant and equipment held for the generation of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable. This cost value includes, separate from the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Substitutions or renovations of assets that increase their useful lives, or their economic capacity, are recorded as the higher value of the respective assets, with the consequent accounting derecognition of the substituted or renovated assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project (note 3.n.2).

Assets under construction will be transferred to property, plant and equipment in operation after the end of the test period, from which date their depreciation commences.

Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items comprising over their estimated useful life (note 5 a. (i)).

The residual values and useful lives of items of property, plant and equipment are reviewed at each reporting date and adjusted if required.

g. Intangible assets other than goodwill - Intangible assets acquired individually are measured initially at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, are measured at cost less accumulated amortization and impairment losses.

The Company assesses at initial recognition if the useful life of intangible assets is definite or indefinite.

Assets with finite useful life are amortized throughout their remaining economic useful life and assessed for impairment when such indicators exist. The amortization period and amortization of intangible assets with definite useful life are reviewed at least at each reporting date. The criteria used for the recognition of impairment losses of these assets and their recoveries are recorded in note 5 b.

Changes in expected useful life or consumption pattern of future economic benefits materialized in the asset are considered to change the period or amortization method, if applicable, and treated as a change in the accounting estimate. Amortization expenses of intangible assets with definite useful life are recognized in the statement of comprehensive income.

h. Financial instruments

h.1 Financial assets - Financial assets are classified at initial recognition in three measurement categories:

- a) At amortized cost
- b) Fair value through other comprehensive income (equity)
- c) Fair value through profit or loss

h.1.1 Amortized cost - It is intended to maintain a financial asset until obtaining contractual cash flows on an established date. Expected cash flows relate mainly to payments of principal and interest on the principal amount outstanding.

h.1.2 Fair value through other comprehensive income (equity) - To classify an asset at fair value through other comprehensive income as principle it has to comply with the requirement of the sale of financial assets for which the principal owed amount is expected to be recovered in a given term in addition to interests, if applicable.

h.1.3 Fair value through profit or loss - The last classification provided as an option by IFRS 9 is financial assets at fair value through profit or loss for the year.

Based on its business model, the Company holds financial assets at amortized costs as the main financial asset as it aims to recover its future cash flows on a given date seeking the collection of principal owed plus interests on the principal, if applicable. Loans and receivables are the main financial assets non-derivative from the Group, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in the caption Trade and other receivables in the Statement of Financial Position. They must initially be recognized at fair value and subsequently at amortized cost in accordance with the effective interest method less the allowance account for impairment losses.

h.1.4 Derecognition of financial assets - The Company derecognizes financial assets only when the rights to receive the cash flows have been canceled, voided, expired or have been transferred.

h.1.5 Impairment of non-derivative financial assets - The Company applies a simplified approach and records expected credit losses in all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or arrears in the payment, are considered indicators that the trade receivable is impaired. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in a provision account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report; and its related write-off applies, this is recorded against the impaired trade receivables account.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is not temporal, the difference is recorded directly in losses for the year.

Financial assets at fair value through profit or loss are not subject to impairment tests.

h.2. Financial liabilities

h.2.1 Classification as debt or equity - Debt instruments and equity instruments are classified as either financial liabilities or equity, as per their contractual terms.

h.2.2 Equity instruments - Correspond to any agreement representing a residual interest in the net assets of an entity after all its liabilities are deduced. Equity instruments issued by Colbún S.A. are recognized at the amount of the consideration received, net of direct costs of issuance. Currently, the Company only issues single series shares.

h.2.3 Financial liabilities - Financial liabilities are classified as financial liability at "fair value through profit or loss" or "other financial liabilities".

h.2.4 Financial liabilities at fair value through profit or loss - Financial liabilities are classified at fair value through profit or loss when the financial liability is either held for trading or it is designated at fair value through profit or loss. These are measured at fair value and changes therein, including any interest expenses, are recognized in profit or loss.

h.2.5 Other financial liabilities - Other financial liabilities, including bank borrowings and bonds payable and promissory notes, are measured initially at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant period. The effective interest rate corresponds to the rate that discounts estimated future cash flows payable throughout the expected life of the financial liability or, if appropriate, a shorter period when the associated liability has a prepayment option to be applied.

h.2.6 Derecognition of financial liabilities - The Company derecognizes financial liabilities only when obligations are canceled, voided or expired.

i. Derivatives - The Company entered into derivative instruments to mitigate its exposure to interest rate fluctuation related to exchange rates and fuel prices.

Changes in fair value of these instruments at the reporting date are recognized in the consolidated statement of comprehensive income unless these are designated as hedge accounting and meet the conditions established in IAS 39 to apply such criterion. For hedge accounting purposes, the Company continues to apply the criteria established in IAS 39.

Hedges are classified as follows:

- **Fair value hedges:** correspond to a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment attributable to a particular risk. For this hedge, both the hedge instrument value and the hedged item are recognized in the statement of comprehensive income, offsetting both effects in the same caption.
- **Cash flow hedges:** corresponds to a hedge of the exposure to the fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction. Changes in the fair value of derivatives are recognized, with respect to the effective portion of the hedges, in equity reserve under "Cash flow hedges." Retained earnings or an accumulated deficit in such caption are transferred to the statement of comprehensive income to the extent that the underlying portion has an impact on the statement of comprehensive income for the hedged risk, netting such effect in the same heading in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income.

A hedge is considered to be highly effective when changes in fair value or in cash flows of the underlying asset directly attributable to the hedged risk are offset by the changes in the fair value or cash flows of the hedged instrument with an effectiveness within a range between 80% and 125%. For the period covered by these Consolidated Financial Statements, the Company designated certain derivatives as hedging instruments of highly probable forecasted transactions or hedging instruments related to foreign currency risks of a firm commitment (cash flow hedging instruments).

The Company has designated all its derivatives as hedge accounting instruments.

j. Inventory - This caption includes gas, oil and coal stock, and warehouse inventory (spare parts and materials), which are valued at cost, net of possible obsolescence determined in each period. Cost is determined using their weighted average purchase price.

j.1 Impairment of spare parts (obsolescence) basis - The impairment of spare parts estimate (obsolescence) is established based on an individual and general assessment performed by specialists of the Company, who assess turnover and technological obsolescence criteria on the stock held in warehouses of each Power plant.

k. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents comprise cash on hand, term deposits in credit institutions and other highly liquid short-term investment with original maturities up to three months and subject to an insignificant risk of changes in their valuation. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: Correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that generate changes in the size and composition of net equity and financial liabilities.

l. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each period.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes."

Current income tax is recognized in the statement of income or in the statement of other comprehensive income based on where the profit or loss from which they arose are recorded. Differences between the carrying amount of the assets and liabilities and their tax base generate the basis on which deferred taxes are calculated using the tax rates that are expected to be in force when the assets are realized and liabilities are settled.

Changes in deferred tax assets or liabilities generated are recorded in profit or loss in the consolidated statement of comprehensive income or in captions total equity under the statement of financial position, based on where the profit or loss from which they arose are recorded.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions and use the tax losses.

At each reporting date, the Company reviews the deferred tax assets and liabilities recorded to verify that they remain effective, and adjusted on a timely basis based on the results of such analysis.

For the consolidated financial statement balances, the Company and its subsidiaries offset deferred tax assets and liabilities if, and only if, they relate to the income tax, which corresponds to that same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

m. Severance indemnity payments - Obligations recognized as severance indemnity payments arise as a result of collective and individual agreements subscribed by employees of the Company, in which the Company's commitment is established, and are classified as "Defined post-employment benefits." The Company recognizes employee benefit costs based on an actuarial calculation in accordance with IAS 19 "Employee benefits", which includes variables such as life expectancy, salary increases and turnover, among others.

At the reporting date, the amount of net actuarial liabilities accrued is presented in the item Provisions for employee benefits, current and Provisions for employee benefits, non-current in the consolidated statement of financial position.

The Company recognizes all actuarial gains and losses arising from the valuation of defined benefit plans in other comprehensive income. Accordingly, all costs related to benefit plans are recorded as personnel expenses in the statement of comprehensive income.

n. Provisions - Obligations maintained at the reporting date in the statement of financial position, arising as a result of past events which may generate highly-probable equity losses to the Company, which amount and timing can be reliably estimated, are recorded as provisions at the amount which it is estimated that the Company would have to disburse to settle the obligation.

Provisions are reviewed on a regular basis and are quantified considering the best information available at the reporting date of these consolidated financial statements.

n.1 Restructuring - A provision for restructuring expenses is recognized when the Company approves a detailed and formal restructuring plan, and such restructuring has commenced or is publicly announced. The Company accrues no future operating costs.

n.2 Dismantling - Future disbursements by the Company related to the closure of its facilities are included at the asset amount at fair value, recognizing the related provision for dismantling or remediation at the commencement of the plant's operations. The Company assesses on an annual basis its estimate on future disbursements indicated above, increasing or decreasing the asset value based on the results of such estimate (see Note 23 c).

o. Accrued vacations - Vacation expenses are recorded in the year the right is accrued, in conformity with IAS 19.

p. Revenue from contracts with customers - Revenue from the sale of power in Chile and Peru is recognized at the fair value of the amount received or receivable and represents the amount for services rendered during the normal course of business, less any related discount or tax, in accordance with IFRS 15.

Revenue is classified in the following categories:

Sale of goods - For contracts with customers in which the sale of equipment is the sole obligation, the adoption of IFRS 15 has no impact on the Company's revenue or profit or loss because revenue is recognized at a point in time when the control of the asset is transferred to the customer upon delivering the goods. The Company has impacts associated with the individual sale of goods, because it is not currently engaged in the sale of goods as a single contract for the sale of goods.

Rendering of services - Colbún provides power supply and capacity to both unregulated and regulated customers. The Company recognizes revenue for services based on the physical delivery of energy and capacity. Services are satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Company. Consequently, the Company recognizes revenue from such service contracts over time instead of at a point in time.

A description of the Company's main revenue recognition policies for each type of customer is presented below.

- **Regulated customers - distribution companies:** Revenue from the sale of power is recorded based on physical delivery of energy and capacity in conformity with long-term agreements at a bid price.
- **Unregulated customers - Connection capacity exceeding 5,000 KW in Chile and between 200 KW and 2,500 KW in Peru:** Revenue from the sale of power for these customers is recorded based on the physical delivery of energy and capacity, at fees established in the related contracts.
- **Spot market customers:** Revenue from the sale of power is recorded based on the physical delivery of energy and capacity to other power-generation companies at the marginal cost of energy and capacity. The spot market is legally organized through Delivery Centers (CEN in Chile and COES in Peru) where energy and capacity surplus and deficit is traded. Energy and capacity surpluses are recognized as revenue, and deficits are recorded as costs in the consolidated statement of comprehensive income.

The Company only receives short-term prepayments from its customers related to operations and maintenance services. These are recognized as other financial liabilities. However, the Company may receive long-term prepayments from customers from time to time. In accordance with the current accounting policies, the Company recognizes such prepayments as deferred revenue by virtue of non-current liabilities classified in the statement of financial position. No interests were accrued on long-term prepayments received by virtue of the accounting policy currently in force.

The Company should determine whether a significant finance component exists in its contracts. However, the Company decided to use the practical expedient provided by IFRS 15, and will not adjust the amount committed in the consideration for the effects of a significant financing component in the contracts, when the Company expects, at the onset of the contract, that the period between the time in which the entity transfers an asset or service committed with the customer and the time in which the customer pays for such good or service is one year or less. Consequently, at short-term the Company shall not account for a financing component, even if this is a significant component.

Based on the nature of the services offered and the objective of the payment terms, the Company has concluded that there is no significant financing component in these contracts.

The Company does not record under revenue the gross income from economic benefits received when it acts as agent or commission agent on behalf of third parties, and it only records the payment or commission it expects to receive.

Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) is recorded on a net basis, and therefore excluded from revenue in the consolidated statement of comprehensive income.

Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedge instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

q. Dividends - Article No. 79 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the Annual Shareholder's Meeting, by unanimity of the issued shares, publicly traded companies must annually distribute as cash dividend to their shareholders, at pro rata of their interests or in the proportional amount established by the Company's by-laws, in the event preference shares exist, at least 30% of net profit for each year, except if the Company has to absorb accumulated losses from prior years.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, and recognizes them as "Trade and other payables, current" and as "Trade payables due to related parties", as appropriate, with a charge to equity.

Provisional and definitive dividends are recorded as decreases in equity at their approval by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

r. Environment - In the event of environmental liabilities, these are recognized on based on the current interpretation of environmental laws and regulations, when is probable that a current obligation will be produced and the amount of such liability can be estimated reliably.

Investments in infrastructure projects intended to comply with environmental requirements are performed in conformity with the general accounting criteria related to property, plant and equipment.

s. Classification of balances as current or non-current - Balances in the accompanying consolidated statement of financial position are classified on the basis of their maturities - i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

t. Leases - The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. Colbún maintains lease agreements for its offices, parking lots, warehouses, pickup trucks and printers.

t.1 Lessee - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except leases which term is less than 12 months (with no renewal), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

t.1.1 Initial recognition - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

t.1.2 Classification - All leases are classified as finance lease, as the lessee records a right-of-use asset and a lease liability at the commencement date.

t.1.3 Remeasurement - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). A lessee shall recognize the amount of the lease liability as an adjustment to the right-of-use asset.

t.1.4 Depreciation charge - A lessee shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

t.1.5 Impairment - A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

t.2 Lessor - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards inherent to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

Operating lease payments are expensed on a straight-line basis over the term of the lease, unless another systematic basis of distribution is more representative.

u. Transaction with related parties - The transactions between the Company and its dependent subsidiaries, which are related parties, are part of the Company's usual transactions with respect to its objective and conditions, and these are eliminated in the consolidation process. The identification of the relationship between the Parent, Subsidiaries, Joint Ventures and Related Parties are detailed in Note 3.1 and section b and c.

All transactions are performed under the market terms and conditions.

v. Government grants - Government grants are measured at the fair value of the asset received or receivable. A grant with no specific future performance conditions is recognized in income when the amount obtained for the grant is received. A grant establishing specific future performance conditions is recognized in income when such conditions are met.

Government grants are presented separated from the asset to which they relate. Government grants recognized in income are presented separately in the notes. Government grants received before the compliance with the revenue recognition criteria are presented as a separate liability in the statement of financial position.

The Company recognizes no amount for types of government aid to which no fair value can be allocated. However, if these exist, the Company discloses the information of such aid.

w. Interest costs - Interest costs directly attributable to the acquisition, construction or development of an asset which implementation or sale requires an extended period of time, are capitalized as part of the cost of such asset. The Company has established as a policy the capitalization of interests based on the construction phase. The remaining interest costs are recognized as expenses in the period they are incurred. Financial expenses include interests and other costs incurred by the Company with respect to the financing obtained.

x. Contingent assets and liabilities - A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly under the Company's control, or a present obligation arising from past events which has not been recognized because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These will not be recognized in the financial statements, but will have to be disclosed in the notes to the financial statements.

y. Reclassifications - For comparative purposes a reclassification of "Revenue" to "Raw materials and consumables used" was made related to the net presentation of billing of tolls for ThUS\$41,960 recorded in the financial information for the twelve-month period ended December 31, 2018.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2019

| Adopted standards | | Mandatory application date |
|----------------------------|---|----------------------------|
| IFRS 16 | Leases | January 1, 2019 |
| IFRIC 23 | Uncertainty over Income Tax Treatments | January 1, 2019 |
| IAS 28 | Long-term Interests in Associates and Joint Ventures | January 1, 2019 |
| IFRS 9 | Prepayment Features with Negative Compensation | January 1, 2019 |
| IAS 19 | Plan Amendment, Curtailment and Settlement (Amendments to IAS 19, Employee Benefits) | January 1, 2019 |
| IFRS 3 - 11 IAS 12 - 23 | Annual Improvements to IFRS Cycle 2015-2017. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 | January 1, 2019 |

IFRS 16 Leases: Issued in January 2016, this Standard requires that lessee operating companies to bring all leases on-balance sheet from January 1, 2019. Companies recording operating leases will be more asset-rich but also more heavily indebted. The larger the lease portfolio, the greater the impact on key reporting metrics. This standard is effective for the periods beginning on or after January 1, 2019.

The Company implemented IFRS 16 Leases from January 1, 2019 and discloses the impacts on the Consolidated Financial Statements for the three-month period ended March 31, 2019. Comparative information included in these financial statements has not been restated to reflect the requirements of the new standard.

Colbún S.A. as a lessee decided not to use the practical expedient (exception) included in IFRS 16 that allows not to reassess old contracts classified as operating leases under IAS 17 and IFRIC 4: "As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application, and accordingly, all lease contracts Colbún has entered into as a lessee were assessed.

Colbún opted to use the practical expedient in IFRS 16 where a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and, rather, accounted for each lease component and any associated non-lease component as a single lease component.

Since, from the lessor's view, it is not required to make any adjustment in the transition to IFRS 16, it opted not to analyze the contracts where Colbún acts as a lessor.

For the transition to the standard, Colbún defined to apply the modified retrospective approach as model to record the right-of-use asset, in an amount that is equal to the lease liability amount. This record was performed from January 1, 2019, applying the standard on its mandatory application date.

Incremental discount rates used to calculate the related lease liability repayment schedules and lease terms were determined by the Company's Management, for cases where an extension is indicated.

IFRIC 23: Uncertainty over Income Tax Treatments: This Interpretation addresses accounting for income taxes when tax treatments imply uncertainty affecting the application of IAS 12 Income Taxes. The Interpretation is not applicable to taxes or levies outside the scope of IAS 12 and nor does it specifically include requisites related to interests and fines associated with uncertain tax treatments. The interpretation specifically addresses the following:

- If an entity will consider the uncertain tax treatment separately;
- The assumptions an entity makes on the review of tax treatments by tax authorities;
- How the entity will determine tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity will consider the changes in facts and circumstances.

The Company determines whether each uncertain tax treatment must be considered separately or collectively with one or more uncertain tax treatments based on an approach that better foresees the resolution of the uncertainty.

The Company uses judgment when identifying uncertainty on income tax treatments.

Subsequent to the adoption of the Interpretation, the Company analyzed the uncertain tax positions in both jurisdictions where it operates (Chile and Peru). Based on the Company's analysis, a conclusion has been reached that it is not necessary to adjust asset and liability balances (including provisions) recognized and related to current and deferred income taxes as a result of the adoption of IFRIC 23.

IAS 28: Long-term Interests in Associates and Joint Ventures: This amendment includes the following:

- A clarification that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method of accounting is not applied.
- Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

This standard amendment is effective for annual periods beginning on or after January 1, 2019.

This amendment had no significant effects for the Company.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation: This amendment will allow classification and measurement at amortized cost or, depending on the business model, at fair value through other comprehensive income, of certain prepaid financial assets for an amount lower than the outstanding amount of the principal and interests. This amendment is effective for annual periods beginning on or after January 1, 2019.

This amendment has not had any significant effects on the Company.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): In February 2018, the IASB has completed the changes made to IAS 19, related to Plan Amendment, Curtailment or Settlement.

The amendments clarify the following:

- For a plan amendment, curtailment or settlement of a Defined Benefit Plan, the Company now uses updated actuarial assumptions to determine the current cost of service and net interest for the period; and
- The effect of the asset limit is not considered when calculating gain or loss from any settlement of the plan and is treated separately in Other Comprehensive Income (OCI).

The amendments apply for plan amendments, curtailments or settlements occurred on or after January 1, 2019 or at the date in which these amendments are applied for the first time.

This amendment has not had any significant effects on the Company.

2015-2017 Annual Improvements Cycle: IFRS 3, IFRS 11, IAS 12 and IAS 23.

IFRS 3, Business Combinations, and IFRS 11, Joint Arrangements: Clarifies the accounting for increases in interest in a joint operation which meets the definition of a business. The amendments establish the following:

- If one party maintains (or obtains) joint control, the interest previously held will not be remeasured.
- If one party obtains control, the transaction is considered a business combination achieved in stages and the acquirer remeasures interest previously held at fair value.

In addition to clarify when an interest previously held in a joint operation is remeasured, amendments also provide guidance on what is previously-held interest. This is the total interest previously held in the joint operation.

IAS 12, Income Taxes: Clarifies that the entire effect of income tax from dividends (including payments of financial instruments classified as equity) are consistently recognized in a manner consistent with the transactions generating profit for distribution (either through Profit or Loss, Other Comprehensive Income or Equity).

Even though the amendments provide for some clarifications, they do not intend to address the underlying question (i.e., how to determine if a payment represents a profit distribution). Accordingly, challenges may remain in determining whether recognizing income tax on certain instruments in Profit or Loss or Equity.

IAS 23, Borrowing Costs: Clarifies that the pool of general borrowings used for calculating the costs from eligible borrowings, excludes solely those borrowings which specifically finance qualifying assets which are still under development or construction. Borrowings that were intended particularly for financing qualifying assets which are now ready for use or sale (or any non-qualifying asset) are included in such general pool.

Because the costs from the retrospective application may exceed the benefits, the amendments are applied prospectively to the borrowing costs incurred in, or from, the date the entity adopts such amendments.

Depending on the entity's current policy, the proposed amendments may result in including other borrowings in the borrowings general pool.

If this results in the capitalization of more or less borrowings during the period, will depend on the following:

- If the weighted average cost of any loan included in the pool, as a result of the amendments, is higher or lower than the cost at which it would be included using the entity's current approach; and
- The relative amounts of qualifying assets under development and general borrowings in force during the period.

The amendments are effective for annual periods beginning on or after January 1, 2019.

The application of these amendments and pronouncements effective from January 1, 2019 has not had any significant effects on Colbún.

3.2.2. Accounting pronouncements effective starting from January 1, 2020 and thereafter

| Standards issued by the IASB yet to be adopted | | Mandatory application date |
|--|--|--------------------------------------|
| Conceptual Framework | Amendments to References to the Conceptual Framework in IFRS Standards | January 1, 2020 |
| IFRS 3 | Definition of a Business (Amendments to IFRS 3) | January 1, 2020 |
| IAS 1 - IAS 8 | Definition of Material (Amendments to IAS 1 and IAS 8) | January 1, 2020 |
| IFRS 9 - IAS 39 IFRS 7 | Interest Rate Benchmark Reform | January 1, 2020 |
| IFRS 17 | Insurance Contracts | January 1, 2021 |
| IFRS 10 - IAS 8 | Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) | Mandatory date deferred indefinitely |

Amendments to references in the Conceptual Framework for Financial Reporting: In March 2018, the International Accounting Standards Board (the Board) issued the (revised) Conceptual Framework for Financial Reporting, which mainly serves as a tool to assist the Board in developing standards and to assist the IFRS Interpretations Committee in interpreting such standards. The Conceptual Framework does not override any individual IFRS requirement.

The main changes of principles of the conceptual framework has implications on how and when are recognized and derecognized assets and liabilities in the financial statements.

Certain concepts in the revised Conceptual Framework are completely new, such as the "practical ability" approach to liabilities. Main changes include:

New "bundle of rights" approach to assets: A physical object may be 'sliced and diced' from an accounting perspective. For example, in some circumstances, an entity would book as an asset a right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition.

New "practical ability" approach for recognizing liabilities: The old recognition thresholds are gone - a liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.

However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/costs a company has no 'practical ability' to avoid.

New control-based approach to derecognition: A company will take an asset off balance sheet when it loses control over all or part of it - i.e. the focus is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the company retains some rights after the transfer.

This amendment is effective for annual periods beginning on or after January 1, 2020.

Definition of a Business (Amendments to IFRS 3): In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business and help companies determine whether an acquisition performed is a business or a group of assets.

The amendments include a choice to use a concentration test. This is a simplified assessment that results in an asset acquisition if all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not applied, or if the test is not met, the assessment focuses on whether a substantive process exists.

The amendments clarify the definition of a business in order to help entities to determine if a transaction should be accounted for as a business combination or the acquisition of an asset. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at least, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets acquired is not a business.

The amendment is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

Definition of Material (Amendments to IAS 1 and IAS 8): In October 2018, the International Accounting Standards Board amended its definition of "material". Such definition has now aligned the use in International Financial Reporting Standards and the Conceptual Framework. This new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Board incorporated the concept of "shadowing" to the definition, along with the existing references to "omit" and "misstate" information. In addition, the Board increased the threshold from "could influence" to "could reasonably be expected to influence."

Furthermore, the Board removed the definition of significant omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform: In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7 to address uncertainties related to the reforms in progress of the London Interbank Offered Rate (LIBOR).

The amendments address aspects that affect the financial information in the period prior to the Interbank Offered Rate (IBOR) reform and are applicable to the hedging transactions directly affected by uncertainties related to the IBOR reform. As a part of the main amendments, the entities affected by an IBOR reform will consider the following:

- they will assume the interest rate benchmark on which the hedged cash flows are based are not modified as a result of the IBOR reform when assessing whether future cash flows are highly probable. In addition, for discontinued hedges, the same assumption is applied to determine whether the hedged cash flows are expected to occur.
- they will assess whether the economic relationship between the hedged item and hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and hedging instrument are based is not modified as a result of the IBOR reform.
- they will not interrupt a hedging transaction during the uncertainty period that arises from the IBOR reform solely because the actual hedging results are outside the range of 80-125 percent.
- they will apply the identifiable separately criterion only at the beginning of the hedging relationship. A similar exception is also provided for hedged components where the resignation takes place frequently, i.e. macro-hedges.

This amendment is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

IFRS 17 Insurance Contracts: Issued in May 2017, this Standard requires that insurance liabilities be measured at a current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for annual periods beginning on or after January 1, 2021. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of “business” under IFRS 3 Business Combinations. This amendment establishes a strong pressure on the definition of “business” for recognition in profit or loss. It also introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application date has been deferred indefinitely.

Management believes the adoption of Standards, Amendments and Interpretations that may be applied to the Company, will have no significant impact on the Company's consolidated financial statements in the first application period.

3.3 Responsibility for the information and estimates made

The information contained in the accompanying Consolidated Financial Statements is responsibility of the Company's Board of Directors which expressly indicates that it has fully implemented the principles and criteria contained in IFRS, as issued by the IASB.

The preparation of the consolidated financial statements requires the use of judgments, estimates and assumptions that affect assets and liabilities at the reporting date, and income and expense amounts during the reporting period. These estimates are based on the best knowledge of Management on the reported amounts, events, and actions.

In the preparation of these Consolidated Financial Statements, the following estimates have been used:

- Useful lives and residual values of property, plant and equipment, and intangible assets (see Note 3.1.f and 5.a)
- Valuation of assets to determine the existence of impairment losses (see Note 5.b)
- Assumptions used to calculate the fair value of financial instruments (see Note 3.1.h)
- Assumptions used in the actuarial calculation of liabilities and employee obligations (see Note 3.1.m)
- Probability of occurrence and the amount of undetermined or contingent liabilities (see Note 3.1.n)
- The tax returns of the Company and its subsidiaries, which will be submitted to relevant tax authorities in the future and which have been used as a basis for recording different income tax-related amounts in the accompanying consolidated financial statements (see Note 3.1.l).
- Financial assumptions and estimated economic life for calculating the provision for dismantling (see note 3.n.2)
- Measurement of the allowance for expected credit losses for trade receivables and contract assets (3.h.1.5).

Although such estimates have been made considering the best information available at the reporting date, it is possible that future events require changes (increases or decreases) in such estimates for subsequent periods; this would be applied prospectively at the date in which such change is acknowledged, recognizing the effects of changes in estimates in the subsequent consolidated financial statements, in conformity with IAS 8.

4. Risk management

4.1 Risk management policy

The risk management policy intends to safeguard the Company's stability and sustainability principles, identifying and managing sources of uncertainty that affect or may affect the Company.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks of the Company's different management departments, as well as estimating the impact on the Company's consolidated position, and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

The General management and each division and management department of the Company is responsible for the risk management function, with the support provided by the Risk Management Department, and the oversight, monitoring and coordination provided by the Risk and Sustainability Committee.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

4.2.1 Electric business risks

a. Hydrological risk

To comply with its commitments in dry hydrologic conditions, Colbún must operate its combined thermal cycle plants or by default operate its back-up thermal plants or even buy energy on the spot market. This situation raises Colbún's costs, increasing earnings variability depending on the hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy aimed at maintaining a balance between competitive power generation (hydraulic in an average-to-dry year, or cost-efficient coal-based or natural gas-based thermal power generation, other cost-efficient renewable energy properly supported by other power generation sources given their intermittence and volatility) and commercial commitments. Under extreme conditions and continuous droughts, a possible lack of water for cooling could affect the power-generating capacity of the combined cycles. For the purpose of minimizing the use of water and ensuring operational availability during water shortage periods, Colbún built a Reverse Osmosis Plant in 2017, which allows reducing up to 50% the water used in the cooling process of combined cycles of the Nehuenco Complex.

In Peru, Colbún has a combined cycle power plant and a commercial policy aimed at trading such energy base on short and long-term contracts. Exposure to dry hydrology is limited, as it would have an impact only in case of eventual operational failures which would force the Company to resort to the spot market. In addition, the Peruvian power business has an efficient thermal power offering and availability of natural gas sufficient to cover such risk.

b. Fuel price risk

In Chile, in cases of low water supply in its hydraulic plants, Colbún mainly uses its thermal plants and purchases energy in the spot market at marginal cost. The aforementioned generates a risk due to possible fluctuations in the international price of fuel. Part of this risk is mitigated through contracts with sale prices indexed to fuel price fluctuations. In addition, the Company performs hedging programs with different derivative instruments, such as call and put options, among others, in order to hedge the remaining portion of this exposure, if any. On the contrary, in case of water surplus, the Company may be in a selling position in the spot market, whose price would be, in part, determined by fuel price.

In Peru, the cost of natural gas has a lower dependence to international prices, given the significant domestic natural gas offer, which allows it to limit exposure to this risk.

As in Chile, the remaining portion exposed to international price fluctuations is mitigated through inflation-adjusted formulas in energy sales contracts

Accordingly, exposure to risk related to fuel price fluctuations is partly mitigated.

c. Fuel supply risk

The Company has entered into a contract with Enap Refinerías S.A. ("ERSA"), which includes a reserved regassification capacity and supply for 13 years which became effective on January 1, 2018. This agreement allows the Company to have natural gas to operate two combined cycle units during a large part of the first semester that is the period of the year in which the availability of water resources is lower.

Colbún has also the possibility to access to additional natural gas through spot purchases allowing to have an efficient support under adverse hydrological conditions during the second half of the year. In addition, gas supply contracts have been entered into with Argentine producers, to complement the gas supply of GNL.

On its part, in Peru, Fenix has long-term contracts with the ECL88 Consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

With respect to purchases of coal for Santa María Unit I thermal power plant, the Company conducts tender processes (the most recent conducted in June 2019), inviting significant international suppliers and awarding such supply to competitive, financially stable companies. This is performed in accordance with an early purchase policy and an inventory management policy to substantially mitigate the risk of fuel unavailability.

d. Equipment malfunction and maintenance risk

The availability and reliability of the Company's power-generating units and transmission facilities are critical to the business. Accordingly, Colbún has a policy of performing scheduled, preventive and predictive maintenance to its equipment, based on its suppliers' recommendations, and has a hedge policy for this type of risk through insurances for its physical assets, including coverage for physical damages and damages due to stoppages.

e. Project construction risk

The development of new projects may be affected by factors such as: delays in obtaining permits, regulatory framework changes, litigation, increase in equipment and labor prices, opposition from local and international stakeholders, adverse geographical conditions, natural disasters, accidents and other unforeseen events.

The Company's exposure to these risks is managed through a commercial policy that considers the effects of possible delays in projects. In addition, the Company includes certain flexibility to term estimates and construction costs. Additionally, the Company's exposure to these risks is partially mitigated through subscribing "All Construction Risk" insurance policies which cover both physical damages and profit losses due to a delay in service resulting from a casualty, both with standard deductibles for this type of insurance.

The companies in the industry face a very challenging power market, with considerable involvement from different interest groups, mainly neighboring communities and NGOs, which legitimately demand more participation and spotlight. As part of this complex scenario, environmental processing deadlines have become uncertain, which are usually followed by extensive judicial processes. The above has resulted in a decrease in construction of projects of relevant sizes.

Colbún has a policy which calls for integrating social and environmental considerations to the development of its projects. In addition, the Company has developed a social bonding model which allows it to work jointly with neighboring communities and society in general, starting with a transparent citizen participation and trust-building process in the early stages of projects, and throughout their life cycle.

f. Regulatory risks

Regulatory stability is critical for the energy sector where investment projects have significant terms to obtain permits, investment development, performance and return. Colbún believes regulatory changes have to be made considering the complexities of the energy system and maintaining adequate incentives for investments. It is important that the regulations provide clear and transparent rules, which consolidate the trust of the sector's agents.

Chile

Since October 18, 2019, Chile has undergone a series of social mobilizations requesting reforms mainly in the areas of education, social security and citizen's income. After the Chilean government called on political actors to reach different agreements on the social and institutional agenda, on November 15 a total of ten political parties with parliamentary representation signed a commitment called "Agreement for Peace and New Constitution" ("Acuerdo por la Paz y la Nueva Constitución"), which set the criteria for citizens to decide in April 2020 whether they approve or refuse to draft a new constitution and under what procedure. This process, which is estimated to last until the end of 2021, if the idea of drafting a new constitution is approved, could introduce changes to the institutional framework applicable to the business activity in the country.

On the other hand, the current Government is making several regulatory changes which have been inherited from the previous administration or have started during the course of the present administration. Such changes, depending on how they are implemented, might represent opportunities or risks for the Company.

Additionally, the Chilean Ministry of Energy is especially holding discussions related to the preparation of three draft bills that would directly impact the power industry: "New Distribution Law", "Improved Transmission Law" and "Flexibility Law."

- (i) The "New Distribution Law" (Long law) seeks to update the regulation of the distribution sector to better address the existing and future technology and market developments, foster investment and improve service quality for end-users. For such purposes, the incorporation of new roles has been proposed; separating the electric distribution activities to introduce competition.
- (ii) The "Flexibility Law" is aimed at addressing the systemic and market consequences that will arise from an ongoing incorporation of renewable energies from variable sources. Reports have been prepared by consulting firms, which have assessed the matter more closely to continue the discussion.
- (iii) At the regulatory and resolutions level that are being processed, it is worth noting the new Power Transfer Regulations and the Exempt Resolution that will establish the technical provisions for the implementation of the Tariff Stabilization Mechanism for regulated clients, previously explained.

Peru

In June 2019, the Ministry of Energy and Mines decided to create a Multi-sector Committee to discuss a potential reform of the entire electric sector establishing for this a term of 24 months. The Committee has committed to show progress in the following matters: declaration of natural gas prices, fostering renewable energy, rural electrification, review of the discount rate, improvement in bidding processes for long-term contracts, disaggregation of associated capacity and energy, implementation of a new regime to drive transmission projects and treatment of gas contracts. Regarding the statement on natural gas prices, the Ministry issued its first amendment proposal in December 2019, which replaces the pricing statement for the presentation of contracts by the thermal electric generators, for the Economic Operations Committee of the Interconnected System (COES) to determine, based on such contracts, the fixed and variable components for setting the marginal cost.

The necessary and balanced development of the electric market in the next years for both Chile and Peru will depend on these new regulations and the signals that for this purpose are provided by the authority.

g. Risk related to changes in demand/supply and power selling price

The projection of future power consumption demand is very relevant information for determining the market price.

In Chile, a low demand growth, as well as a decrease in fuel prices and an increase in income related to solar and wind renewable energy projects, resulted in a decrease in the short-term price of power (marginal cost) during the last years.

With respect to long-term prices, the bidding processes for the supply of regulated customers finished in August 2016 and October 2017 resulted in an important decrease in prices offered and granted, which reflects the greater competitive dynamics present in this market, and the impact of the introduction of new technologies - mainly solar and wind power- with a significant decrease in costs as a result of their widespread growth. Although the Company expects that these factors triggering such competitive dynamics and price trends will remain in the future, it is difficult to determine their precise impact on the long-term power prices.

In addition, and because of the difference in power prices between regulated and unregulated customers, certain customers have adopted the unregulated customer regime. The above may occur given the option included in power laws which allow customers with power connections between 500 kW and 5,000 kW to be categorized as regulated or unregulated customers. Colbún has one of the most efficient power generation plants in Chile, and therefore it has the capacity of offering competitive conditions to these customers.

In Peru, there is also a temporary imbalance between supply and demand, mainly generated from the increase in efficient supply (hydroelectric and natural gas plants).

The growth in renewable energy from variable sources noted in the Chilean market (and potentially in Peru) such as solar and wind power generation, may generate integration costs, and therefore may affect the operating conditions of the remaining portion of the power system, particularly in the absence of a complementary services market which adequately remunerates the services required to manage the variability of such power generation sources.

4.2.2 Financial risks

Financial risks are related to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may materially affect Colbún.

a. Exchange rate risk

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenues, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars). The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as practically all the Company's sales are denominated directly or adjusted to the U.S. dollar.

Likewise, its main costs relate to purchases of natural gas and coal, which incorporate pricing formulas based on international prices denominated in U.S. dollars.

With respect to disbursements related to investment projects, the Company incorporates inflation-adjusted rates in its contracts with suppliers, and resorts to the use of derivatives to determine cash outflows in currencies other than the U.S. dollar. The accounting mismatch exposure is mitigated by applying a policy of maximum mismatch between assets and liabilities for structural items denominated in currencies other than U.S. dollar. Accordingly, Colbún maintains a relevant share of its cash surpluses in U.S. dollars and occasionally resorts to the use of derivatives, mainly currency swaps and forwards.

b. Interest rate risk

Is related to changes in interest rates affecting the value of future cash flows based on variable interest rates, and variances in the fair value of assets and liabilities based on fixed interest rates that are accounted for at fair value. To mitigate such risk, the Company uses fixed interest rate swaps.

As of December 31, 2019, the Company's financial debt, including the effect of contracted interest rate derivatives, is 100% denominated in fixed rate.

c. Credit risk

The Company's exposure to this risk is derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. Historically, all counterparties Colbún has engaged with to render energy services have complied with their payments on a timely basis. Colbún has recently expanded its presence in the medium and small unregulated customer segment, for which it has implemented new procedures and controls related to the risk assessment of these type of customers and a follow-up of their collection. Allowance for doubtful accounts calculations are performed on a quarterly basis based on the risk analysis of each customer considering, among other factors, its credit rating, payment behavior and industry.

With respect to placements in cash and derivatives, Colbún performs transactions with high credit rated entities. In addition, the Company has established interest limits by counterparty, which are regularly approved by the Board of Directors and periodically reviewed.

As of December 31, 2019, the Company invests its cash surpluses in interest-bearing current account, mutual funds (of bank subsidiaries) and in time deposits in local and foreign banks. The former are short-term mutual fund deposits, at 90 days and known as "money market."

Information on customer's credit ratings is disclosed in note 10.b to these Financial Statements.

d. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, debt maturities, among others. The required funds to meet such outflows are obtained from the Colbún's own revenue and by engaging credit revolving facilities to ensure sufficient funds will be available to support expected needs for a period.

As of December 31, 2019, Colbún has cash surpluses of approximately US\$800 million, invested in time deposits for an average of 115 days (including time deposits with maturities exceeding 90 days, where the latter are recorded as "Other financial assets, current" in the Consolidated Financial Statements), and in short-term mutual fund deposits maturing in less than 90 days.

Likewise, to date, the Company has the following additional sources of liquidity available: (i) a line of bonds registered with the local market for UF 7 million, and (ii) uncommitted credit revolving facilities for approximately US\$150 million.

Within the next twelve months, the Company will have to disburse approximately US\$120 million associated with interests on financial debt and debt repayments. The payment of interests and repayments are expected to be covered by the Company's internally generated cash flows.

As of December 31, 2019, Colbún has the following domestic risk ratings: AA- by Fitch Ratings, with positive expectation and AA by Feller Rate, with stable expectation. At international level, the Company's ratings are: Baa2 by Moody's, and BBB by S&P and by Fitch Ratings, all with positive outlooks.

As of December 31, 2019, Fenix risk ratings are: Ba1 by Moody's, and BBB -by S&P and 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 liabilities is disclosed in Note 21.c.2 of the Financial Statements.

4.3 Risk measurement

As indicated above, the Company regularly analyzes and measures its exposure to several risk variables. Risk management is performed by a Risk Committee, supported by the Corporate Risk Management and coordinated with the other divisions of the Company. With respect to business risks, specifically those related to variances in commodity prices, Colbún has implemented mitigating actions consisting of index-adjustments in energy sales contracts and hedges through derivative instruments to hedge any possible remaining exposure. Because of this reason, the Company performs no sensitivity analysis.

The Company has insurance policies in force to cover damages to its physical assets, disruptions and loss of profits due to delays in the commencement of a project to mitigate the risk of equipment failure or project development. Such risk is currently considered to be reasonably controlled. For measuring the financial risk exposure, Colbún performs a sensitivity analysis and value at risk analysis to monitor possible losses assumed by the Company in the event such exposure exists.

Foreign currency exchange risk is considered low because the Company's main cash flows (project revenue, costs and expenditures) are directly denominated in, or adjusted to, U.S. dollars. The accounting mismatch exposure is mitigated by applying a policy of maximum mismatch between assets and liabilities for structural items in the Balance Sheet denominated in currencies other than U.S. dollar. As of December 31, 2019, the Company's exposure to this risk relates to a potential impact of approximately US\$4.3 million for quarterly foreign currency exchange differences, based on a sensitivity analysis with a 95% reliance.

There is no interest rate variance risk because 100% of the financial debt is assumed to be at a fixed rate.

The credit risk is low because Colbún operates solely with domestic and foreign bank counterparties with high credit rating, and has established the maximum exposure policies for each counterparty, which limit the specific concentration with such institutions. For banks, the local institutions have risk ratings equal to or of more than BBB and foreign entities have investment grade international risk ratings.

At the closing date, the financial institution which accounts for the highest share of cash surpluses has 18%. For existing derivatives, the Company's foreign counterparties have risk ratings equivalent of BBB+ or higher and domestic counterparties have local ratings of BBB+ or higher. Note that, for derivatives, no counterparty has a concentration of more than 31% in terms of notional value. Liquidity risk is considered to be low by virtue of the Company's significant cash position, the amount of financial obligations for the following twelve months and access to additional sources of financing.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the Consolidated Financial Statements. Changes in the assumptions and estimates could have a significant impact on the financial statements. The key estimations and judgments used by Management for the preparation of these consolidated financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimation of the related useful lives

Property, plant and equipment, and intangible assets other than goodwill with finite useful lives, are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. Useful lives have been estimated and determined considering technical aspects, their nature and status.

Estimated useful lives as of December 31, 2019 are as follows:

(i) Useful life of property, plant and equipment:

The detail of the useful lives of the main items of Property, plant and equipment is as follows:

| Classes of property, plant and equipment | Useful life (years) | Average remaining useful life (years) |
|---|---------------------|---------------------------------------|
| Buildings | 10 - 65 | 33 |
| Machinery | 4 - 20 | 10 |
| Transport equipment | 5 - 15 | 6 |
| Office equipment | 5 - 12 | 8 |
| IT equipment | 3 - 10 | 5 |
| Power-generating asset | 2 - 100 | 41 |
| Transmission line operation and maintenance | 20 | 14 |
| Right-of-use assets | 2 - 14 | 12 |
| Other property, plant and equipment | 10 - 50 | 32 |

Additional detail per class of plants is presented below.

| Classes of plants | Useful life (years) | Average remaining useful life (years) |
|------------------------------------|---------------------|---------------------------------------|
| Power-generating facilities | | |
| Hydroelectric power plants | | |
| Civil works | 10 - 100 | 72 |
| Electromechanical equipment | 2 - 100 | 21 |
| Thermal power plants | | |
| Civil works | 10 - 60 | 23 |
| Electromechanical equipment | 2 - 60 | 17 |
| Solar power plant | | |
| Electromechanical equipment | 5 - 25 | 22 |
| Civil works | 25 | 24 |

(ii) Useful lives of intangible assets other than goodwill (with finite useful lives):

Intangible assets from contracts with customers are mainly contracts for acquired energy supply.

Other material intangible assets refer to software, rights, concessions and other easements with finite useful lives. These assets are amortized in accordance with their expected useful lives.

| Intangible assets | Useful life (years) |
|------------------------------------|---------------------|
| Customer contractual relationships | 2 - 15 |
| Software | 1 - 15 |
| Rights and concessions | 1 - 10 |

At the closing date of each period, the Company assesses whether there is any indicator of impairment of assets. If any such indication exists, then the asset's recoverable amount is estimated to determine the impairment amount.

(iii) Intangible assets with indefinite useful lives:

The Company analyzed the useful lives of intangible assets, with indefinite useful lives (e.g., certain right-of-way easements or water rights, among others), and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recovery of the cash-generating unit (CGU) of the asset is estimated. Accordingly, it has been determined that assets located in Chile represent two CGUs, the Generation and Transmission business, whereas all assets located in Peru represent another CGU.

For CGUs that had required the analysis of possible impairment losses, future cash flows are based on the updated Strategic Plan approved by Colbún, as applicable, for most recent long-term budgets or estimates approved, considering the regulation and expectations for market development per the available sector forecasts and the historical experience on price evolution and volumes produced.

Likewise, to estimate future cash flows in the calculation of residual values, the Company uses and compares different valuation techniques, including all maintenance investments, and, if applicable, renewal investments required to maintain the CGU production capacity.

Parameters considered by the Company to determine growth rates, which represent each business long-term growth, are adjusted per the long-term growth in Chile.

Additionally, parameters considered for the calculation of discount rates before taxes are determined based on historical and updated market information, and considering indebtedness level and capital structure assumptions consistent with the market context and the Company's financing policy.

For CGUs assigned to intangible assets with an indefinite useful life, the recoverability analysis is conducted systematically at each reporting date, or at any date deemed necessary, except if considered that the most recent calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit in the current period, as it complies with the following criteria:

- a) Assets and liabilities comprising such unit have not significantly changed since the latest recoverable amount calculation.
- b) The latest recoverable amount calculation resulted in an amount that significantly exceeded the unit's carrying amount; and
- c) Based on an analysis performed on the events and circumstances that had changed since the latest recoverable amount was calculated, it is unlikely that the current recoverable amount determination will be less than the unit's current carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which comprises the current value of future estimated cash flows generated by the asset or a CGU. For calculating the tangible or intangible asset recoverable amount, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Other Gains (losses)" in the Statement of Comprehensive Income.

Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had no unwinding been conducted.

As of December 31, 2019, the Company believes there is no significant carrying amount impairment of tangible and intangible assets related to the CGU defined by the Company.

c. Fair value of derivatives and other financial instruments

As described in Note 3.1, Management uses its criteria to select an appropriate valuation technique for financial instruments that are not quoted in an active market. The Company applies valuation techniques commonly used by market professionals. For derivative financial instruments, Management makes assumptions based on rates quoted in the market and adjusted according to the instrument specific characteristics. Other financial instruments are valued using a cash flow update analysis based on supported assumptions, and on market prices or rates, if possible.

6. Segment reporting

Colbún's main line of business is the power generation and sale. Accordingly, the Company has assets that generate such power, which is sold to several customers under power purchase agreements and others without contracts in accordance with the regulations in force.

Additionally, the Company owns transmission lines and substations through which it trades transport and power transformation capacity in the Chilean National Electric System (SEN).

Colbún's management control system analyzes generation business from the perspective of a mix of hydraulic / thermal assets that produce power to serve a customer portfolio, and assesses the transmission business distinguishing three types of transmission lines operated by the Company: national, zonal and dedicated. Consequently, resource allocation and performance measures are analyzed separately per each business.

Certain classification criteria are, for example, the type of asset: generation or transmission; production technology: hydroelectric power plants (which can be run-of-the-river or dam-based) and thermal power plants (which can be coal-based, combined cycle, open-cycle, etc.). Customers are classified in accordance with the concepts included in the Chilean electric regulation for unregulated and regulated customers and spot market; and in accordance with electric regulations currently in force in Peru for regulated and unregulated customers (see note 2).

In general, there is no direct relation between each power generation company and supply agreements, but these are established according to Colbún's total capacity, fully supplying at any moment with the most efficient generation on its own or on behalf of third parties purchasing energy in the spot market from other power generation companies. An exception is Codelco in Chile, which has entered into two power purchase agreements with the Company. One of these agreements is covered by the full power generation fleet and the other has its preferential supply from the generation of Santa María.

Colbún is part of the SEN dispatch system in Chile and SEIN dispatch system in Peru. Each of these plants generation within the systems are defined by its dispatch order, in accordance with the definition of economic optimum for both systems.

The electricity regulation for the power generation business for both systems in which Colbún is involved, contemplates a conceptual division of power and capacity, not for being two different physical elements, but for economically efficient pricing. This is the reason for distinguishing energy priced in monetary units for energy unit (KWh, MWh, etc.) and capacity priced in monetary units for capacity unit - time unit (KW-month).

The electricity regulation for the transmission business establishes a functional definition and differentiated remuneration between the transmission systems, both for the regulated segment (National System, Zonal and Development Hubs), and the Dedicated system segment, in which is possible to enter into contracts with unregulated customers and power generators.

As Colbún operates in two different businesses: generation, in which it is also involved in two electric systems, the National Electric System in Chile and the National Interconnected Electric System in Peru; and transmission, for the purpose of applying IFRS 8, information by segments has been organized in accordance with the generation segment, differentiated by geographical distribution by country, and the transmission segment.

Operating segments: Electric power generation and sales (Chile and Peru) and transmission are reviewed on a regular basis and differentiated by the highest authority responsible for making decisions at the Company (Board of Directors and Senior Management).

The Transmission segment is a new operating segment since 2019. The decision to provide more focus on this segment was made after the reorganization of these type of assets within Colbun, in which all of the Transmission Assets were transferred to Colbun Transmision S.A.

At that time the Company decided to start monitoring the transmission business separately from the generation business, including a specific section in our Managerial Internal Reports and also providing more information to Colbun's investors and the financial markets in general.

Before 2019, the majority of the transmission assets were part of Colbun's Balance Sheet and therefore reported consolidated as part of the Generation Business.

The table below presents information by operating segment:

| Segment operating results as of 12.31.2019 | Chile Generation | Chile Transmission | Peru Generation | Operating segments | Elimination of inter- segment revenue | Total operating segments |
|--|---------------------|-----------------------|--------------------|-----------------------|--|-----------------------------|
| Revenue | | | | | | |
| Revenue | 1,264,993 | 47,608 | 174,786 | 1,487,387 | - | 1,487,387 |
| Revenue from transactions with other operating segments | 348 | 35,816 | - | 36,164 | (36,164) | - |
| Total revenue from third parties and transactions with other operating segments | 1,265,341 | 83,424 | 174,786 | 1,523,551 | (36,164) | 1,487,387 |
| Raw materials and consumables | (622,222) | (10,202) | (95,724) | (728,148) | 36,164 | (691,984) |
| Employee benefit expenses | (68,163) | - | (6,188) | (74,351) | - | (74,351) |
| Interest expenses | (63,917) | (20) | (27,132) | (91,069) | - | (91,069) |
| Interest income | 21,507 | - | 608 | 22,115 | - | 22,115 |
| Depreciation and amortization expenses | (193,531) | (11,057) | (45,934) | (250,522) | - | (250,522) |
| Share of profit or loss of equity-accounted associates and joint ventures | 53,750 | - | - | 53,750 | (44,648) | 9,102 |
| Income tax expense from continuing operations | (54,665) | (16,338) | 2,787 | (68,216) | - | (68,216) |
| Other significant items other than cash | - | - | - | - | - | - |
| Profit (loss) before taxes | 259,629 | 59,973 | (4,772) | 314,830 | (44,648) | 270,182 |
| Profit (loss) from continuing operations | 204,964 | 43,635 | (1,985) | 246,614 | (44,648) | 201,966 |
| Profit (loss) | 204,964 | 43,635 | (1,985) | 246,614 | (44,648) | 201,966 |
| Assets | 5,877,064 | 414,483 | 921,214 | 7,212,761 | (507,411) | 6,705,350 |
| Equity-accounted investees | 532,129 | - | - | 532,129 | (507,411) | 24,718 |
| Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts | 57,461 | 22,503 | 196,764 | 276,728 | - | 276,728 |
| Liabilities | 2,348,099 | 105,638 | 515,978 | 2,969,715 | - | 2,969,715 |
| <i>Equity</i> | | | | | | 3,735,635 |
| Liabilities and equity | | | | | | 6,705,350 |
| Impairment losses recognized in profit or loss for the year | (62,808) | - | - | (62,808) | - | (62,808) |
| Cash flows from (used in) operating activities | 424,928 | 83,921 | 55,971 | 564,820 | - | 564,820 |
| Cash flows from (used in) investing activities | 75,628 | (27,253) | (14,061) | 34,314 | - | 34,314 |
| Cash flows from (used in) financing activities | (421,500) | (21,083) | (42,423) | (485,006) | - | (485,006) |

Continued

| Segment operating results as of 12.31.2018 | Chile Generation ⁽¹⁾ | Chile Transmission ⁽¹⁾ | Peru Generation | Operating segments | Elimination of inter- segment revenue | Total operating segments |
|--|------------------------------------|--------------------------------------|--------------------|-----------------------|--|-----------------------------|
| Revenue | | | | | | |
| Revenue | 1,313,113 | 56,755 | 159,519 | 1,529,387 | | 1,529,387 |
| Revenue from transactions with other operating segments | - | 20,653 | - | 20,653 | (20,653) | - |
| Total revenue from third parties and transactions with other operating segments | 1,313,113 | 77,408 | 159,519 | 1,550,040 | (20,653) | 1,529,387 |
| Raw materials and consumables | (627,791) | (10,256) | (114,249) | (752,296) | 20,653 | (731,643) |
| Employee benefit expenses | (73,637) | - | (6,128) | (79,765) | - | (79,765) |
| Interest expenses | (65,544) | (2) | (18,325) | (83,871) | - | (83,871) |
| Interest income | 19,384 | - | 983 | 20,367 | - | 20,367 |
| Depreciation and amortization expenses | (189,752) | (13,941) | (33,262) | (236,955) | - | (236,955) |
| Share of profit or loss of equity-accounted associates and joint ventures | 59,029 | - | - | 59,029 | (47,641) | 11,388 |
| Income tax expense from continuing operations | (82,905) | (13,863) | (1,650) | (98,418) | - | (98,418) |
| Profit (loss) before taxes | 343,411 | 51,344 | (18,271) | 376,484 | (47,641) | 328,843 |
| Profit (loss) from continuing operations | 260,506 | 37,481 | (19,921) | 278,066 | (47,641) | 230,425 |
| Profit (loss) | 260,506 | 37,481 | (19,921) | 278,066 | (47,641) | 230,425 |
| Assets | 6,075,376 | 383,748 | 783,972 | 7,243,096 | (464,747) | 6,778,349 |
| Equity-accounted investees | 494,949 | - | - | 494,949 | (464,747) | 30,202 |
| Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts | 95,327 | 5,671 | 8,366 | 109,364 | - | 109,364 |
| Liabilities | 2,414,428 | 118,539 | 388,444 | 2,921,411 | - | 2,921,411 |
| <i>Equity</i> | | | | | | 3,856,938 |
| Liabilities and equity | | | | | | 6,778,349 |
| Impairment losses recognized in profit or loss for the year | (28,394) | - | - | (28,394) | - | (28,394) |
| Cash flows from (used in) operating activities | 425,464 | 57,497 | 33,369 | 516,330 | | 516,330 |
| Cash flows from (used in) investing activities | (107,446) | (33,541) | (5,444) | (146,431) | | (146,431) |
| Cash flows from (used in) financing activities | (344,765) | (24,727) | (26,988) | (396,480) | | (396,480) |

⁽¹⁾ In October 2018, a reorganization of the Company's transmission assets was carried out, consolidating in Colbún Transmisión S.A. all national, zonal and dedicated assets. Formerly, Colbún Transmisión S.A. only recorded national transmission assets.

Information on products and services

| Sales in the main geographical markets | January - December | |
|---|--------------------|------------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Chile Generation | | |
| Energy sales | 997,639 | 1,078,663 |
| Power sales | 149,405 | 161,444 |
| Other income | 118,297 | 73,006 |
| Subtotal | 1,265,341 | 1,313,113 |
| Chile Transmission | | |
| Sales from tolls | 83,424 | 77,408 |
| Subtotal | 83,424 | 77,408 |
| Peru | | |
| Energy sales | 123,422 | 115,637 |
| Power sales | 40,340 | 38,894 |
| Other income | 11,024 | 4,988 |
| Subtotal | 174,786 | 159,519 |
| Total reportable segments | 1,523,551 | 1,550,040 |
| Elimination of inter-segment revenue | (36,164) | (20,653) |
| Total sales | 1,487,387 | 1,529,387 |

Information on sales to main customers

| Main customers | January - December | | | |
|---|--------------------|-------------|------------------|-------------|
| | 2019 | | 2018 | |
| | ThUS\$ | % | ThUS\$ | % |
| Chile (Generation) | | | | |
| Corporación Nacional del Cobre Chile | 413,016 | 27% | 417,147 | 27% |
| CGE Distribución S.A. | 158,484 | 10% | 308,658 | 20% |
| Enel Distribución Chile S.A. | 123,840 | 8% | 174,856 | 11% |
| Anglo American S.A. | 109,598 | 7% | 107,854 | 7% |
| Sociedad Austral del Sur S.A. | 87,043 | 6% | 72,174 | 5% |
| Other | 373,360 | 25% | 232,424 | 15% |
| Subtotal | 1,265,341 | 83% | 1,313,113 | 85% |
| Chile (Transmission) | | | | |
| Colbún S.A. | 35,816 | 2% | 20,653 | 1% |
| Corporación Nacional del Cobre Chile | 15,731 | 1% | 3,835 | 0% |
| Anglo American S.A. | 4,687 | 0% | 421 | 0% |
| Other | 27,190 | 2% | 52,499 | 3% |
| Subtotal | 83,424 | 6% | 77,408 | 5% |
| Peru | | | | |
| Luz del Sur S.A.A. | 75,754 | 5% | 77,871 | 5% |
| Enel Distribución Perú S.A.A. | 20,678 | 1% | 27,805 | 2% |
| Compañía Eléctrica El Platanal S.A. | 13,641 | 1% | 12,317 | 1% |
| Electronoroeste S.A. | 6,605 | 0% | 6,242 | 0% |
| Hidrandina S.A. | 3,317 | 0% | 3,193 | 0% |
| Other | 54,791 | 4% | 32,091 | 2% |
| Subtotal | 174,786 | 12% | 159,519 | 10% |
| Total reportable segments | 1,523,551 | 100% | 1,550,040 | 100% |
| Elimination of inter-segment revenue | (36,164) | | (20,653) | |
| Total sales | 1,487,387 | | 1,529,387 | |

7. Cash and cash equivalents

a. Detail

As of December 31, 2019 and 2018, this caption is composed of the following:

| Cash and cash equivalents | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---------------------------|----------------------|----------------------|
| Cash on hand | 48 | 57 |
| Cash in banks | 24,400 | 68,933 |
| Time deposits | 214,296 | 49,492 |
| Other cash equivalents | 88,142 | 100,709 |
| Total | 326,886 | 219,191 |

Term deposits have maturities of less than three months from the acquisition date and accrue market interest applicable to these types of short-term investments.

Other liquid instruments relate to fixed income mutual fund deposits in Chilean pesos, Euros and U.S. dollars, of low risk, which are recognized at deposit value at the reporting date.

As of December 31, 2019 and 2018, in addition to these instruments, the Company has other term deposits with a maturity of more than three months from the acquisition date, which are presented in Note 8.

b. Detail by currency

The detail of cash and cash equivalents by currency, considering the effects of derivatives, is as follows:

| Currency | 12.31.2019 | | 12.31.2018 | |
|--------------|--------------------|--|--------------------|--|
| | Currency ThUS\$ | Currency with derivative ⁽¹⁾ ThUS\$ | Currency ThUS\$ | Currency with derivative ⁽¹⁾ ThUS\$ |
| EUR | 332 | 332 | 633 | 633 |
| Ch\$ | 195,043 | 44,043 | 155,136 | 127,136 |
| PEN | 6,363 | 6,363 | 7,564 | 7,564 |
| US\$ | 125,148 | 276,148 | 55,858 | 83,858 |
| Total | 326,886 | 326,886 | 219,191 | 219,191 |

⁽¹⁾ Considers the subscribed exchange rate forward effect to re-denominate in U.S. dollars certain term deposits in Chilean pesos.

c. Reconciliation of assets arising from financial activities

| Liabilities arising from financing activities | Balance as of 01.01.2019 | Cash flows | Changes that do not represent cash flows | | | | Balance as of 12.31.2019 |
|---|-----------------------------|------------------|--|---------------|----------------|----------------|-----------------------------|
| | | | Dividends | Interests | Valuation | Other | |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Finance lease liabilities ⁽¹⁾ | 14,644 | (18,643) | - | 10,799 | - | 137,072 | 143,872 |
| Bonds payable ⁽¹⁾ | 1,586,657 | (116,962) | - | 67,417 | (9,964) | 7,643 | 1,534,791 |
| Dividends payable | 36,001 | (346,264) | 310,263 | - | - | - | - |
| Capital decrease (subsidiary) | - | (3,137) | - | - | - | 3,137 | - |
| Total | 1,637,302 | (485,006) | 310,263 | 78,216 | (9,964) | 147,852 | 1,678,663 |

| Liabilities arising from financing activities | Balance as of 01.01.2018 | Cash flows | Changes that do not represent cash flows | | | | Balance as of 12.31.2018 |
|---|-----------------------------|------------------|--|---------------|-----------------|--------------|-----------------------------|
| | | | Dividends | Interests | Valuation | Other | |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Finance lease liabilities | 15,071 | (2,655) | - | 2,228 | - | - | 14,644 |
| Bonds payable | 1,643,985 | (107,320) | - | 69,998 | (29,665) | 9,659 | 1,586,657 |
| Dividends payable | 23,075 | (290,665) | 309,866 | - | (4,325) | (1,950) | 36,001 |
| Other receivables | (4,160) | 4,160 | - | - | - | - | - |
| Total | 1,677,971 | (396,480) | 309,866 | 72,226 | (33,990) | 7,709 | 1,637,302 |

⁽¹⁾ See Note 21.a

8. Other financial assets

As of December 31, 2019 and 2018, this caption is composed of the following:

| | Current | | Non-current | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Time deposits ⁽¹⁾ | 470,535 | 568,897 | - | - |
| Hedge derivative instruments ⁽²⁾ (see note 13.1) | 2,249 | 354 | 1,836 | 8,706 |
| Investment for share offering | - | - | 82 | 91 |
| Total | 472,784 | 569,251 | 1,918 | 8,797 |

⁽¹⁾ As of December 31, 2019 and 2018, investments in term deposits that were classified in this caption have an original average investment term of six months and the remaining average maturity term was 80 days. Cash flows related to these investments are presented in the statements of cash flows as cash flows from investing activities in other cash receipts (payments).⁽²⁾ Relates to the current positive mark-to-market adjustments of hedging derivatives in place at each reporting date.

9. Trade and other receivables

As of December 31, 2019 and 2018, this caption is composed of the following:

| Caption | Current | | Non-current | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Trade receivables by contract | 241,202 | 217,680 | 28,923 | - |
| Other receivables ⁽¹⁾ | 11,364 | 23,999 | - | - |
| Total | 252,566 | 241,679 | 28,923 | - |

⁽¹⁾ As of December 31, 2019, the current balance comprises recoverable taxes of ThUS\$ 8,779 and other minor items of ThUS\$ 2,586. (ThUS\$ 21,902 and ThUS\$ 2,097 as of December 31, 2018, respectively). Company believes these assets are recoverable within 12 months.

The average collection period is 30 days.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in our accounting policies (see Note 3.1.h.1.5), the Company records the expected credit losses in all its trade receivables, either for 12 months or during the term of the asset by applying the simplified approach as established in IFRS 9. Accordingly, it has established an allowance for doubtful accounts, which in Management's opinion, properly hedges the amount of risk of default for such receivables.

The detail of changes in the provision for impairment of trade and other receivables is as follows:

| Impairment | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--------------------------------------|----------------------|----------------------|
| Opening balance | 623 | 277 |
| Increase (decrease) in the allowance | 765 | 552 |
| Impairment losses | - | (182) |
| Reversal of impairment losses | (541) | (24) |
| Closing balance | 847 | 623 |

The fair value of trade and other receivables is not significantly different from their carrying amount.

As of December 31, 2019 and 2018, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio.

| Invoiced | Balance as of 12.31.2019 | | | | | |
|-------------------------------------|--------------------------|---------------------|-----------------|-----------------|------------------------|-----------------|
| | Current ThUS\$ | 1-30 days ThUS\$ | 31-60 ThUS\$ | 61-90 ThUS\$ | Over 91 days ThUS\$ | Total ThUS\$ |
| Trade receivables, regulated | 10,632 | 262 | 15 | - | 1,334 | 12,243 |
| Trade receivables, unregulated | 13,976 | 1,864 | 152 | 953 | 2,935 | 19,880 |
| Other receivables | 2,461 | 631 | 431 | 532 | 2,015 | 6,070 |
| Allowance for impairment losses | (419) | - | - | - | (428) | (847) |
| Subtotal | 26,650 | 2,757 | 598 | 1,485 | 5,856 | 37,346 |
| Invoices to be issued | Balance as of 12.31.2019 | | | | | |
| | Current ThUS\$ | 1-30 days ThUS\$ | 31-60 ThUS\$ | 61-90 ThUS\$ | Over 91 days ThUS\$ | Total ThUS\$ |
| Trade receivables, regulated | 80,686 | - | - | - | - | 80,686 |
| Trade receivables, unregulated | 44,317 | - | - | - | - | 44,317 |
| Other receivables | 78,853 | - | - | - | - | 78,853 |
| Subtotal | 203,856 | - | - | - | - | 203,856 |
| Total trade receivables | 230,506 | 2,757 | 598 | 1,485 | 5,856 | 241,202 |
| No. of customers (unaudited) | 473 | 92 | 16 | 69 | 311 | |

| Invoiced | Balances as of 12.31.2018 | | | | | |
|-------------------------------------|---------------------------|---------------------|-----------------|-----------------|------------------------|-----------------|
| | Current ThUS\$ | 1-30 days ThUS\$ | 31-60 ThUS\$ | 61-90 ThUS\$ | Over 91 days ThUS\$ | Total ThUS\$ |
| Trade receivables, regulated | 931 | 2,560 | 698 | 27 | 1,363 | 5,579 |
| Trade receivables, unregulated | 5,376 | 1,322 | 336 | 361 | 435 | 7,830 |
| Other receivables | 853 | 195 | 372 | 84 | 684 | 2,188 |
| Allowance for impairment losses | (209) | - | (11) | - | (403) | (623) |
| Subtotal | 6,951 | 4,077 | 1,395 | 472 | 2,079 | 14,974 |
| Invoices to be issued | Balances as of 12.31.2018 | | | | | |
| | Current ThUS\$ | 1-30 days ThUS\$ | 31-60 ThUS\$ | 61-90 ThUS\$ | Over 91 days ThUS\$ | Total ThUS\$ |
| Trade receivables, regulated | 97,211 | - | - | - | - | 97,211 |
| Trade receivables, unregulated | 92,650 | - | - | - | - | 92,650 |
| Other receivables | 12,845 | - | - | - | - | 12,845 |
| Subtotal | 202,706 | - | - | - | - | 202,706 |
| Total trade receivables | 209,657 | 4,077 | 1,395 | 472 | 2,079 | 217,680 |
| No. of customers (unaudited) | 379 | 139 | 103 | 29 | 242 | |

b) Customers in legal collection

There are no trade and other receivables accounted for in legal collection.

10. Financial instruments

a. Financial instruments by category

Accounting policies related to financial instruments have been applied to the following categories:

a.1 Assets

| December 31, 2019 | Amortized cost | Fair value | Total |
|--|----------------|----------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Cash on hand and cash in banks (see Note 7) | - | 24,448 | 24,448 |
| Time deposits and other cash equivalents (see Note 7) | 214,296 | 88,142 | 302,438 |
| Trade and other receivables ⁽¹⁾ (see Note 9) | 243,787 | - | 243,787 |
| Trade receivables due from related parties (see Note 11.b.1) | 833 | - | 833 |
| Derivative financial instruments (see Note 13.1) | - | 4,085 | 4,085 |
| Other financial assets (see Note 8) | 470,535 | - | 470,535 |
| Total | 929,451 | 116,675 | 1,046,126 |
| December 31, 2018 | Amortized cost | Fair value | Total |
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Cash on hand and cash in banks (see Note 7) | - | 68,990 | 68,990 |
| Time deposits and other cash equivalents (see Note 7) | 49,492 | 100,709 | 150,201 |
| Trade and other receivables ⁽¹⁾ (see Note 9) | 219,777 | - | 219,777 |
| Trade receivables due from related parties (see Note 11.b.1) | 1,117 | - | 1,117 |
| Derivative financial instruments (see Note 13.1) | - | 9,060 | 9,060 |
| Other financial assets (see Note 8) | 568,897 | - | 568,897 |
| Total | 839,283 | 178,759 | 1,018,042 |

⁽¹⁾ As of December 31, 2019, it does not include recoverable taxes of ThUS\$8,779. As of December 31, 2018, the balance related to current recoverable taxes amounted to ThUS\$21,902.

a.2 Liabilities

| December 31, 2019 | Amortized cost | Fair value | Total |
|---|------------------|--------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Interest-bearing borrowings (see Note 21.c.2) | 1,534,791 | - | 1,534,791 |
| Lease obligations (see Note 21.c.3) | 143,872 | - | 143,872 |
| Derivative financial instruments (see Note 13.1) | - | 1,837 | 1,837 |
| Trade and other payables (see Note 22) | 165,756 | - | 165,756 |
| Payables due to related parties (see Note 11.b.2) | 5,936 | - | 5,936 |
| Total | 1,850,355 | 1,837 | 1,852,192 |

| December 31, 2018 | Amortized cost | Fair value | Total |
|---|------------------|--------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Interest-bearing borrowings (see Note 21.c.2) | 1,586,657 | - | 1,586,657 |
| Lease obligations (see Note 21.c.3) | 14,644 | - | 14,644 |
| Derivative financial instruments (see Note 13.1) | - | 1,962 | 1,962 |
| Trade and other payables (see Note 22) | 186,622 | - | 186,622 |
| Payables due to related parties (see Note 11.b.2) | 17,971 | - | 17,971 |
| Total | 1,805,894 | 1,962 | 1,807,856 |

b. Credit quality of financial assets

Credit quality of financial assets that have not expired or have no impairment losses can be assessed by credit classification ("rating") provided to the Company's counterparties by renowned domestic and foreign risk rating agencies.

| Credit quality of financial assets | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Customers with local risk rating | | |
| AAA | 41,001 | 73,443 |
| AA+ | 13,396 | 30,064 |
| AA | 38,267 | 14,389 |
| AA- | 576 | 4,494 |
| A+ | 34,274 | 35,107 |
| A | - | 2,373 |
| A- | 825 | - |
| BBB | 19 | - |
| Total | 128,358 | 159,870 |
| Customers with no local risk rating | | |
| Total | 141,766 | 57,810 |
| Cash in banks and bank short-term deposits, local market | | |
| AAA | 461,585 | 136,947 |
| AA+ | 200,372 | - |
| A+ or lower | - | 503,177 |
| Total | 661,957 | 640,124 |
| Cash in banks and bank short-term deposits, international market ^(*) | | |
| AAA | 20,053 | - |
| BBB- or higher | 27,269 | 47,255 |
| Total | 47,322 | 47,255 |
| Counterparty derivative financial assets, international market ^(*) | | |
| AAA | 4,085 | 9,060 |
| Total | 4,085 | 9,060 |

(*) Foreign risk classification

11. Related party disclosures

Operations between the Company and its subsidiaries, which are related parties, are part of the Company's customary transactions associated with its line of business and conditions, which have been eliminated on the consolidation process. Relationships between the Controller, subsidiaries, associates, joint ventures, and special purpose entities, are detailed in Note 3.1, section b. and c.

a. Controlling interests

As of December 31, 2019, the distribution of ownership interest is as follows:

| Shareholders | Ownership % |
|---|---------------|
| Minera Valparaíso S.A. ^(*) | 35.17 |
| Forestal Cominco S.A. ^(*) | 14.00 |
| Antarchile S.A. | 9.58 |
| AFP Habitat S.A. ^(**) | 5.77 |
| AFP Provida S.A. ^(**) | 4.89 |
| Banco Itaú por cuenta de inversionistas | 4.29 |
| AFP Capital S.A. ^(**) | 4.13 |
| Banco Santander - JP Morgan | 3.27 |
| Banco de Chile por cuenta de terceros | 3.11 |
| AFP Cuprum S.A. ^(**) | 2.43 |
| Other shareholders | 13.36 |
| Total | 100.00 |

(*) Companies owned by Parent Group (Matte Group).

(**) It relates to the consolidated interest for each Pension Fund Administrator.

b. Balances and transactions with related parties

Receivables from, payables due to and transactions with related parties were conducted under market terms and conditions and are adjusted in accordance with Article No. 44 of Law No. 18,046 (the "Public Company Act").

b. 1. Trade receivables due from related parties

| Tax ID No. | Company | Country | Relationship | Currency | Current | |
|--------------|---|---------|------------------------|----------|----------------------|----------------------|
| | | | | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| 96.806.130-5 | Electrogas S.A. | Chile | Associate | US\$ | 822 | 690 |
| 96.532.330-9 | CMPC Celulosa S.A. | Chile | Common group | Ch\$ | - | 13 |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Joint venture | Ch\$ | 11 | 11 |
| 96.731.890-6 | Cartulinas CMPC S.A. | Chile | Common group | Ch\$ | - | 275 |
| 65.027.584-5 | Fundación Colbún | Chile | Special purpose entity | Ch\$ | - | 128 |
| Total | | | | | 833 | 1,117 |

b. 2. Trade payables due to related parties

| Tax ID No. | Company | Country | Relationship | Currency | Current | |
|--------------|---|---------|--------------------------------------|----------|----------------------|----------------------|
| | | | | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Joint venture | Ch\$ | - | 211 |
| 99.520.000-7 | Compañía de Petróleos de Chile Copec S.A. | Chile | Director and controlling shareholder | Ch\$ | 639 | 15 |
| 97.080.000-K | Banco Bice | Chile | Common director | Ch\$ | - | 3 |
| 96.806.980-2 | Entel PCS Telecomunicaciones S.A. | Chile | Common group | Ch\$ | 5 | 32 |
| 90.412.000-6 | Minera Valparaíso S.A. | Chile | Controlling shareholder | US\$ | 3,203 | 12,662 |
| 79.621.850-9 | Forestal Cominco S.A. | Chile | Controlling shareholder | US\$ | 1,275 | 5,040 |
| 96.806.130-5 | Electrogas S.A. | Chile | Associate | US\$ | 814 | 8 |
| Total | | | | | 5,936 | 17,971 |

There are no guarantees granted to or received from related parties for transactions with related parties.

b. 3 Disclosures of transactions with related parties

| Tax ID No. | Company | Country | Relationship | Currency | Transaction | January - December | | | |
|--------------|---|---------|--------------------------------------|----------|--|--------------------|---|------------------|---|
| | | | | | | 2019 | | 2018 | |
| | | | | | | Amount ThUS\$ | Effect on profit or loss (debit) credit ThUS\$ | Amount ThUS\$ | Effect on profit or loss (debit) credit ThUS\$ |
| 77.017.930-0 | Transmisora Eléctrica de Quillota Ltda. | Chile | Joint venture | Ch\$ | Toll for using facilities | 2,299 | (1,932) | 2,606 | (3,101) |
| | | | | UF | Revenue for services rendered | 136 | 114 | 145 | 122 |
| | | | | Ch\$ | Dividend received ⁽¹⁾ | 5,986 | - | - | - |
| 96.806.130-5 | Electrogas S.A. | Chile | Associate | US\$ | Gas transport service | 9,851 | (8,278) | 9,342 | (7,850) |
| | | | | US\$ | Diesel transport service | 1,302 | (1,094) | 515 | (433) |
| | | | | US\$ | Dividend declared ⁽²⁾ | 5,576 | - | 690 | - |
| | | | | US\$ | Dividend received ⁽²⁾ | 7,965 | - | 5,931 | - |
| 97.080.000-K | Banco Bice | Chile | Common director | Ch\$ | Expenses for services received | 22 | (19) | 100 | (84) |
| 96.731.890-6 | Cartulinas CMPC S.A. | Chile | Parent common director | Ch\$ | Easements | 1,056 | 888 | 923 | 776 |
| | | | | Ch\$ | Sale of energy and capacity | 8,620 | 7,244 | 6,709 | 5,638 |
| 96.532.330-9 | CMPC Celulosa S.A. | Chile | Common group | Ch\$ | Sale of energy and capacity and energy transport | 25,433 | 21,372 | - | - |
| 79.621.850-9 | Forestal Cominco S.A. | Chile | Controlling shareholder | US\$ | Dividends ⁽³⁾ | 48,775 | - | 41,583 | - |
| 90.412.000-6 | Minera Valparaíso S.A. | Chile | Controlling shareholder | US\$ | Dividends ⁽³⁾ | 122,536 | - | 104,467 | - |
| 99.520.000-7 | Compañía de Petróleos de Chile Copec S.A. | Chile | Director and controlling shareholder | Ch\$ | Diesel supply service | 9,889 | (8,310) | 14,681 | (11,087) |
| 96.806.980-2 | Entel PCS Telecomunicaciones S.A. | Chile | Common group | Ch\$ | Telephone services | 290 | (244) | 371 | (312) |
| 96.697.410-9 | Entel Telefonía Local S.A. | Chile | Common director | Ch\$ | Telephone services | 67 | (56) | 62 | (52) |
| 96.925.430-1 | Sercor S.A. | Chile | Common director | Ch\$ | Stock administration service | 104 | (87) | 112 | (94) |
| 90.844.000-5 | Kupfer Hermanos S.A. | Chile | Common director | Ch\$ | Purchase of personal protective equipment | 204 | (171) | - | - |
| | | | | Ch\$ | Sale of energy and capacity | 162 | 136 | 21 | 18 |
| 76.351.385-8 | Orion Power S.A. | Chile | Common group | Ch\$ | Operation and maintenance service | 443 | (372) | 3,609 | (3,033) |
| 76.138.547-K | Mega Archivos S.A. | Chile | Common director | Ch\$ | Document storage service | 49 | (41) | 31 | (26) |
| 93.628.000-5 | Molibdenos y Metales S.A. | Chile | Common group | Ch\$ | Sale of energy and capacity | 1,011 | 849 | - | - |
| 79.943.600-0 | Forsac SpA | Chile | Common group | Ch\$ | Sale of energy and capacity | 305 | 256 | 197 | 166 |
| 95304000-K | CMPC Maderas SpA | Chile | Common group | Ch\$ | Sale of energy and capacity | 11,786 | 9,904 | 11,080 | 9,311 |
| 91440000-7 | Forestal Mininco SpA | Chile | Common group | Ch\$ | Sale of energy and capacity | 174 | 146 | 43 | 36 |

⁽¹⁾ Dividends declared and paid by Transquillota Ltda.

- In June 2019, Transquillota Ltda. distributed and paid retained earnings of MCh\$8,140 from which MCh\$ 4,070 correspond to Colbún, equivalent to ThUS\$ 5,986. (50%)

⁽²⁾ Dividends declared and paid by Electrogas S.A.

- In December 2019, Electrogas agreed on a provisional dividend recorded in profit or loss for 2019 of ThUS\$4,000, with Colbún receiving an amount of ThUS\$ 1,700. Such dividend was received on December 12, 2019.
- In September 2019, the Company received a payment of ThUS\$3,290.
- In June 2019, the Company received a payment of ThUS\$2,975.
- In March 2019, Electrogas S.A. recorded a provisional dividend with a debit to profit for 2018, of MU\$ 13,1 of which Colbún is entitled to ThUS\$5,576 (42.5%).
- In May 2018, the Company received a payment of ThUS\$ 2,550, with a remaining balance pending receipt of ThUS\$ 3,381.
- In March 2018, Electrogas S.A. recorded a provisional dividend with a debit to profit for 2017, of MU\$ 14,0 of which Colbún is entitled to receive ThUS\$5,931 (42.5%).

⁽³⁾ Dividends declared and paid to Minera Valparaíso S.A. and Forestal Cominco S.A.

- Relates to the provisional dividend agreed at the Board of Directors' Meeting held on November 26, 2019 and paid on December 18, 2019.
- Relates to the dividend declared agreed at the Shareholders' Meeting held on April 25, 2019 and paid on May 7, 2019.
- Relates to the final dividend agreed at the Shareholders' Meeting on April 27, 2018 and paid on May 8, 2018.

c. Key management personnel and senior management

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of December 31, 2019 and 2018.

The Company is managed by the Board of Directors which is composed of 9 members, who remain in their position for a 3-year period and may be re-elected.

At the Ordinary Shareholders' Meeting held on April 25, 2019, a new Board was elected, which is composed of the following directors: Vivianne Blanlot Soza, María Emilia Correa Pérez, Luz Granier Bulnes, Bernardo Larraín Matte, Juan Eduardo Correa García, Andrés Lehuedé Bromley, Francisco Matte Izquierdo, Hernán Rodríguez Wilson and Rodrigo Donoso Munita. Mrs. María Emilia Correa Pérez and Mrs. Luz Granier Bulnes were elected as independent directors.

At the Board of Directors' meeting held on April 30, 2019, Hernán Rodríguez Wilson was appointed Chairman of the Board and Vivianne Blanlot Soza was appointed Vice chairman.

d. Board of Directors' Committee

As per Article 50 bis of Law No. 18.046 the "Public Company Act," Colbún and its subsidiaries have a Directors' Committee composed of 3 members, who are invested with the powers provided by such article.

In session held on April 30, 2019, Francisco Matte Izquierdo, Luz Granier Bulnes and María Emilia Correa, were designated as participants of the Directors' Committee.

e. Compensation and other benefits

As per Article 33 of Law No. 18.046 (the "Public Company Act"), the Board will be compensated for the performance of their duties and the amount of such compensation is established annually by the shareholders at the Company's General Ordinary Shareholders' Meeting.

As of December 31, 2019 and 2018, the amounts paid, including amounts paid to the members of the Directors' Committee, are detailed as follows:

e.1 Board of Directors' remuneration

| Name | Position | January - December | | | | | |
|---|-------------------|------------------------|--|--------------------------------|------------------------|---------------------------------|--------------------------------|
| | | 2019 | | | 2018 | | |
| | | Colbún Board ThUS\$ | Variable remuneration ⁽²⁾ ThUS\$ | Directors' Committee ThUS\$ | Colbún Board ThUS\$ | Variable remuneration ThUS\$ | Directors' Committee ThUS\$ |
| Hernán Rodríguez Wilson ⁽¹⁾ | Chairman | 119 | 43 | - | 31 | - | - |
| Vivianne Blanlot Soza ⁽¹⁾ | Deputy Chairwoman | 71 | 106 | - | 76 | 141 | - |
| Bernardo Larraín Matte ⁽¹⁾ | Director | 71 | 106 | - | 76 | 190 | - |
| Luz Granier Bulnes ⁽¹⁾ | Director | 71 | 106 | 24 | 76 | 141 | 26 |
| Juan Eduardo Correa García ⁽¹⁾ | Director | 97 | 212 | - | 153 | 236 | - |
| Francisco Matte Izquierdo ⁽¹⁾ | Director | 71 | 106 | 24 | 76 | 141 | 26 |
| Andrés Lehuedé Bromley ⁽¹⁾ | Director | 71 | 106 | - | 76 | 141 | - |
| María Emilia Correa ⁽¹⁾ | Director | 47 | - | 18 | - | - | - |
| Rodrigo José Donoso Munita ⁽¹⁾ | Director | 47 | - | - | - | - | - |
| Jorge Matte Capdevila | Director | 25 | 106 | - | 76 | 141 | - |
| María Ignacia Benítez Pereira | Director | 12 | - | 4 | 76 | 141 | 26 |
| Arturo Mackenna Iñiguez | Director | - | 61 | - | 46 | 141 | - |
| TOTAL | | 702 | 952 | 70 | 762 | 1,413 | 78 |

⁽¹⁾ Current Directors as of December 31, 2019.

⁽²⁾ On May 9, 2019, a net payment was made related to variable compensation calculated based on the profit for 2018.

At the Ordinary Shareholders' Meeting held on April 25, 2019, an annual variable payroll of 0.75% of the profit from 2019 was agreed from which the fixed compensation paid in 2019 is deducted. As of December 31, 2019, a provision amounting to ThUS\$ 850 was recorded for this concept.

e.2 Board Counseling Expenses

For the years ended December 31, 2019 and 2018, the Board of Directors incurred no advisory expenses.

e.3 Compensation of Senior Management members who are not Directors

| Name | Position |
|---------------------------|---|
| Thomas Keller Lippold | General Manager |
| Juan Eduardo Vásquez Moya | Business and Energy Management Department Manager |
| Carlos Luna Cabrera | Power Generation Manager |
| Sebastián Moraga Zúñiga | Finance and Administration Manager |
| Eduardo Lauer Rodríguez | Engineering and Projects Manager |
| Rodrigo Pérez Stjepovic | Legal Manager |
| Paula Martínez Osorio | Organization and Personnel Manager |
| Olivia Heutz Goen | Development Manager |
| Heraldo Alvarez Arenas | Internal Audit Manager |
| Daniel Gordon Adam | Environment Manager |
| Pedro Vial Lyon | Public Affairs Manager |
| Luis Le Fort Pizarro | Transmission Manager |

Key management personnel accrued compensation:

| Concept | January - December | |
|------------------------------|--------------------|----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Short-term employee benefits | 4,478 | 4,352 |
| Other long-term benefits | 793 | 883 |
| Termination benefits | 894 | 95 |
| Total | 6,165 | 5,330 |

e.4 Receivables and payables and other transactions

As of December 31, 2019 and 2018 there are no receivables and payables between the Company and its Directors and Managers.

e.5 Other transactions

There are no other transactions conducted between the Group's Directors and Managers.

e.6 Guarantees pledged by the Company in favor of its Directors

As of December 31, 2019 and 2018, the Company records no such operations.

e.7 Incentive plans for Senior Executives and Managers

The Company has benefits for all the executive area, in accordance with the individual performance and goal achievement assessments at the divisional and corporate level.

e.8 Indemnities paid to Senior Executives and Managers

During the period ended December 31, 2019 and 2018, there were no payments for such concept.

e.9 Guarantee clauses: Company's Board of Directors and Management

The Company has no guarantee clauses agreed with Directors and Managements.

e.10 Consideration plans associated with shares' quote.

The Company has no such operations.

12. Inventories

As of December 31, 2019 and 2018, this caption is composed of the following:

| Inventory | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|----------------------|----------------------|
| Spare parts for maintenance | 22,647 | 25,562 |
| Coal | 29,135 | 18,620 |
| Inventory in transit | 16 | 163 |
| Oil | 4,062 | 4,506 |
| Gas line pack | 519 | 951 |
| Allowance for obsolescence ⁽¹⁾ | (7,820) | (5,553) |
| Total | 48,559 | 44,249 |

⁽¹⁾ Relates to the impairment estimate on the spare part stock, which is applied in accordance with the Policy.

There is no inventory pledged as collateral to secure compliance with debt obligations.

Inventory costs recognized as expense

As of December 31, 2019 and 2018, the use of inventory recognized as expenses is detailed as follows:

| Inventory costs | January - December | |
|-----------------------|--------------------|----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Warehouse consumption | 9,033 | 9,462 |
| Oil (see Note 28) | 12,601 | 16,429 |
| Gas (see Note 28) | 337,284 | 355,478 |
| Coal (see Note 28) | 73,646 | 86,799 |
| Total | 432,564 | 468,168 |

13. Derivative instruments

Following the financial risk management policy described in Note 4, the Company enters into contracts with financial derivatives to hedge its exposure to interest rate variances, currency (exchange rate) and fuel prices.

Interest rate derivatives are used to determine or limit the variable interest rate of financial obligations and relate to interest rate swaps.

Currency derivatives are used to establish the U.S. dollar exchange for Chilean peso (Ch\$), inflation-adjusted units (UF) and Peruvian sol (PEN), as a result of its existing obligations denominated in currencies other than U.S. dollar. Such instruments are mainly Forwards and Cross Currency Swaps.

Derivatives on fuel prices are used to mitigate the Company's fluctuations in sales revenue and energy production cost risk derived from a change in fuel prices used for such purposes. Instruments used are mainly options and forwards.

As of December 31, 2019, the Company classified all its hedges as "Cash flow hedges".

13.1 Hedging instruments

As of December 31, 2019 and 2018, this caption includes the valuation of financial instruments for such periods, detailed as follows:

| Hedging assets | | Current | | Non-current | |
|------------------------------------|------------------|----------------------|----------------------|----------------------|----------------------|
| | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Currency hedging instrument | Cash flow hedges | 2,249 | - | 1,836 | 8,706 |
| Fuel price hedge | Cash flow hedges | - | 354 | - | - |
| Total (see Note 8) | | 2,249 | 354 | 1,836 | 8,706 |

| Hedging liabilities | | Current | |
|---|------------------|----------------------|----------------------|
| | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Currency hedging instrument | Cash flow hedges | 1,837 | 1,091 |
| Interest rate hedging instrument | Cash flow hedges | - | 871 |
| Total (see Note 21.a) | | 1,837 | 1,962 |

| | | |
|---------------------------------|--------------|--------------|
| Hedging instruments, net | 2,248 | 7,098 |
|---------------------------------|--------------|--------------|

The portfolio of hedging instruments at Colbún S.A. and subsidiaries is as follows:

| Hedging instrument | Fair value | | Underlying asset hedged | Hedged risk | Type of hedge |
|----------------------|----------------------|----------------------|------------------------------------|---------------------------------|---------------|
| | Hedging instrument | | | | |
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | | | |
| Currency forwards | 2,249 | (1,092) | Financial investments | Exchange rate | Cash flow |
| Cross Currency Swaps | (1) | 7,836 | Bonds payable and promissory notes | Exchange rate and interest rate | Cash flow |
| Coal options | - | 354 | Sales of energy | Coal price | Cash flow |
| Total | 2,248 | 7,098 | | | |

As of December 31, 2019, the Company determined no gains or losses associated with ineffective cash flow hedges that should be recognized in profit or loss.

13.2 Fair value hierarchy

The fair value of financial instruments recognized in the Statements of Financial Position has been determined based on the following hierarchy, in accordance with inputs used to conduct such measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2019, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the aforementioned hierarchy.

14. Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of December 31, 2019 and 2018 is detailed below.

| Subsidiary | 12.31.2019 | | | | | | Net profit (loss) ThUS\$ |
|--|--------------------------|------------------------------|-------------------------------|-----------------------------------|------------------|-------------------|-----------------------------|
| | Current assets ThUS\$ | Non-current assets ThUS\$ | Current liabilities ThUS\$ | Non-current liabilities ThUS\$ | Equity ThUS\$ | Revenue ThUS\$ | |
| Termoeléctrica Nehuenco S.A., en liquidación | 7 | - | - | 41 | (34) | - | (3,103) |
| Colbun Transmisión S.A. | 35,183 | 379,459 | 46,229 | 72,658 | 295,755 | 83,424 | 43,635 |
| Colbun Desarrollo SpA | 11 | 149 | - | - | 160 | - | - |
| Santa Sofia SpA | - | 154 | - | 180 | (26) | - | 1 |
| Colbun Perú S.A. | 20,731 | 207,478 | 344 | - | 227,865 | 4 | (768) |
| Inversiones de Las Canteras S.A. | 429 | 407,446 | 402 | 652 | 406,821 | - | (2,206) |
| Fenix Power Perú S.A. | 70,366 | 850,848 | 70,350 | 445,628 | 405,236 | 174,786 | (1,985) |

| Subsidiary | 12.31.2018 | | | | | | Net profit (loss) ThUS\$ |
|--|--------------------------|------------------------------|-------------------------------|-----------------------------------|------------------|-------------------|-----------------------------|
| | Current assets ThUS\$ | Non-current assets ThUS\$ | Current liabilities ThUS\$ | Non-current liabilities ThUS\$ | Equity ThUS\$ | Revenue ThUS\$ | |
| Empresa Eléctrica Industrial S.A. ⁽¹⁾ | 2,996 | 26,607 | 2,155 | 16,460 | 10,988 | 5,112 | 718 |
| Sociedad Hidroeléctrica Melocotón Ltda. ⁽¹⁾ | 4 | 2,482 | 127 | 1,065 | 1,294 | 3,504 | 2,649 |
| Río Tranquilo S.A. ⁽¹⁾ | 2,490 | 46,050 | 1,340 | 21,729 | 25,471 | 12,950 | 7,792 |
| Termoeléctrica Nehuenco S.A. | 229 | 3,189 | 1,826 | 15,821 | (14,229) | 8,529 | 2,269 |
| Termoeléctrica Antilhue S.A. | 366 | 27,955 | 3,366 | 11,992 | 12,963 | 4,800 | (745) |
| Colbun Transmisión S.A. | 15,575 | 368,173 | 49,524 | 69,015 | 265,209 | 40,060 | 15,509 |
| Colbun Desarrollo SpA | 11 | 149 | - | - | 160 | - | - |
| Inversiones SUD SpA ⁽¹⁾ | 120 | - | - | 51 | 69 | - | 20 |
| Inversiones Andinas SpA ⁽¹⁾ | 10 | - | - | - | 10 | - | - |
| Santa Sofia SpA | - | 153 | - | 180 | (27) | - | (532) |
| Colbun Perú S.A. | 20,058 | 208,604 | 28 | - | 228,634 | - | (10,199) |
| Inversiones de Las Canteras S.A. | 22,369 | 409,707 | 22,316 | 733 | 409,027 | - | (20,254) |
| Fenix Power Perú S.A. | 71,836 | 712,136 | 43,461 | 333,290 | 407,221 | 159,520 | (19,921) |

⁽¹⁾ See note 3.1.b.

15. Equity-accounted investees

a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of December 31, 2019 and 2018 is described below.

| Relationship | Company | Number of shares | Ownership percentage 12.31.2019 % | Balance as of 01.01.2019 THUS\$ | Accrued profit or loss THUS\$ | Dividends THUS\$ | Equity reserve | | | Other increase (decrease) THUS\$ | Total 12.31.2019 THUS\$ |
|----------------|---|------------------|-----------------------------------|---------------------------------|-------------------------------|------------------|--|-------------------------------------|-------------------|----------------------------------|-------------------------|
| | | | | | | | Foreign currency transaction difference THUS\$ | Reserve in hedge derivatives THUS\$ | Settlement THUS\$ | | |
| Associate | Electrogas S.A. | 175.076 | 42,5% | 16.603 | 8.113 | (8.099) | - | (45) | - | - | 16.572 |
| Joint venture | Aysén Transmisión S.A. en Liquidación. ⁽¹⁾ | 4.900 | 0,0% | (25) | - | - | (2) | - | 27 | - | - |
| Joint venture | Aysén Energía S.A. en Liquidación. ⁽¹⁾ | 4.900 | 0,0% | (1) | - | - | (1) | - | 12 | - | - |
| Joint venture | Transmisora Eléctrica de Quilinda Ltda. | - | 50,0% | 13.635 | 989 | (5.987) | (491) | - | - | - | 8.146 |
| Totales | | | | 30.202 | 9.102 | (14.086) | (494) | (45) | 39 | - | 24.718 |

| Relationship | Company | Number of shares | Ownership percentage 12.31.2018 % | Balance as of 01.01.2018 THUS\$ | Accrued profit or loss THUS\$ | Dividends THUS\$ | Equity reserve | | | Other increase (decrease) THUS\$ | Total 12.31.2018 THUS\$ |
|----------------|--|------------------|-----------------------------------|---------------------------------|-------------------------------|------------------|--|-------------------------------------|-------------------|----------------------------------|-------------------------|
| | | | | | | | Foreign currency transaction difference THUS\$ | Reserve in hedge derivatives THUS\$ | Settlement THUS\$ | | |
| Associate | Electrogas S.A. | 175.076 | 42,5% | 17.220 | 7.670 | (6.321) | - | 34 | - | - | 16.603 |
| Joint venture | Centrales Hidroeléctricas de Aysén S.A. ⁽¹⁾ | 8.731.996 | 0,0% | 6.733 | 2.756 | - | (1.157) | - | (6.332) | - | - |
| Joint venture | Aysén Transmisión S.A. en Liquidación | 4.900 | 49,0% | - | (42) | - | 35 | - | - | (19) | (25) |
| Joint venture | Aysén Energía S.A. en Liquidación | 4.900 | 49,0% | - | (15) | - | 22 | - | - | (16) | (1) |
| Joint venture | Transmisora Eléctrica de Quilinda Ltda. | - | 50,0% | 14.345 | 1.019 | - | (1.729) | - | - | - | 13.635 |
| Totales | | | | 38.298 | 11.388 | (8.321) | (2.829) | 34 | (6.332) | (96) | 30.202 |

⁽¹⁾ See note 3.1.c.

b. Financial information about investments in associates and joint ventures

The information in the financial statements of the Company's associates and joint ventures as of December 31, 2019 and 2018, is as follows:

| Relationship | Company | 12.31.2019 | | | | | | Retained earnings (accumulated deficit) ThUS\$ | |
|---------------|---|-----------------------------|---------------------------------|----------------------------------|--------------------------------------|------------------|-------------------|--|------------------------------|
| | | Current assets ThUS\$ | Non-current assets ThUS\$ | Current liabilities ThUS\$ | Non-current liabilities ThUS\$ | Equity ThUS\$ | Revenue ThUS\$ | | Cost of revenue ThUS\$ |
| Associate | Electrogas S.A. | 8,687 | 46,765 | 4,910 | 11,548 | 38,984 | 36,276 | (3,286) | 19,090 |
| Joint venture | Transmisora Eléctrica de Quillota Ltda. | 4,434 | 14,505 | 488 | 2,159 | 16,292 | 4,263 | (848) | 1,977 |
| Relationship | Company | 12.31.2018 | | | | | | Retained earnings (accumulated deficit) ThUS\$ | |
| | | Current assets ThUS\$ | Non-current assets ThUS\$ | Current liabilities ThUS\$ | Non-current liabilities ThUS\$ | Equity ThUS\$ | Revenue ThUS\$ | | Cost of revenue ThUS\$ |
| Associate | Electrogas S.A. | 7,073 | 51,345 | 6,679 | 12,674 | 39,085 | 35,146 | (3,326) | 18,049 |
| Joint venture | Aysén Transmisión S.A. en Liquidación | 5 | - | 57 | - | (52) | - | - | - |
| Joint venture | Aysén Energía S.A. en Liquidación | 1 | - | 23 | - | (22) | - | - | - |
| Joint venture | Transmisora Eléctrica de Quillota Ltda. | 13,433 | 16,636 | 339 | 2,459 | 27,271 | 4,323 | (779) | 2,039 |

Additional information

i) Electrogas S.A.:

Electrogas S.A. is a company engaged in the transportation of natural gas and other fuels. It has a pipeline between "City Gate III" located in San Bernardo, Santiago, Chile and "Plant Gate" located in Quillota, Valparaíso, Chile, and a pipeline from "Plant Gate" to Colmo, Concón, Valparaíso, Chile. Its main customers are Gas Atacama Chile S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. and Enap Refinerías Concón.

Colbún has a direct ownership interest of 42.5% in such company.

ii) Aysén Transmisión S.A. under liquidation - Aysén Energía S.A., liquidated:

Companies incorporated for the development and operation of a hydroelectric project.

At the Extraordinary General Shareholders' Meeting held on December 7, 2017, the shareholders of Aysén Transmisión S.A. and Aysén Energía S.A. agreed the early dissolution of the Company and liquidation of its assets, appointing a Committee responsible for such process. The agreements achieved at such Meeting will be effective after the resulting minute is drafted as public deed, which will be performed after the Chilean Internal Revenue Service authorizes the Company's closure, formalizing the Business Closure Certificate issued together with such public deed. Accordingly, the Chilean Internal Revenue Service issued a Business Closure Certificate for both companies on March 6, 2019. As these companies have no assets that could be liquidated, all corporate debts should be paid with the available resources, and all existing loans should be collected.

On March 6, 2019, the inspection of these companies closure process was formally completed, issuing the business closure certificate. On March 19, 2019, the minute approving the dissolution of both companies was drafted as public deed. On June 24, 2019 the liquidation of both companies was formalized.

iii) Transmisora Eléctrica de Quillota Ltda.:

This company was incorporated by Colbún S.A. and San Isidro S.A. (currently, Gas Atacama Chile S.A.), in June 1997, with the purpose of jointly developing and operating the required installations to transport the capacity and energy generated by their respective plants to the Quillota Substation owned by Transelec S.A.

Transmisora Eléctrica de Quillota Ltda. is the owner of San Luis substation, located beside the Nehuenco and San Isidro combined-cycle plants. In addition, it owns the high voltage line of 220 KV that links the substation with Quillota substation of SIC.

Colbún has an ownership interest of 50% in this company.

16. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of December 31, 2019 and 2018, is as follows:

| Intangible assets, net | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|--|----------------------|----------------------|
| Rights not internally generated | Emission rights for particulate matter | 9,582 | 9,582 |
| | Concessions | 202 | 202 |
| | Water rights | 17,436 | 17,436 |
| | Easements | 58,060 | 58,246 |
| | Intangible assets related to customers | 37,010 | 40,186 |
| Licenses | Software | 2,072 | 2,288 |
| Total | | 124,362 | 127,940 |
| Intangible assets, gross | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Rights not internally generated | Emission rights for particulate matter | 9,582 | 9,582 |
| | Concessions | 228 | 228 |
| | Water rights | 17,455 | 17,455 |
| | Easements | 59,738 | 59,749 |
| | Intangible assets related to customers | 46,815 | 46,815 |
| Licenses | Software | 15,095 | 13,889 |
| Total | | 148,913 | 147,718 |
| Accumulated amortization | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Rights not internally generated | Concessions | (26) | (26) |
| | Water rights | (19) | (19) |
| | Easements | (1,678) | (1,503) |
| | Intangible assets related to customers | (9,805) | (6,629) |
| Licenses | Software | (13,023) | (11,601) |
| Total | | (24,551) | (19,778) |

b. Movements in intangible assets

As of December 31, 2019 and 2018, this caption comprises the following:

| Movements as of 2019 | Rights not internally generated | | | | Intangible assets related to customers ThUS\$ | Licenses | | Intangible assets, net ThUS\$ |
|--|--|-----------------------|------------------------|---------------------|--|--------------|----------------|----------------------------------|
| | Emission rights for particulate matter ThUS\$ | Concessions ThUS\$ | Water rights ThUS\$ | Easements ThUS\$ | | Software | ThUS\$ | |
| | | | | | | | | |
| Opening balance as of 01.01.2019 | 9,582 | 202 | 17,436 | 58,246 | 40,186 | 2,288 | 127,940 | |
| Additions | - | - | - | 4 | - | 252 | 256 | |
| Increase (decrease) resulting from other movements | - | - | - | (15) | - | - | (15) | |
| Disposals | - | - | - | - | - | (92) | (92) | |
| Accumulated depreciation of disposals | - | - | - | - | - | 42 | 42 | |
| Transport from assets under construction | - | - | - | - | - | 1,046 | 1,046 | |
| Transport between assets | - | - | - | - | - | - | - | |
| Amortization expenses (see Note 30) | - | - | - | (175) | (3,176) | (1,464) | (4,815) | |
| Closing balance as of 12.31.2019 | 9,582 | 202 | 17,436 | 58,060 | 37,010 | 2,072 | 124,362 | |
| Movements as of 2018 | Rights not internally generated | | | | Intangible assets related to customers ThUS\$ | Licenses | | Intangible assets, net ThUS\$ |
| | Emission rights for particulate matter ThUS\$ | Concessions ThUS\$ | Water rights ThUS\$ | Easements ThUS\$ | | Software | ThUS\$ | |
| | | | | | | | | |
| Opening balance as of 01.01.2018 | 9,582 | 87 | 17,440 | 58,145 | 43,362 | 3,451 | 132,067 | |
| Additions | - | 115 | - | 30 | - | 37 | 182 | |
| Increase (decrease) resulting from other movements | - | - | - | 13 | - | - | 13 | |
| Disposals | - | - | - | (43) | - | - | (43) | |
| Transport from assets under construction | - | - | - | 275 | - | 966 | 1,241 | |
| Transport between assets | - | - | - | - | - | 87 | 87 | |
| Amortization expenses (see Note 30) | - | - | (4) | (174) | (3,176) | (2,253) | (5,607) | |
| Closing balance as of 12.31.2018 | 9,582 | 202 | 17,436 | 58,246 | 40,186 | 2,288 | 127,940 | |

As detailed in Note 5.b, the Company's Management, in its assessment, determined that there is no impairment of intangible assets' carrying amount. The Company has no intangible assets pledged as collateral to secure compliance with its debt obligations.

17. Property, plant and equipment

a. Detail of property, plant and equipment

As of December 31, 2019 and 2018, the caption property, plant and equipment is detailed as follows:

| Property, plant and equipment, net | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Land | 306,436 | 306,894 |
| Building, construction and facilities | 111,203 | 112,707 |
| Machinery | 1,135 | 1,186 |
| Transport equipment | 484 | 626 |
| Office equipment | 1,133 | 3,168 |
| IT equipment | 1,154 | 1,439 |
| Power-generating assets | 4,025,981 | 4,233,043 |
| Assets under construction | 310,640 | 314,410 |
| Right-of-use assets ⁽¹⁾ | 135,826 | 10,558 |
| Other property, plant and equipment | 413,684 | 413,125 |
| Total | 5,307,676 | 5,397,156 |
| Property, plant and equipment, gross | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Land | 306,436 | 306,894 |
| Building, construction and facilities | 137,676 | 134,587 |
| Machinery | 1,770 | 1,640 |
| Transport equipment | 1,627 | 1,663 |
| Office equipment | 6,916 | 9,087 |
| IT equipment | 9,342 | 9,001 |
| Power-generating assets | 5,847,340 | 5,887,279 |
| Assets under construction | 444,381 | 398,480 |
| Right-of-use assets | 152,950 | 15,154 |
| Other property, plant and equipment | 528,667 | 516,612 |
| Total | 7,437,105 | 7,280,397 |
| Accumulated depreciation and impairment of property, plant and equipment | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Building, construction and facilities | (26,473) | (21,880) |
| Machinery | (635) | (454) |
| Transport equipment | (1,143) | (1,037) |
| Office equipment | (5,783) | (5,919) |
| IT equipment | (8,188) | (7,562) |
| Power-generating assets | (1,821,359) | (1,654,236) |
| Assets under construction | (133,741) | (84,070) |
| Right-of-use assets | (17,124) | (4,596) |
| Other property, plant and equipment | (114,983) | (103,487) |
| Total | (2,129,429) | (1,883,241) |

⁽¹⁾ See note 17.v.2

b. Movements in property, plant and equipment

As of December 31, 2019 and 2018, the caption property, plant and equipment, net is composed of the following:

| | Land | Building, construction and facilities | Machinery | Transport equipment | Equipment office | IT equipment | Power-generating assets | Assets under construction | Right-of-use assets | Other property, plant and equipment | Property, plant and equipment, net |
|--|----------------|---------------------------------------|--------------|---------------------|------------------|--------------|-------------------------|---------------------------|---------------------|-------------------------------------|------------------------------------|
| | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ | THUS\$ |
| Movements as of 2019 | | | | | | | | | | | |
| Opening balance as of 01.01.2019 | 306,894 | 112,707 | 1,186 | 626 | 3,168 | 1,439 | 4,233,043 | 314,410 | 10,558 | 413,125 | 5,397,156 |
| Additions | 438 | - | - | - | 23 | 199 | 14,846 | 123,125 | 137,796 | 25 | 276,472 |
| Increase (decrease) resulting from other movements | - | - | - | - | - | - | - | - | - | 1,794 | 1,794 |
| Disposals | (916) | - | - | (36) | (9) | (3) | (113,952) | (3,651) | - | (1,945) | (120,512) |
| Accumulated depreciation, disposals | - | - | - | 22 | 7 | 3 | 48,607 | - | - | 551 | 49,190 |
| Impairment losses recognized in other comprehensive income | - | - | - | - | - | - | - | (49,671) | - | - | (49,671) |
| Transfer from assets under construction | - | 740 | 81 | - | 121 | 110 | 59,294 | (79,573) | - | 12,181 | (1,046) |
| Transfer between assets | - | 2,348 | 49 | - | (2,306) | 35 | (126) | - | - | - | - |
| Accumulated depreciation, transfer between assets | - | (462) | (2) | - | 460 | (2) | 6 | - | - | - | - |
| Depreciation expenses (see Note 30) | - | (4,131) | (179) | (128) | (331) | (627) | (215,737) | - | (12,528) | - | (245,707) |
| Total movements | (468) | (1,505) | (61) | (142) | (2,035) | (285) | (207,062) | (3,770) | 125,268 | 560 | (89,480) |
| Closing balance as of 12.31.2019 | 306,436 | 111,202 | 1,135 | 484 | 1,133 | 1,154 | 4,025,981 | 310,640 | 135,826 | 413,685 | 5,307,676 |
| | | | | | | | | | | | |
| Movements as of 2018 | | | | | | | | | | | |
| Opening balance as of 01.01.2018 | 297,742 | 225,930 | 574 | 755 | 3,410 | 1,472 | 4,068,854 | 530,185 | 11,307 | 376,249 | 5,516,478 |
| Additions | 9,042 | - | 5 | - | - | 224 | 283 | 99,628 | - | - | 109,182 |
| Increase (decrease) resulting from other movements | (22) | - | - | - | - | - | - | - | - | 24,475 | 24,453 |
| Disposals | - | (384) | - | (67) | (41) | (46) | (4,035) | - | - | - | (4,573) |
| Accumulated depreciation, disposals | - | 373 | - | 67 | 26 | 6 | 2,470 | - | - | - | 2,942 |
| Impairment losses recognized in other comprehensive income | - | - | - | - | - | - | - | (18,824) | - | - | (18,824) |
| Transfer from assets under construction | 132 | 886 | 730 | - | 115 | 543 | 265,682 | (296,579) | - | 27,350 | (1,241) |
| Transfer between assets | - | (150,192) | 23 | - | - | 14 | 150,013 | - | - | 229 | 87 |
| Accumulated depreciation, transfer between assets | - | 40,428 | (1) | - | - | - | (40,427) | - | - | - | - |
| Depreciation expenses (see Note 30) | - | (4,334) | (145) | (129) | (342) | (774) | (209,697) | - | (749) | (15,178) | (231,348) |
| Total movements | 9,152 | (113,223) | 612 | (129) | (242) | (33) | 164,189 | (215,775) | (749) | 36,876 | (119,322) |
| Closing balance as of 12.31.2018 | 306,894 | 112,707 | 1,186 | 626 | 3,168 | 1,439 | 4,233,043 | 314,410 | 10,558 | 413,125 | 5,397,156 |

c. Other disclosures

i) Colbún S.A. and its subsidiaries have entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment may be exposed, as well as possible claims that might be presented because of the performance of their business activities. Such policies sufficiently cover the risks to which they are exposed.

Additionally, loss of profit that may result from a claim is covered by insurance policies engaged by the Company.

ii) As of December 31, 2019 and 2018, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS\$23,026 and ThUS\$34,445, respectively. The companies in which it operates are: Consorcio Isotron Sacyr S.A., Ingeniería Agrosonda Ltda., Pine SpA, Soc. Com. e Ingeniería and Gestión Ind. Ingher Ltda., Sap Chile Limitada, Contract Chile S.A., Generadores Mexicanos S.A., Transportes Flomon SpA, HMV Chile among others.

iii) As of December 31, 2019, there are no accumulated capitalized interest costs (IAS 23).

iv) Operating leases - Lessor

As of December 31, 2019 and 2018, the Company holds embedded operating leases corresponding to:

1. Transmission line contracts (Alto Jahuel-Candelaria 220 KV and Candelaria-Minero 220 KV) entered into between the Company and Corporación Nacional del Cobre de Chile. Such contracts have a term of 30 years.
2. Additional toll contracts (transmission lines - Polpaico substation-substation Maitenes) entered into between the Company and Anglo American Sur. Such contracts have a term of 21 years.
3. Energy supply and electric power contract entered into between Colbún and Corporación Nacional del Cobre de Chile. Such contract has a term of 30 years.

The estimated future charges derived from such contracts are detailed as follows:

| December 31, 2019 | 0-1 year ThUS\$ | 1-5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
|---|--------------------|---------------------|------------------------|------------------|
| Minimum lease payments under operating non-cancellable leases | 122,639 | 490,548 | 2,324,967 | 2,938,154 |
| Total | 122,639 | 490,548 | 2,324,967 | 2,938,154 |
| December 31, 2018 | 0-1 year ThUS\$ | 1-5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
| Minimum lease payments under operating non-cancellable leases | 120,863 | 483,435 | 2,407,864 | 3,012,162 |
| Total | 120,863 | 483,435 | 2,407,864 | 3,012,162 |

v) Financial lease - Lessee

As of December 31, 2019, the caption property, plant and equipment includes ThUS\$135,826, corresponding to the net accounting value of assets that are subject to finance lease agreements. In addition, as of December 31, 2018, property, plant and equipment included ThUS\$10,558 for the same concept.

Currently, Colbún S.A. records finance leases related to its offices, warehouse, parking lots, vehicles, computers and printers.

The subsidiary Fenix maintains contracts entered into with:

1. Consorcio Transmantaro S.A. (hereinafter CTM), in which CTM is obliged to provide maintenance and operating services to the 8-km transmission line between the substation Chilca and the thermoelectric power plant Fenix. Such contract has a term of 20 years (with 14 years remaining) and accrues an annual interest of 12%. Additionally, CTM is obliged to build facilities for the rendering of transmission line services.
2. Contract entered into with Gas Natural de Lima y Callao (Calidda), by which Calidda agrees to provide the gas distribution service from the City Gate located in the city of Chilca, for which a regulation and control plant has been installed (ERC, for its acronym in Spanish), which is an iron pipeline. Such contract is effective for 20 years (with 14 years remaining), per a volume of 84.1 MMpcd. It includes a Take or Pay of 100% equivalent to 84.1MMpcd which should be paid in the month the service is rendered. The interest rate associated with the finance lease amounts to 7% per year.

As of December 31, 2019 and 2018, right-of-use assets recognized as finance lease are detailed as follows:

| | Right-of-use assets | | Depreciation, right-of-use assets | |
|---|----------------------|----------------------|-----------------------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Transmission line operation and maintenance | 15,154 | 15,154 | (5,340) | (4,596) |
| Right-of-use office equipment | 58 | - | (28) | - |
| Right-of-use facilities | 7,620 | - | (1,637) | - |
| Right-of-use vehicles | 2,182 | - | (932) | - |
| Right-of-use Calidda gas pipeline | 127,427 | - | (9,102) | - |
| Right-of-use IT equipment | 509 | - | (85) | - |
| Total | 152,950 | 15,154 | (17,124) | (4,596) |

As of December 31, 2019 and 2018, the present value of future payments arising from contracts recognized as finance leases are detailed as follows:

| December 31, 2019 | 0-1 year ThUS\$ | 1-5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
|-------------------------------|--------------------|---------------------|------------------------|-----------------|
| Gross | 20,417 | 74,391 | 144,564 | 239,372 |
| Interests | (11,020) | (37,761) | (46,719) | (95,500) |
| Current value (see Note 21.a) | 9,397 | 36,630 | 97,845 | 143,872 |

| December 31, 2018 | 0-1 year ThUS\$ | 1-5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
|-------------------------------|--------------------|---------------------|------------------------|-----------------|
| Gross | 2,473 | 10,316 | 28,748 | 41,537 |
| Interests | (1,990) | (7,720) | (17,183) | (26,893) |
| Current value (see Note 21.a) | 483 | 2,596 | 11,565 | 14,644 |

vi) Additional information required for XBRL taxonomy.

1. Disbursements recognized during the construction

| Disbursements recognized during the construction, gross | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|----------------------|----------------------|
| Assets under construction | 78,559 | 106,431 |
| Total | 78,559 | 106,431 |

2. Assets fully depreciated still in use

| Disbursements recognized during the construction, gross | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|----------------------|----------------------|
| Assets under construction | 78,559 | 106,431 |
| Total | 78,559 | 106,431 |

| Assets fully depreciated still in use, gross | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Building, construction and facilities | 1,327 | 63 |
| Machinery | 41 | 47 |
| Transport equipment | 552 | 587 |
| Office equipment | 4,350 | 3,991 |
| IT equipment | 7,057 | 6,330 |
| Power-generating assets | 31,460 | 12,481 |
| Other property, plant and equipment | 1,423 | 1,430 |
| Total | 46,210 | 24,929 |

| Assets fully depreciated still in use, accumulated depreciation and impairment | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Building, construction and facilities | (1,327) | (63) |
| Machinery | (41) | (47) |
| Transport equipment | (550) | (585) |
| Office equipment | (4,350) | (3,991) |
| IT equipment | (7,057) | (6,330) |
| Power-generating assets | (31,214) | (12,470) |
| Other property, plant and equipment | (1,423) | (1,430) |
| Total | (45,962) | (24,916) |

vii) Detail of other property, plant and equipment:

As of December 31, 2019 and 2018, this caption comprises the following:

| Other property, plant and equipment, net | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|-----------------------------|-----------------------------|
| Substations | 153,612 | 150,725 |
| Transmission lines | 133,803 | 137,577 |
| Spare parts classified as property, plant and equipment | 118,632 | 116,839 |
| Other property, plant and equipment | 7,638 | 7,984 |
| Other property, plant and equipment, net | 413,685 | 413,125 |
| Other property, plant and equipment, gross | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Substations | 228,416 | 218,417 |
| Transmission lines | 170,130 | 170,000 |
| Spare parts classified as property, plant and equipment | 118,632 | 116,839 |
| Other property, plant and equipment | 11,489 | 11,356 |
| Other property, plant and equipment, gross | 528,667 | 516,612 |
| Accumulated depreciation and impairment of other property, plant and equipment | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Substations | (74,804) | (67,692) |
| Transmission lines | (36,327) | (32,423) |
| Other property, plant and equipment | (3,851) | (3,372) |
| Total depreciation and impairment | (114,982) | (103,487) |

viii) Detail of power-generating assets

| Power-generating assets, net | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|---------------------------------|----------------------|----------------------|
| Power-generating civil works | Hydropower | 1,657,363 | 1,683,169 |
| | Coal-fired thermal power | 272,272 | 284,275 |
| | Oil and gas-fired thermal power | 36,683 | 43,420 |
| | Solar power | 152 | 158 |
| Power-generating equipment and machinery | Hydropower | 600,036 | 650,133 |
| | Coal-fired thermal power | 455,074 | 472,991 |
| | Oil and gas-fired thermal power | 995,680 | 1,089,736 |
| | Solar power | 8,721 | 9,161 |
| Balance of power-generating assets, net | | 4,025,981 | 4,233,043 |

| Power-generating assets, gross | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|---------------------------------|----------------------|----------------------|
| Power-generating civil works | Hydropower | 2,228,161 | 2,227,502 |
| | Coal-fired thermal power | 358,815 | 358,731 |
| | Oil and gas-fired thermal power | 47,813 | 54,700 |
| | Solar power | 162 | 162 |
| Power-generating equipment and machinery | Hydropower | 933,147 | 934,531 |
| | Coal-fired thermal power | 628,030 | 620,012 |
| | Oil and gas-fired thermal power | 1,641,795 | 1,682,223 |
| | Solar power | 9,418 | 9,418 |
| Total power-generating assets, gross | | 5,847,341 | 5,887,279 |

| Accumulated depreciation and impairment of power-generating assets | | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|---------------------------------|----------------------|----------------------|
| Power-generating civil works | Hydropower | (570,798) | (544,333) |
| | Coal-fired thermal power | (86,543) | (74,456) |
| | Oil and gas-fired thermal power | (11,130) | (11,280) |
| | Solar power | (10) | (4) |
| Power-generating equipment and machinery | Hydropower | (333,111) | (284,398) |
| | Coal-fired thermal power | (172,956) | (147,021) |
| | Oil and gas-fired thermal power | (646,115) | (592,487) |
| | Solar power | (697) | (257) |
| Total depreciation and impairment | | (1,821,360) | (1,654,236) |

18. Current taxes

As of December 31, 2019 and 2018, this caption comprises the following:

a. Current tax assets

| | Current | |
|--|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Recoverable taxes from previous years | 13,488 | 12,733 |
| Recoverable taxes for the year (see Note 20.a.1) | 3,421 | 43,247 |
| Other recoverable taxes | 231 | - |
| Total | 17,140 | 55,980 |

b. Current tax liabilities

| | Current | |
|--|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Payable taxes for the year (see Note 20.a.1) | 32,146 | 74 |
| Total | 32,146 | 74 |

19. Other non-financial assets

As of December 31, 2019 and 2018, this caption comprises the following:

| | Current | | Non-current | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Insurance premium for facilities and civil responsibility | 14,384 | 14,440 | - | - |
| Prepayments ⁽¹⁾ | 6,170 | 5,222 | 35,506 | 21,816 |
| Patent for non-use of water rights ⁽²⁾ | - | - | 3,906 | 3,916 |
| Other miscellaneous assets | 129 | 134 | 1,082 | 1,198 |
| Total | 20,683 | 19,796 | 40,494 | 26,930 |

⁽¹⁾ Corresponds to advance payments to domestic and foreign suppliers.

⁽²⁾ Credit under Article No.129 bis 20 of the Chilean Water Code, Decree Law No.1.122. As of December 31, 2019, the Company recognized impairment charges for ThUS\$4,508, whereas as of December 31, 2018, the Company recognized ThUS\$8,076. The payment of these patents relates to the implementation of projects that will use such water rights; accordingly, is an economic variable under permanent assessment by the Company. Within this context, the Company accurately controls the payments made and acknowledges the estimates of project start-ups to recognize the impairment of an asset, if it is foreseen that its use will be subsequent to the leverage ratio of the Fiscal Credit.

20. Income taxes

a. Income tax benefit (expense)

| Income tax benefit (expense) | January - December | |
|--|--------------------|-----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Current income tax (expense) benefit | | |
| Current income taxes | (101,908) | (53,647) |
| Adjustments to prior-year current income tax expense | 2,198 | (2,185) |
| Total current income tax expense, net | (99,710) | (55,832) |
| Deferred income tax (expense) benefit | | |
| Deferred income tax benefit arising from temporary differences | 31,494 | (42,586) |
| Total deferred income tax benefit, net | 31,494 | (42,586) |
| Income tax benefit (expense) | (68,216) | (98,418) |

As of December 31, 2019 and 2018, income tax benefit (expense) and deferred taxes from foreign and domestic parties is detailed as follows:

| Income tax benefit (expense) | January - December | |
|--|--------------------|-----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Domestic current income tax (expense) benefit | (97,209) | (55,804) |
| Foreign current income tax (expense) benefit | (2,501) | (28) |
| Total current income tax (expense) benefit, net | (99,710) | (55,832) |
| Domestic deferred income tax benefit (expense) | 26,478 | (41,018) |
| Foreign deferred income tax benefit (expense) | 5,016 | (1,568) |
| Total deferred income tax benefit (expense) | 31,494 | (42,586) |
| Income tax expense charged to profit or loss | (68,216) | (98,418) |

a. 1 Reconciliation of current taxes

As of and December 31, 2019 and 2018, the reconciliation of current taxes to income tax is as follows:

| Current tax reconciliation | | 12.31.2019 | | | | | | |
|---------------------------------------|---------------------------------------|---|--|----------------------|--|-----------------------|------------------------|--|
| Company | Current taxes (profit or loss) ThUS\$ | Current taxes for equity adjustments ThUS\$ | Monthly provisional income tax payments ThUS\$ | Other credits ThUS\$ | Tax under Article No. 21 (profit or loss) ThUS\$ | Tax assets (2) ThUS\$ | Tax liabilities ThUS\$ | |
| Colbún S.A. | (77,754) | (1,050) | 48,983 | 838 | (59) | - | (29,042) | |
| Colbún Transmisión S.A. | (20,777) | - | 17,876 | 38 | - | - | (2,863) | |
| Colbún Perú S.A. | (352) | - | 111 | - | - | - | (241) | |
| Fenix Power S.A. | (2,148) | - | 2,811 | 2,758 | - | 3,421 | - | |
| Total | (101,031) | (1,050) | 69,781 | 3,634 | (59) | 3,421 | (32,146) | |
| Current tax reconciliation | | 12.31.2018 | | | | | | |
| Company | Current taxes (profit or loss) ThUS\$ | Current taxes for equity adjustments ThUS\$ | Monthly provisional income tax payments ThUS\$ | Other credits ThUS\$ | Tax under Article No. 21 (profit or loss) ThUS\$ | Tax assets (2) ThUS\$ | Tax liabilities ThUS\$ | |
| Colbún S.A. | (41,487) | (1,120) | 77,168 | 1,065 | (29) | 35,587 | - | |
| Colbún Transmisión S.A. | (7,224) | - | 8,247 | - | - | 1,023 | - | |
| Río Tranquilo S.A. (1) | (2,893) | - | 3,248 | - | - | 355 | - | |
| Soc. Hidroeléctrica Melocón Ltda. (1) | (980) | - | 933 | - | - | - | (47) | |
| Termoeléctrica Antihue S.A. | (790) | - | 904 | - | - | - | - | |
| Empresa Eléctrica Industrial S.A. (1) | (209) | - | 440 | 1 | - | 232 | - | |
| Colbún Perú S.A. | (28) | - | 1 | - | - | - | (27) | |
| Inversiones SUD SpA (1) | (7) | - | 73 | - | - | 66 | - | |
| Fenix Power S.A. | - | - | 2,740 | 3,130 | - | 5,870 | - | |
| Total | (53,618) | (1,120) | 93,744 | 4,196 | (29) | 43,247 | (74) | |

As of December 31, 2019, Colbún S.A., along with its subsidiaries, generated taxable income and, accordingly, it recognized a consolidated income tax liability, net of monthly provisional income tax payments and credits, amounting to ThUS\$32,146.

(1) See note 3.1.b

(2) See Note 18.a

In the case of the foreign subsidiary Fénix Power Perú S.A., as of December 31, 2019, it recognizes accumulated tax losses of ThUS\$ 162,838, which are expected to be reversed in the future; accordingly, a deferred tax asset was recognized.

In accordance with IAS 12, a deferred tax asset for tax losses is recognized when Management has determined that is probable that future taxable income will be available against which they can be offset. This situation occurs in subsidiaries that recognize tax losses.

a.2 Reconciliation of consolidated tax expense and calculation of effective rate

As of December 31, 2019 and 2018, the total tax expense can be reconciled to the accounting profit as follows:

| Income tax benefit (expense) | January - December | | | |
|---|--------------------|--------------|------------------|--------------|
| | 2019 | | 2018 | |
| | Amount ThUS\$ | Rate % | Amount ThUS\$ | Rate % |
| Profit before income taxes | 270,182 | | 328,843 | |
| Tax expense using the legal rate ⁽¹⁾ | (72,949) | 27.0% | (88,788) | 27.0% |
| Differences between US dollars and tax financial accounting in local currency through deferred taxes ⁽²⁾ | 2,700 | -1.0% | (6,500) | 2.0% |
| Other differences | 2,033 | -0.8% | (3,130) | 1.0% |
| Income tax expense | (68,216) | 25.2% | (98,418) | 29.9% |

⁽¹⁾ As of December 31, 2019 and 2018, the income tax expense was calculated using the legal tax rate of 27% (Law No. 20.780) for the Chilean operations and the legal tax rate of 29.5% for the Peruvian operations.

⁽²⁾ In accordance with the International Financial Reporting Standards (IFRS), the Company and its subsidiaries recognize their tax and financial operations at their functional currency, which is the U.S. dollar. With respect to the foreign subsidiaries, the local currency is used for tax purposes.

b. Deferred taxes

At each reporting period, deferred tax assets and liabilities are detailed as follows:

| Deferred tax assets | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|-----------------------------|-----------------------------|
| Deferred taxes related to tax losses | 48,104 | 51,908 |
| Deferred taxes related to provisions | 21,303 | 19,895 |
| Deferred taxes related to obligations for post-employment benefits | 9,836 | 7,503 |
| Deferred taxes related to unearned revenue | 6,234 | 3,763 |
| Deferred taxes related to inventory | 1,490 | 1,918 |
| Deferred taxes related to rights of use | 1,061 | - |
| Deferred taxes related to hedging instruments | 667 | 99 |
| Deferred taxes related to unrealized gain or loss | 292 | 292 |
| Deferred taxes related to contingencies | 46 | 663 |
| Deferred taxes related to investment in associates ⁽¹⁾ | 4,735 | - |
| Total deferred tax assets | 93,768 | 86,041 |
| Deferred tax liabilities | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Deferred taxes related to depreciation | (952,387) | (979,537) |
| Deferred taxes related to finance costs | (13,840) | (15,761) |
| Deferred taxes related to intangible assets | (12,696) | (13,482) |
| Total deferred tax liabilities | (978,923) | (1,008,780) |
| Total deferred tax assets and liabilities, net | (885,155) | (922,739) |
| Changes in deferred taxes | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Deferred taxes as of January 1 | (922,739) | (879,685) |
| Property, plant and equipment | 27,149 | (12,407) |
| Investments in associates ⁽¹⁾ | 4,735 | (39,980) |
| Unearned revenue | 2,471 | 223 |
| Obligations for post-employment benefits | 2,333 | (138) |
| Finance costs | 1,921 | 2,210 |
| Provisions | 1,408 | (522) |
| Rights of use | 1,061 | - |
| Intangible assets | 786 | 1,116 |
| Hedging instruments | 568 | 1,086 |
| Inventory | (428) | 165 |
| Contingencies | (617) | 617 |
| Tax losses | (3,803) | 4,576 |
| Closing balance | (885,155) | (922,739) |

⁽¹⁾ See note 3.1.c

The net position of deferred taxes per company is as follows:

| Net deferred tax position by company | | | | |
|--------------------------------------|----------------------|----------------------|---------------------------|----------------------|
| Company | Net position | | | |
| | Non-current assets | | Non-current liabilities | |
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Fenix Power Perú S.A. | 37,654 | 32,719 | - | - |
| Termoeléctrica Nehuenco S.A. | - | 3,189 | - | - |
| Santa Sofía SpA | 154 | 153 | - | - |
| Soc. Hidroeléctrica Melocotón Ltda. | - | - | - | (144) |
| Empresa Eléctrica Industrial S.A. | - | - | - | (766) |
| Inversiones de Las Canteras S.A. | - | - | (652) | (733) |
| Termoeléctrica Antihue S.A. | - | - | - | (5,250) |
| Río Tranquilo S.A. | - | - | - | (10,388) |
| Colbún Transmisión S.A. | - | - | (58,106) | (62,546) |
| Colbún S.A. | - | - | (864,205) | (878,973) |
| Subtotal | 37,808 | 36,061 | (922,963) | (958,800) |
| | | | Net deferred taxes | (885,155) |
| | | | | (922,739) |

c. Income taxes in other comprehensive income

| | January - December | |
|---|--------------------|----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Related to cash flow hedges | (1,000) | (1,794) |
| Related to defined benefit plans | 1,571 | 207 |
| Income tax related to components of other comprehensive income | 571 | (1,587) |
| Related to share of other comprehensive profit or loss on equity-accounted associates and joint ventures utilizando el método de la participación | 17 | (12) |
| Income tax related to components of other comprehensive income | 588 | (1,599) |

21. Other financial liabilities

As of December 31, 2019 and 2018, this caption comprises the following:

a. Obligations with financial institutions

| Other financial liabilities | Current | | Non-current | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Performance bonds and promissory notes (bonds, commercial paper) ⁽¹⁾ | 70,455 | 66,058 | 1,464,336 | 1,520,599 |
| Lease obligations ⁽²⁾ | 9,482 | 483 | 134,390 | 14,161 |
| Hedging derivatives ⁽³⁾ | 1,837 | 1,962 | - | - |
| Total | 81,774 | 68,503 | 1,598,726 | 1,534,760 |

⁽¹⁾ Interest accrued for bonds payable and promissory notes have been determined using the effective rate.

⁽²⁾ Leases recognized under IFRS 16

⁽³⁾ See note 13.1

b. Financial debt by currency

The financial debt value of Colbún (bank liabilities, bonds and leases), considering only the effect of derivative instruments (liability position) is as follows:

| Financial debt by currency | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|----------------------------|----------------------|----------------------|
| U.S. dollar | 1,608,922 | 1,523,196 |
| Inflation-adjusted units | 71,578 | 80,067 |
| Total | 1,680,500 | 1,603,263 |

c. Maturity and currency of the obligations with financial institutions

c.1 Bank borrowings

As of December 31, 2019, the Company has no bank borrowings.

c.2 Bonds payable and promissory notes

| As of 12.31.2019 | | | | | | | |
|---|---------------|----------------|---------------|----------------|----------------|-----------------------|------------------|
| Debtor's ID number | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 0-E | |
| Debtor's name | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Fenix Power Peru S.A. | |
| Debtor's country | Chile | Chile | Chile | Chile | Chile | Peru | |
| Creditor's ID number | 234 | 499 | 538 | - | - | - | |
| Series | Series C | Series F | Series I | 144A/RegS | 144A/RegS | 144A/RegS | |
| Maturity date | 10/15/2021 | 05/01/2028 | 06/10/2029 | 10/10/2027 | 07/10/2024 | 09/20/2027 | |
| Currency or inflation-adjusted unit | UF | UF | UF | US\$ | US\$ | US\$ | |
| Amortization frequency | Biannual | Biannual | Biannual | Bullet | Bullet | Biannual | |
| Interest type | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | |
| Basis | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | |
| Effective rate | 8.10% | 4.46% | 5.02% | 5.11% | 4.80% | 4.57% | |
| Nominal rate | 7.00% | 3.40% | 4.50% | 3.95% | 4.50% | 4.32% | |
| Nominal amounts | ThUS\$ | | | | | | Total ThUS\$ |
| Up to 90 days | - | - | - | - | 10,625 | 9,873 | 20,498 |
| 90 days to 1 year | 7,855 | 15,833 | 10,553 | 4,334 | - | 12,000 | 50,575 |
| 1-3 years | 8,017 | 30,246 | 20,622 | - | - | 51,000 | 109,885 |
| 1-2 years | 8,017 | 15,123 | 10,311 | - | - | 24,000 | 57,451 |
| 2-3 years | - | 15,123 | 10,311 | - | - | 27,000 | 52,434 |
| 3-5 years | - | 30,246 | 20,622 | - | 500,000 | 52,000 | 602,868 |
| 3-4 years | - | 15,123 | 10,311 | - | - | 28,000 | 53,434 |
| 4-5 years | - | 15,123 | 10,311 | - | 500,000 | 24,000 | 549,434 |
| Over 5 years | - | 52,930 | 46,400 | 500,000 | - | 202,000 | 801,330 |
| Subtotal nominal amounts | 15,872 | 129,255 | 98,197 | 504,334 | 510,625 | 326,873 | 1,585,156 |
| Carrying amounts | ThUS\$ | | | | | | Total ThUS\$ |
| Up to 90 days | - | - | - | - | 10,625 | 9,873 | 20,498 |
| 90 days to 1 year | 7,765 | 15,464 | 10,394 | 4,334 | - | 12,000 | 49,957 |
| Current performance bonds and promissory notes | 7,765 | 15,464 | 10,394 | 4,334 | 10,625 | 21,873 | 70,455 |
| 1-3 years | 7,922 | 29,506 | 20,304 | - | - | 49,813 | 107,545 |
| 1-2 years | 7,922 | 14,753 | 10,152 | - | - | 23,389 | 56,216 |
| 2-3 years | - | 14,753 | 10,152 | - | - | 26,424 | 51,329 |
| 3-5 years | - | 29,506 | 20,304 | - | 495,075 | 50,981 | 595,866 |
| 3-4 years | - | 14,753 | 10,152 | - | - | 27,468 | 52,373 |
| 4-5 years | - | 14,753 | 10,152 | - | 495,075 | 23,513 | 543,493 |
| Over 5 years | - | 51,637 | 45,685 | 463,332 | - | 200,271 | 760,925 |
| Non-current performance bonds and promissory notes | 7,922 | 110,649 | 86,293 | 463,332 | 495,075 | 301,065 | 1,464,336 |
| Total performance bonds and promissory notes | 15,687 | 126,113 | 96,687 | 467,666 | 505,700 | 322,938 | 1,534,791 |

Bonds payable and promissory notes

| As of 12.31.2018 | | | | | | | |
|---|---------------|----------------|----------------|----------------|----------------|-----------------------|---------------------|
| Debtor's ID number | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 96.505.760-9 | 0-E | |
| Debtor's name | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Fenix Power Peru S.A. | |
| Debtor's country | Chile | Chile | Chile | Chile | Chile | Peru | |
| Creditor's ID number | 234 | 499 | 538 | - | - | - | |
| Series | Serie C | Serie F | Serie I | 144A/RegS | 144A/RegS | 144A/RegS | |
| Maturity date | 10/15/2021 | 05/01/2028 | 06/10/2029 | 10/10/2027 | 07/10/2024 | 09/20/2027 | |
| Currency or inflation-adjusted unit | UF | UF | UF | US\$ | US\$ | US\$ | |
| Amortization frequency | Biannual | Biannual | Biannual | Bullet | Bullet | Biannual | |
| Interest type | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | |
| Basis | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | |
| Effective rate | 8.10% | 4.46% | 5.02% | 5.11% | 4.80% | 4.57% | |
| Nominal rate | 7.00% | 3.40% | 4.50% | 3.95% | 4.50% | 4.32% | |
| Nominal amounts | ThUS\$ | | | | | | Total ThUS\$ |
| Up to 90 days | - | - | - | - | 10,625 | 10,017 | 20,642 |
| 90 days to 1 year | 7,968 | 16,706 | 11,104 | 4,334 | - | 6,000 | 46,112 |
| 1-3 years | 16,424 | 31,746 | 21,646 | - | - | 42,000 | 111,816 |
| 1-2 years | 8,009 | 15,873 | 10,823 | - | - | 18,000 | 52,705 |
| 2-3 years | 8,415 | 15,873 | 10,823 | - | - | 24,000 | 59,111 |
| 3-5 years | - | 31,746 | 21,646 | - | - | 55,000 | 108,392 |
| 3-4 years | - | 15,873 | 10,823 | - | - | 27,000 | 53,696 |
| 4-5 years | - | 15,873 | 10,823 | - | - | 28,000 | 54,696 |
| Over 5 years | - | 71,429 | 59,524 | 500,000 | 500,000 | 226,000 | 1,356,953 |
| Subtotal nominal amounts | 24,392 | 151,627 | 113,920 | 504,334 | 510,625 | 339,017 | 1,643,915 |
| Carrying amounts | ThUS\$ | | | | | | Total ThUS\$ |
| Up to 90 days | - | - | - | - | 10,624 | 10,017 | 20,641 |
| 90 days to 1 year | 7,865 | 16,297 | 10,922 | 4,333 | - | 6,000 | 45,417 |
| Current performance bonds and promissory notes | 7,865 | 16,297 | 10,922 | 4,333 | 10,624 | 16,017 | 66,058 |
| 1-3 years | 16,201 | 30,926 | 21,282 | - | - | 40,755 | 109,164 |
| 1-2 years | 7,900 | 15,463 | 10,641 | - | - | 17,367 | 51,371 |
| 2-3 years | 8,301 | 15,463 | 10,641 | - | - | 23,388 | 57,793 |
| 3-5 years | - | 30,926 | 21,282 | - | - | 53,892 | 106,100 |
| 3-4 years | - | 15,463 | 10,641 | - | - | 26,424 | 52,528 |
| 4-5 years | - | 15,463 | 10,641 | - | - | 27,468 | 53,572 |
| Over 5 years | - | 69,584 | 58,516 | 459,549 | 493,906 | 223,780 | 1,305,335 |
| Non-current performance bonds and promissory notes | 16,201 | 131,436 | 101,080 | 459,549 | 493,906 | 318,427 | 1,520,599 |
| Total performance bonds and promissory notes | 24,066 | 147,733 | 112,002 | 463,882 | 504,530 | 334,444 | 1,586,657 |

c.3 Lease obligations

| As of 12.31.2019 | | | | | | | | | | | | | | | |
|--|----------------------|-------------------------|---------------------------------|--------------|---------------------------|--------------|---------------------------|--------------|---------------------------|--------------|---------------------------|---------------------------------|-------------------------------|---------------|----------------|
| Debtor's ID number | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | 96505760-9 | | |
| Debtor's name | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Colbún S.A. | Fenix Power Peru S.A. | | |
| Debtor's country | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Peru | | |
| Creditors Tax ID No. | 96549050-7 | 96860250-0 | 96565580-8 | 96587380-5 | 76497459-k | 96587380-5 | 76497459-k | 96587380-5 | 76497459-k | 96587380-5 | 76497459-k | 96587380-5 | Peru | | |
| Creditor | Seguros Vida Sura SA | B.Raices Santa Lucia SA | Cia. De Leasing Taltersall S.A. | Vigatec S.A. | Nuevo Capital Leasing SpA | Vigatec S.A. | Nuevo Capital Leasing SpA | Vigatec S.A. | Nuevo Capital Leasing SpA | Vigatec S.A. | Nuevo Capital Leasing SpA | Arrendamiento Operativo CB S.A. | Conсорcio Transmanitario S.A. | | |
| Creditor's country | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Chile | Peru | Peru | | |
| Currency or inflation-adjusted unit | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF | UF | Peru | Peru | | |
| Amortization frequency | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly | Quarterly | | |
| Interest type | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | | |
| Basis | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Effective rate | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 12.00% | | |
| Nominal rate | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 7.00% | | |
| Nominal amounts | THUS\$ | | | | | | | | | | | | | Total THUS\$ | |
| Up to 90 days | 207 | 168 | 245 | 11 | 127 | 11 | 127 | 11 | 127 | 11 | 127 | 4 | 1,512 | 129 | 2,427 |
| 90 days to 1 year | 623 | 517 | 754 | 35 | 127 | 35 | 127 | 35 | 127 | 35 | 127 | 24 | 4,535 | 414 | 7,055 |
| 1-3 years | 1,705 | 1,471 | 1,711 | 97 | 255 | 18 | 255 | 18 | 255 | 18 | 255 | 26 | 13,392 | 1,316 | 18,477 |
| 1-2 years | 832 | 718 | 718 | 48 | 170 | 6 | 170 | 6 | 170 | 6 | 170 | 26 | 6,470 | 619 | 8,915 |
| 2-3 years | 873 | 753 | 171 | 49 | 85 | 12 | 85 | 12 | 85 | 12 | 85 | - | 6,922 | 697 | 9,562 |
| 3-5 years | 529 | 456 | - | 50 | - | 50 | - | 50 | - | 50 | - | - | 15,332 | 1,655 | 18,069 |
| 3-4 years | 529 | 456 | - | 50 | - | 50 | - | 50 | - | 50 | - | - | 7,407 | 778 | 9,243 |
| 4-5 years | - | - | - | - | - | - | - | - | - | - | - | - | 7,925 | 877 | 8,846 |
| Over 5 years | - | - | - | - | - | - | - | - | - | - | - | - | 87,005 | 10,647 | 97,824 |
| Subtotal nominal amounts | 3,064 | 2,612 | 1,170 | 193 | 509 | 282 | 509 | 282 | 509 | 282 | 48 | 57 | 121,776 | 14,161 | 143,872 |
| Carrying amounts | THUS\$ | | | | | | | | | | | | | Total THUS\$ | |
| Up to 90 days | 207 | 168 | 245 | 11 | 127 | 11 | 127 | 11 | 127 | 11 | 127 | 4 | 1,512 | 129 | 2,427 |
| 90 days to 1 year | 623 | 517 | 754 | 35 | 127 | 35 | 127 | 35 | 127 | 35 | 127 | 24 | 4,535 | 414 | 7,055 |
| Liabilities under lease agreements, current | 830 | 685 | 999 | 46 | 254 | 25 | 254 | 25 | 254 | 25 | 22 | 31 | 6,047 | 543 | 9,482 |
| 1-3 years | 1,705 | 1,471 | 1,711 | 97 | 255 | 18 | 255 | 18 | 255 | 18 | 26 | 26 | 13,392 | 1,316 | 18,477 |
| 1-2 years | 832 | 718 | 718 | 48 | 170 | 6 | 170 | 6 | 170 | 6 | 26 | 26 | 6,470 | 619 | 8,915 |
| 2-3 years | 873 | 753 | 171 | 49 | 85 | 12 | 85 | 12 | 85 | 12 | - | - | 6,922 | 697 | 9,562 |
| 3-5 years | 529 | 456 | - | 50 | - | 50 | - | 50 | - | 50 | - | - | 15,332 | 1,655 | 18,069 |
| 3-4 years | 529 | 456 | - | 50 | - | 50 | - | 50 | - | 50 | - | - | 7,407 | 778 | 9,243 |
| 4-5 years | - | - | - | - | - | - | - | - | - | - | - | - | 7,925 | 877 | 8,846 |
| Over 5 years | - | - | - | - | - | - | - | - | - | - | - | - | 87,005 | 10,647 | 97,824 |
| Liabilities under lease arrangements, non-current | 2,234 | 1,927 | 171 | 147 | 255 | 257 | 255 | 257 | 255 | 257 | 26 | 26 | 115,729 | 13,618 | 134,390 |
| Total liabilities under lease agreements | 3,064 | 2,612 | 1,170 | 193 | 509 | 282 | 509 | 282 | 509 | 282 | 48 | 57 | 121,776 | 14,161 | 143,872 |

(1) See note 17.v.2

Lease obligations

| As of 12.31.2018 | | |
|--|-----------------------------------|---------------|
| Debtor's ID number | 0-E | |
| Debtor's name | Fenix Power Peru S.A. | |
| Debtor's country | Peru | |
| Creditor's Tax ID No. | 0-E | |
| Creditor | Consorcio Transmantaro S.A. | |
| Creditor's country | Peru | |
| Currency or inflation-adjusted unit | US\$ | |
| Amortization frequency | Quarterly | |
| Interest type | Fixed | |
| Basis | - | |
| Effective rate | 12.00% | |
| Nominal rate | 12.00% | |
| Nominal amounts | ThUS\$ | Total |
| Up to 90 days | - | - |
| 90 days to 1 year | 483 | 483 |
| 1-3 years | 1,163 | 1,163 |
| 1-2 years | 544 | 544 |
| 2-3 years | 619 | 619 |
| 3-5 years | 1,432 | 1,432 |
| 3-4 years | 696 | 696 |
| 4-5 years | 736 | 736 |
| Over 5 years | 11,565 | 11,565 |
| Subtotal nominal amounts | 14,643 | 14,643 |
| Carrying amounts | ThUS\$ | Total |
| Up to 90 days | - | - |
| 90 days to 1 year | 483 | 483 |
| Liabilities under lease agreements, current | 483 | 483 |
| 1-3 years | 1,163 | 1,163 |
| 1-2 years | 544 | 544 |
| 2-3 years | 619 | 619 |
| 3-5 years | 1,433 | 1,433 |
| 3-4 years | 697 | 697 |
| 4-5 years | 736 | 736 |
| Over 5 years | 11,565 | 11,565 |
| Liabilities under lease arrangements, non-current | 14,161 | 14,161 |
| Total liabilities under lease agreements | 14,644 | 14,644 |

c.4 Expected interests by currency of the obligations with financial institutions:

| Current | Currency | Interests as of 12.31.2019 | | Capital | Maturity date | Maturity | | | | | Total interests | Total debt |
|---------------------------------------|-----------------|-----------------------------------|-------------------|----------------|----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|------------------------|-------------------|
| | | Accrued | Forecasted | | | Up to 3 months | 3 to 12 months | 1 to 3 years | 3 to 5 years | Over 5 years | | |
| Bond 144ARegS 2017 (Fenix Power Peru) | US\$ | 3,950 | 77,954 | 323,000 | 09/20/2027 | 6,972 | 6,778 | 24,747 | 20,160 | 23,247 | 81,904 | 404,904 |
| Finance lease (Fenix Power Perú) | US\$ | - | 14,485 | 15,976 | 03/28/2033 | 433 | 1,277 | 3,232 | 2,926 | 6,617 | 14,485 | 30,461 |
| Series C Bond | UF | 6 | 30 | 414 | 04/15/2021 | - | 25 | 11 | - | - | 36 | 450 |
| Series F Bond | UF | 19 | 487 | 3,400 | 05/01/2028 | - | 111 | 182 | 128 | 95 | 516 | 3,916 |
| Series I Bond | UF | 6 | 570 | 2,591 | 06/10/2029 | - | 112 | 188 | 140 | 136 | 576 | 3,167 |
| Bond 144ARegS 2014 | US\$ | 10,625 | 101,875 | 500,000 | 07/10/2024 | 11,250 | 11,250 | 45,000 | 45,000 | - | 112,500 | 612,500 |
| Bond 144ARegS 2017 | US\$ | 4,334 | 232,666 | 500,000 | 10/11/2027 | - | 19,750 | 39,500 | 39,500 | 138,250 | 237,000 | 737,000 |
| Current | Currency | Interests as of 12.31.2018 | Forecasted | Capital | Maturity date | Up to 3 months | 3 to 12 months | 1 to 3 years | 3 to 5 years | Over 5 years | Total interests | Total debt |
| Bond 144ARegS 2017 (Fenix Power Peru) | US\$ | 4,057 | 92,179 | 335,000 | 09/20/2027 | 7,231 | 7,101 | 26,657 | 22,502 | 32,745 | 96,236 | 431,236 |
| Finance lease (Fenix Power Perú) | US\$ | - | 16,248 | 15,976 | 03/28/2033 | 446 | 1,318 | 3,360 | 3,088 | 8,036 | 16,248 | 32,224 |
| Series C Bond | UF | 9 | 65 | 606 | 04/15/2021 | - | 38 | 36 | - | - | 74 | 680 |
| Series F Bond | UF | 21 | 620 | 3,800 | 05/01/2028 | - | 125 | 209 | 155 | 152 | 641 | 4,441 |
| Series I Bond | UF | 7 | 683 | 2,864 | 06/10/2029 | - | 124 | 212 | 164 | 200 | 700 | 3,564 |
| Bond 144ARegS 2014 | US\$ | 10,625 | 124,375 | 500,000 | 07/10/2024 | 11,250 | 11,250 | 45,000 | 45,000 | 22,500 | 135,000 | 635,000 |
| Bond 144ARegS 2017 | US\$ | 4,334 | 212,916 | 500,000 | 10/11/2027 | - | 19,750 | 39,500 | 39,500 | 118,500 | 217,250 | 717,250 |

d. Committed and uncommitted revolving credit facilities

The Company has uncommitted revolving credit facilities for approximately US\$150 million.

Other revolving credit facilities:

The Company has one line of bonds registered with the CMF of up to UF 7 million with a life of 30 years (from the date of approval in August 2009), against which no placements have been performed as of to date.

In addition, Fenix Power has committed revolving credit facilities of US\$ 20 million assumed for a year term with two local banks.

22. Trade and other payables

As of December 31, 2019 and 2018, trade and other payables are composed of the following:

| | Current | | Non-current | |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Trade payables | 146,974 | 171,292 | - | - |
| Dividends payable | 658 | 584 | - | - |
| Other payables | 188 | 11,007 | 17,936 | 3,739 |
| Total | 147,820 | 182,883 | 17,936 | 3,739 |

As of December 31, 2019, this caption comprises the following:

| Main creditors | % |
|--------------------------------------|---------------|
| GE Global Parts & Products, Gmbh | 7.72% |
| Pan American Energy Llc S.Arg | 5.84% |
| Luz del Sur S.A.A. | 5.55% |
| CMC - Coal Marketing DAC | 5.20% |
| Mapfre Cía. Seguros G. de Chile S.A. | 4.24% |
| Chubb Seguros Chile S.A. | 3.98% |
| Servicios Corporativos Sercor S.A. | 2.91% |
| Siemens Energy, Inc. | 2.83% |
| Red de Energía del Perú S.A. | 2.81% |
| Other | 58.93% |
| | 100.0% |

Aging of the portfolio of trade and other payables:

| Concept | Balance as of 12.31.2019 | |
|-----------------|--------------------------|----------------|
| | Current ThUS\$ | Total ThUS\$ |
| Goods | 47,764 | 47,764 |
| Services | 85,139 | 85,139 |
| Other | 14,071 | 14,071 |
| Subtotal | 146,974 | 146,974 |

| Concepto | Balance as of 12.31.2018 | |
|-----------------|--------------------------|----------------|
| | Current ThUS\$ | Total ThUS\$ |
| Goods | 45,382 | 45,382 |
| Services | 99,548 | 99,548 |
| Other | 26,362 | 26,362 |
| Subtotal | 171,292 | 171,292 |

As of December 31, 2019, the amounts payable for invoices receivable for goods and services amount to ThUS\$82,611; as of December 31, 2018 amounted to ThUS\$104,641.

For accounts payable to suppliers, the average payment period is 30 days; as a result of this, the fair value does not differ significantly from the related carrying amount.

23. Other provisions

a. Description of provisions

As of December 31, 2019 and 2018, this caption comprises the following:

| Provisions | Current | | Non-current | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| From legal proceedings | 1,976 | 7,433 | - | - |
| Decommissioning, restoration and rehabilitation costs | - | - | 35,259 | 34,948 |
| Related to the environment | 24,718 | 24,071 | - | - |
| Total | 26,694 | 31,504 | 35,259 | 34,948 |

b. Movements in provisions during the period

As of December 31, 2019 and 2018, this caption comprises the following:

| Movements in provisions | From legal proceedings ⁽¹⁾ | Decommissioning, restoration and rehabilitation costs | Related to the environment ⁽²⁾ | Total |
|---|---------------------------------------|---|---|---------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Opening balance as of 01.01.2019 | 7,433 | 34,948 | 24,071 | 66,452 |
| Increase in existing provisions, other provisions | 494 | 1,005 | 23,902 | 25,401 |
| Provision used, other provisions | (5,951) | (694) | (23,255) | (29,900) |
| Closing balance as of 12.31.2019 | 1,976 | 35,259 | 24,718 | 61,953 |

| Movements in provisions | From legal proceedings ⁽¹⁾ | Decommissioning, restoration and rehabilitation costs | Related to the environment ⁽²⁾ | Total |
|---|---------------------------------------|---|---|---------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Opening balance as of 01.01.2018 | 4,461 | 33,389 | 25,287 | 63,137 |
| Increase in existing provisions, other provisions | 2,972 | 1,559 | 24,071 | 28,602 |
| Provision used, other provisions | - | - | (25,287) | (25,287) |
| Closing balance as of 12.31.2018 | 7,433 | 34,948 | 24,071 | 66,452 |

⁽¹⁾ Provisions for differences and/or tax and administrative contingencies. (See Note 35.c)

⁽²⁾ Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

c. Dismantling

The non-current balance corresponds to the disbursement related to the closure of certain facilities, and future costs associated with the removal of certain assets and rehabilitation of specific land.

d. Restructuring

The Company has not established or recorded any provisions for this concept.

e. Litigation

As of December 31, 2019 and 2018, the Company recognized provisions for litigation in accordance with IAS 37 (see note 35, letter c).

24. Provisions for employee benefits

a. Employee benefits

The Company recognizes provisions for benefits and bonuses for its employees, such as accrued vacations, benefits for termination of project contracts and performance incentives.

As of December 31, 2019 and 2018, this caption comprises the following:

| Employee benefits | Current | | Non-current | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Accrued vacations, current | 3,842 | 3,989 | - | - |
| Performance bonus, current | 10,358 | 10,843 | - | - |
| Other benefits | 373 | 175 | 3,796 | 3,428 |
| Provision for severance indemnity payments | 5,259 | 5,455 | 31,780 | 27,358 |
| Total | 19,832 | 20,462 | 35,576 | 30,786 |

b. Movements in provisions during the period

As of December 31, 2019 and 2018, this caption comprises the following:

| Movements in provisions | Accrued vacations, current ThUS\$ | Performance bonus, current ThUS\$ | Other benefits, current ThUS\$ | Provision for severance indemnity payments ThUS\$ | Total ThUS\$ |
|---|--------------------------------------|--------------------------------------|-----------------------------------|--|-----------------|
| Opening balance as of 01.01.2019 | 3,989 | 10,843 | 175 | 5,455 | 20,462 |
| Increase in existing provisions, other provisions | 649 | 10,511 | 951 | (196) | 11,915 |
| Provision used, other provisions | (796) | (10,996) | (753) | | (12,545) |
| Closing balance as of 12.31.2019 | 3,842 | 10,358 | 373 | 5,259 | 19,832 |

| Movements in provisions | Accrued vacations, current ThUS\$ | Performance bonus, current ThUS\$ | Other benefits, non-current ThUS\$ | Provision for severance indemnity payments ThUS\$ | Total ThUS\$ |
|---|--------------------------------------|--------------------------------------|---------------------------------------|--|-----------------|
| Opening balance as of 01.01.2018 | 4,272 | 13,053 | - | 5,596 | 22,921 |
| Increase in existing provisions, other provisions | 295 | 10,991 | 175 | (141) | 11,320 |
| Provision used, other provisions | (578) | (13,201) | - | - | (13,779) |
| Closing balance as of 12.31.2018 | 3,989 | 10,843 | 175 | 5,455 | 20,462 |

c. Provision for employee benefits, non-current

The Company and some subsidiaries have recorded a provision to cover the indemnity payments in accordance with the collective and individual bargaining agreements entered into with its employees. This provision represents the total accrued provision (see note 3.1. m.).

The basis for the actuarial calculation of the obligations with employees is permanently assessed by the Company. As of December 31, 2019, the Company has updated some indicators to better reflect the current market conditions.

i) The detail of provision for employee benefits - As of December 31, 2019 and 2018, this caption comprises the following:

| Provision for employee benefits | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|----------------------|----------------------|
| Severance indemnity payments | 37,039 | 32,813 |
| Total | 37,039 | 32,813 |
| Present value of the obligation for defined benefit plans | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Opening balance as of January 1 | 32,813 | 33,334 |
| Cost of current service | 4,371 | 4,471 |
| Interest cost | 93 | 527 |
| Foreign currency translation differences | (2,022) | (3,839) |
| Actuarial gain (loss) | 5,279 | 726 |
| Payments | (3,495) | (2,406) |
| Closing balance | 37,039 | 32,813 |

ii) Actuarial assumptions - The main assumptions used for actuarial calculation purposes are as follows:

| Actuarial basis used | 12.31.2019 | 12.31.2018 |
|-----------------------------------|------------|------------|
| Discount rate | 0.66% | 1.85% |
| Expected rate of salary increases | 1.62% | 1.62% |
| Turnover rate | Voluntary | 2.30% |
| | Dismissal | 3.70% |
| Retirement age | Men | 65 |
| | Women | 60 |
| Mortality rate | RV-2014 | RV-2014 |

Discount rate: Corresponds to the interest rate to be used to show in present value terms the disbursements expected to be realized in the future. The discount rate was determined based on the bonds denominated in inflation-adjusted units (UF) of the Chilean Central Bank with a 20-year term as of December 31, 2019. The source of the reference rate is Bloomberg.

Salary increase rate: Refers to the salary increase rate estimated by the Company for the employee salaries based on the internal compensation policy.

Personnel turnover rate: Refers to the personnel turnover rate calculated by the Company based on its historical information.

Age of retirement: Refers to the legal retirement age for men and women in accordance with the Decree Law 3,500 that includes the standards governing the current Chilean pension system.

Mortality rate: Refers to the mortality rate published by the Chilean Financial Market Commission.

iii) **Sensitivity analysis of the actuarial assumptions** - Only the discount rate has been considered as a relevant parameter for sensitivity analysis purposes. The result of changes in the actuarial liability due to the sensitivity analysis of the discount rate is detailed as follows:

| Sensitization | Rate | | Amount of the obligation | |
|---------------------------|-----------------|-----------------|--------------------------|----------------------|
| | 12.31.2019 % | 12.31.2018 % | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Period rate | 0.66 | 1.85 | 37,039 | 32,813 |
| Rate decrease by 50 b.p. | 0.16 | 1.35 | 39,971 | 35,652 |
| Rate increased by 50 b.p. | 1.16 | 2.35 | 34,402 | 30,980 |

25. Other non-financial liabilities

As of December 31, 2019 and 2018, this caption comprises the following:

| | Current | | Non-current | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Withholdings | 22,504 | 23,101 | - | - |
| Unearned revenue ⁽¹⁾ | 1,592 | 867 | 20,957 | 13,013 |
| Total | 24,096 | 23,968 | 20,957 | 13,013 |

⁽¹⁾ Corresponds to prepayments received related to the operations and maintenance services. Revenue is recognized when the service is rendered. Non-current balance includes ThUS\$7,381 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030) and a dedicated transmission line contract entered into with Duqueco SpA of ThUS\$7,141 (expiration of the contract in 2028). As of December 31, 2018, such balance amounted to ThUS\$6,469.

26. Disclosures on equity

a. Subscribed, fully-paid capital and number of shares

At the General Shareholders' Meeting of Colbún S.A. held on April 29, 2009, the shareholders agreed to change the currency in which the share capital is denominated since December 31, 2008 to the U.S. dollars using the exchange rate prevailing at the reporting date as of December 31, 2008, divided into 17,536,167,720 ordinary and registered shares of the same series with no par value.

As of December 31, 2019 and 2018, this caption comprises the following:

| Number of shares | | | |
|------------------|--------------------------|-----------------------------|----------------------------------|
| Series | No. of shares subscribed | Number of shares fully paid | No. of shares with voting rights |
| Single | 17,536,167,720 | 17,536,167,720 | 17,536,167,720 |

| Capital (Amount in US\$) | | |
|--------------------------|------------------------------|---------------------------|
| Series | Subscribed capital ThUS\$ | Paid-in capital ThUS\$ |
| Single | 1,282,793 | 1,282,793 |

a.1 Reconciliation of shares

At the reporting date, the reconciliation of the number of outstanding shares, is detailed as follows:

| Shares | 12.31.2019 | 12.31.2018 |
|--|----------------|----------------|
| No. of outstanding shares as of January 1 | 17,536,167,720 | 17,536,167,720 |
| Changes in outstanding shares | | |
| Increase (decrease) in outstanding shares | - | - |
| No. of outstanding shares at the end of the period | 17,536,167,720 | 17,536,167,720 |

a.2 No. of shareholders

As of December 31, 2019, the number of shareholders is 2,853.

b. Share capital

Share capital corresponds to the paid-in capital indicated in letter a.

c. Share premium

As of December 31, 2019 and 2018, the caption Share premium amounts to ThUS\$52,595 and is composed of ThUS\$30,700 related to premium received in the share subscription term approved at the Extraordinary Shareholders' Meeting held on March 14, 2008, plus a share premium of ThUS\$21,895 resulting from capital increases performed prior to 2008.

d. Dividends

The general policy and procedure on dividend distribution agreed at the Shareholders' Meeting held on April 25, 2019, established that the Company will distribute at least 50% of net profit. In accordance with IFRS, there is a legal and assumed obligation requiring the accounting for of a liability at each reporting date for the concept of the minimum legal dividend.

At the Board of Directors' Meeting held on March 27, 2018, the directors agreed to propose to the Shareholders' Meeting the distribution of 100% of the net profit for distribution profit for 2017 of ThUS\$270,985. Such amount is composed of a provisional dividend of ThUS\$58,220 referred to above, paid in December 2017 and a dividend declared of ThUS\$212,765.

At the Shareholders' Meeting held on April 27, 2018, the shareholders agreed to distribute dividend declared No. 50 with a debit to profit for the period-end December 31, 2017, of ThUS\$ 212,765, equivalent to US\$ 0.01214 per share, which was paid starting on May 8, 2018.

At the Board of Directors' Meeting held on November 27, 2018, the directors agreed to distribute a provisional dividend of US\$0.00480 per share corresponding to the net distributable profit as of December 31, 2018, payable in cash equivalent to ThUS\$ 84,236. The Company started to pay such dividend on December 19, 2018.

At the Board of Directors' Meeting held on March 26, 2019, the directors agreed to propose to the Shareholders' Meeting the distribution of the net distributable profit as follows: (i) Distribute a final dividend of ThUS\$156,114, or US\$0.00890 per share, which in addition to a provisional dividend of ThUS\$84,236, or US\$0.00480 per share, would amount to ThUS\$240,350 or 100% of Net Distributable Profit for 2018; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$100,000, or ThUS\$0.00570 per share.

At the Shareholders' Meeting held on April 25, 2019, the directors agreed to distribute a final dividend of US\$156,114,002.88, or US\$0.00890 per share, and a provisional dividend recognized in retained earnings from prior periods of US\$100,000,000.00, or US\$0.00570 per share, which was paid starting from May 7, 2019.

At the Board of Directors' meeting held on November 26, 2019, the directors agreed the distribution of a provisional dividend charged to net profit for distribution for the year ended December 31, 2019, to be paid in cash for ThUS\$ 92,404, equivalent to US\$ 0.00527 per share. This dividend started being paid on December 18, 2019.

e. Detail of Other reserves

This caption comprises the following:

| Other reserves | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Effect of first adoption of paid-in capital deflation | 517,617 | 517,617 |
| Effect of first-time adoption of translation in accordance with IAS 21 | (230,797) | (230,797) |
| Revaluation of property, plant and equipment | 413,304 | 428,893 |
| Revaluation of deferred taxes | (111,658) | (115,780) |
| Merger reserve | 193,993 | 213,024 |
| Affiliate translation effects | (41,174) | (40,680) |
| Subsidiaries' reserve | (12,051) | (12,142) |
| Hedging reserve | 13,194 | 10,124 |
| Affiliate hedging effects | 145 | 190 |
| Total | 742,573 | 770,449 |

Effect of first adoption of paid-in capital deflation: Circular No.456 issued by the Chilean Financial Market Commission and effect of first-time adoption of translation in accordance with IAS 21: Reserves generated by the first-time adoption of the International Financial Reporting Standards (IFRSs), which are subject to capitalization if permitted by accounting standards and law.

Revaluation of property, plant and equipment: The methodology used to quantify the realization of this concept relates to the application of useful lives per class of asset used for the depreciation process to the revaluation amount determined as of the date of adoption.

Deferred taxes: The adjustments in the measurement of assets and liabilities arising from the application of IFRS have resulted in the determination of new temporary differences recognized against the retained earnings in equity. The realization of this concept has been determined in the same proportion as the items from which it arises.

Merger reserve: Refers to the revaluation reserve of assets at fair value recorded from mergers in previous years, which amounts have not been realized.

Effect of translation in associates: Refers to the exchange rate difference generated by fluctuations in exchange rates on investments in associates and joint ventures, which maintain as a functional currency the Chilean peso.

Reserve of subsidiary: Reserve arising from the merger and variation in the interest of subsidiaries subject to capitalization if permitted by the accounting standards and law.

Effect of hedging reserve: Refers to the effective portion of transactions designated as cash flow hedges waiting for the recognition of the hedged item in profit or loss.

f. Retained earnings (accumulated losses)

As of December 31, 2019 and 2018, changes in reserves for retained earnings are detailed as follows:

| Distributable retained earnings | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|----------------------|----------------------|
| Opening balance as of January 1 | 1,550,677 | 1,601,772 |
| Profit or loss for the year | 203,047 | 240,350 |
| Effect of actuarial profit (loss) | (4,248) | (558) |
| Dividends | (321,551) | (309,866) |
| Realized retained earnings | 30,407 | 20,899 |
| Legal reserve of Subsidiaries (Art. 229 General Company Act, Peru) ⁽¹⁾ | - | (1,920) |
| Total distributable retained earnings | 1,458,332 | 1,550,677 |

⁽¹⁾ In accordance with the General Corporations Act, the legal reserve is constituted by transferring at least 10 percent of the net income of each year, after deducting accumulated losses, until it reaches an amount equivalent to one-fifth of capital. In the absence of undistributed profits or unrestricted reserves, the legal reserve must be applied to offset losses, but must be replenished. The legal reserve may be capitalized, but must be replenished.

g. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the project in conformity with the Financing Policy.

The Company will try to have sufficient liquidity in order to maintain an adequate financial position to meet its commitments and risks associated with its business. The cash surpluses of the Company will be invested in securities issued by financial institutions and marketable securities in accordance with the portfolio selection and diversification criteria determined by Management.

The control on investments will be performed by the Board, in charge of approving specific investments both the amount and financing of specific investments in conformity with the Company's by-laws and the decision made at the Shareholders' Meeting, if applicable.

The financing shall provide for the necessary funds to operate existing assets appropriately and to realize new investments in conformity with the Investing Policy mandate. For such purpose, the internal and external resources available will be used without compromising the Company's equity position or growth.

Accordingly, the indebtedness level shall not compromise the "investment grade" credit rating of the debt securities issued by Colbún in the international and domestic markets.

The Company will have different financing options, for which the following financing sources are preferred: bank borrowings both with international and local banks, long-term bond markets both in the international and local market, credits to supplier, retained earnings and capital increases.

As of December 31, 2019 and 2018, the indebtedness level is as follows:

| | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|-----------------------------------|----------------------|----------------------|
| Total liabilities | 2,969,715 | 2,921,411 |
| Total current liabilities | 345,439 | 345,365 |
| Total non-current liabilities | 2,624,276 | 2,576,046 |
| Total equity | 3,735,635 | 3,856,938 |
| Equity attributable to the Parent | 3,536,293 | 3,656,514 |
| Non-controlling interest | 199,342 | 200,424 |
| Indebtedness ratio | 0.79 | 0.76 |

The Company should report the compliance of commitments entered into with financial institutions on a quarterly basis. As of December 31, 2019, the Company complies with all the financial indicators required in such contracts (See note 36).

h. Earnings per share and net distributable profit

Earnings per share are calculated dividing the profit or loss attributable to the shareholders of the Parent by the weighted average of common shares outstanding during the reported years.

| | 12.31.2019 | 12.31.2018 |
|---|----------------|----------------|
| Profit (loss) attributable to shareholders of the Parent (ThUS\$) | 203,047 | 240,350 |
| Profit (loss) available for common shareholders, basic (ThUS\$) | 203,047 | 240,350 |
| Weighted average number of shares, basic (No. of shares) | 17,536,167,720 | 17,536,167,720 |
| Basic earnings per share (U.S. dollars per share) | 0.01158 | 0.01371 |

The Company has not performed any type of operation with a potential dilutive effect that could create a difference in the diluted earnings per share from the basic earnings per share during the reported period.

In conformity with Circular No.1,945 dated September 29, 2009, Colbún S.A. agreed to establish as general policy that the net distributable profit to be considered for the calculation of the Additional and Compulsory Minimum Dividend is established on the base effectively performed, eliminating those significant fluctuations in the fair value of unrealized assets and liabilities, which must be included in the calculation of net profit for the year in which such fluctuations occur.

Consequently, additions and deductions to net distributable profit for fluctuations in the fair value of unrealized assets and liabilities and recognized in "profit (loss) attributable to shareholders of the Company," relate to potential effects arising from the fluctuations in the fair value of the Company's derivative instruments at each period-end, net of the corresponding income tax.

The calculation of net distributable profit is detailed as follows:

| Calculation of net profit for distribution (cash flows) | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|--|----------------------|----------------------|
| Shareholders of the Parent | 203,047 | 240,350 |
| Cash flow for the year charged to prior years | - | - |
| Effect on unrealized finance income that generated no cash flows | - | - |
| Net cash flow for the year | - | - |
| Net distributable profit | 203,047 | 240,350 |
| Mandatory minimum dividend | 101,524 | 120,175 |

27. Revenue

As of December 31, 2019 and 2018, this caption comprises the following:

| | January - December | |
|----------------------------|--------------------|------------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Regulated customer sales | 580,661 | 706,566 |
| Unregulated customer sales | 687,351 | 627,890 |
| Toll charges | 61,172 | 56,336 |
| Spot market sales | 121,631 | 111,037 |
| Other income | 36,573 | 27,558 |
| Total | 1,487,387 | 1,529,387 |

28. Raw materials and consumables

As of December 31, 2019 and 2018, this caption comprises the following:

| | January - December | |
|---------------------------------|--------------------|------------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Oil consumption (see Note 12) | (12,601) | (16,429) |
| Gas consumption (see Note 12) | (337,284) | (355,478) |
| Coal consumption (see Note 12) | (73,646) | (86,799) |
| Purchase of energy and capacity | (64,930) | (45,513) |
| Toll charges | (120,145) | (128,151) |
| Third-party work and supplies | (83,378) | (99,273) |
| Total | (691,984) | (731,643) |

29. Employee benefit expenses

For the years ended December 31, 2019 and 2018, this caption comprises the following (see notes 3.1.m. and 3.1.o.):

| | January - December | |
|------------------------------|--------------------|-----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Salaries and wages | (57,499) | (60,722) |
| Short-term employee benefits | (5,986) | (6,203) |
| Severance indemnity payments | (5,277) | (6,259) |
| Other personnel expenses | (5,590) | (6,581) |
| Total | (74,351) | (79,765) |

30. Depreciation and amortization expenses

For the years ended December 31, 2019 and 2018, this caption comprises the following:

| | January - December | |
|---|--------------------|------------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Depreciation (see Note 17.b) | (245,707) | (231,348) |
| Amortization of intangible assets (see Note 16.b) | (4,815) | (5,607) |
| Total | (250,522) | (236,955) |

31. Total finance income and finance costs

For the years ended December 31, 2019 and 2018, this caption comprises the following:

| Income (loss) from investments | January - December | |
|--|--------------------|-----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Income on cash and other cash equivalents | 22,115 | 20,367 |
| Total finance income | 22,115 | 20,367 |
| Finance cost | January - December | |
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Expenses on bonds | (67,931) | (72,868) |
| Interest expense for lease liabilities ⁽¹⁾ | (9,563) | - |
| Expense incurred for financial provisions | (8,491) | (8,587) |
| Borrowing costs | (2,139) | - |
| Income/expense on the valuation of net financial derivatives | (2,104) | (1,978) |
| Other expenses (bank expenses) | (401) | (438) |
| Other expenses (commissions) | (439) | - |
| Total finance cost | (91,069) | (83,871) |
| Total finance income and finance costs | (68,954) | (63,504) |

⁽¹⁾ Leases recognized under IFRS 16

32. Foreign currency translation and income (expense) from inflation-adjusted units

As of December 31, 2019 and 2018, this caption comprises the following:

| Foreign currency translation difference | Currency | January - December | |
|--|----------|--------------------|-----------------|
| | | 2019 ThUS\$ | 2018 ThUS\$ |
| Cash and cash equivalents | Ch\$ | (4,110) | (24,199) |
| Cash and cash equivalents | PEN | 653 | 839 |
| Trade and other receivables | Ch\$ | (3,890) | (10,680) |
| Trade and other receivables | PEN | 95 | 467 |
| Current tax assets | Ch\$ | (797) | 247 |
| Current tax assets | PEN | 243 | 615 |
| Other non-financial assets, non-current | Ch\$ | (1,204) | (1,242) |
| Other non-financial assets, non-current | Ch\$ | 12 | 19 |
| Foreign currency translation difference - assets | | (8,998) | (33,934) |
| Other financial liabilities, current | UF | 1,310 | 8,159 |
| Other financial liabilities, current | PEN | (64) | 24 |
| Trade and other payables | Ch\$ | (3,004) | 7,166 |
| Trade and other payables | PEN | (19) | 52 |
| Other non-financial liabilities | Ch\$ | (155) | 82 |
| Provisions for employee benefits | Ch\$ | 3,754 | 5,810 |
| Foreign currency translation difference - liabilities | | 1,822 | 21,293 |
| Total foreign currency translation difference | | (7,176) | (12,641) |

33. Income (expense) from investments accounted for using the equity method

As of December 31, 2019 and 2018, income from investments accounted for using the equity method of accounting are detailed as follows:

| Net interest in affiliates' income | January - December | |
|--|--------------------|----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Electrogas S.A. | 8,113 | 7,670 |
| Centrales Hidroeléctricas de Aysén S.A. ⁽¹⁾ | - | 2,756 |
| Aysén Transmisión S.A., en Liquidación | - | (42) |
| Aysén Energía S.A., en Liquidación | - | (15) |
| Transmisora Eléctrica de Quillota Ltda. | 989 | 1,019 |
| Total | 9,102 | 11,388 |

⁽¹⁾ See note 3.1.c

34. Other gains (losses)

As of December 31, 2019 and 2018, other gains (losses) are detailed as follows:

| Other gains | January - December | |
|---|--------------------|-----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Insurance | - | 71 |
| Other income | 2,845 | 1,556 |
| Total other gains | 2,845 | 1,627 |
| Other losses | January - December | |
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Emissions of thermoelectric plants ⁽¹⁾ | (13,625) | (9,663) |
| Sale of Antilhue shares ⁽²⁾ | (12,354) | - |
| Disposal of property, plant and equipment | (8,805) | (1,495) |
| Impairment of unused water right patents | (4,332) | (8,076) |
| Donations and community contributions | (2,774) | (3,167) |
| Inventory obsolescence | (2,267) | (2,126) |
| Calidda lease agreement | (2,247) | - |
| Dismantling costs | (1,345) | (1,288) |
| Impairment of other projects ⁽³⁾ | (49,671) | (18,823) |
| Impairment of water rights | (175) | - |
| Loss from derivative contracts | (969) | - |
| Litigation-related legal fees | (783) | (1,118) |
| Write-offs and fines | (539) | (1,018) |
| Allowance for doubtful customers | (210) | - |
| Loss from derivative contracts | - | (832) |
| Other | (12,095) | (7,589) |
| Total other losses | (112,191) | (55,195) |
| Total other gains (losses) | (109,346) | (53,568) |

⁽¹⁾ Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

⁽²⁾ On December 11, 2019, Colbún sold 100% of Central Antilhue to Prime Energía Antilhue SpA, for an amount of ThUS\$ 20,718, generating a loss of ThUS\$ 12,354.

⁽³⁾ Relates to the record of partial impairment of hydropower projects under research of ThUS\$48,695 million; the remaining amount relates to different charges.

35. Guarantees with third parties and contingent assets and liabilities**a. Guarantees with third parties**

a.1 Direct guarantees: As of December 31, 2019, the Company has provided performance bonds of ThUS\$47,372.

| Assets committed | | | Outstanding balance | |
|-------------------|----------|-----------------|---------------------|---------------|
| Type of guarantee | Currency | Carrying amount | 12.31.2019 | 12.31.2018 |
| | | | ThUS\$ | ThUS\$ |
| Performance bond | Ch\$ | 1,258,568,224 | 1,681 | 1,820 |
| Performance bond | UF | 670,304 | 25,344 | 28,620 |
| Performance bond | US\$ | 20,346,519 | 20,347 | 18,210 |
| Total | | | 47,372 | 48,650 |

b. Third-party guarantees

b.1 Current guarantees denominated in U.S. dollars as of December 31, 2019

| Depositor | Relationship | Total ThUS\$ |
|--|--------------|---------------|
| Enercon GmbH | Suppliers | 13,000 |
| Ingeniería Agrosonda SpA | Suppliers | 4,079 |
| Tsgf SpA | Suppliers | 4,049 |
| Consortio Isotron Sacyr S.A. | Suppliers | 3,178 |
| Abengoa Chile S.A. | Suppliers | 593 |
| Siemens S.A. | Suppliers | 498 |
| Soc. Com. e Ing. y Gestión Industrial Ingher Ltda. | Suppliers | 366 |
| Tsea Energía S.A. | Suppliers | 181 |
| Pine SpA | Suppliers | 176 |
| HMV Chile | Suppliers | 169 |
| Generadores Mexicanos S.A. de C.V. | Suppliers | 142 |
| Rhona S.A. | Suppliers | 141 |
| ABB S.A. | Suppliers | 66 |
| Autotrol Chile S.A. | Suppliers | 26 |
| Sistemas Eléctricos Ingeniería y Servicios S.A. | Suppliers | 25 |
| GE Energy Parts Inc. | Suppliers | 23 |
| Reliable Energy Ingeniería Ltda. | Suppliers | 21 |
| IMA Tecnología Ltda. | Suppliers | 19 |
| Reivax S.A. | Suppliers | 10 |
| Total | | 26,761 |

b.2 Current guarantees denominated in Euros as of December 31, 2019

| Depositor | Relationship | Total ThUS\$ |
|----------------------|--------------|--------------|
| Andritz Hydro S.R.L. | Suppliers | 431 |
| Siemens S.A. | Suppliers | 220 |
| Andritz Chile Ltda. | Suppliers | 68 |
| Total | | 719 |

b.3 Current guarantees denominated in Chilean pesos as of December 31, 2019

| Depositor | Relationship | Total ThUS\$ |
|---|--------------|--------------|
| Constructora Andalien Ltda. | Suppliers | 123 |
| ODR Ingeniería y Montajes Ltda. | Suppliers | 97 |
| Serv. Logísticos Vízcal Ltda. | Suppliers | 73 |
| Constructora Pesa Ltda. | Suppliers | 31 |
| ISS Facility Service S.A. | Suppliers | 31 |
| Konecranes Chile SpA | Suppliers | 23 |
| HL Ingeniería SpA | Suppliers | 22 |
| Rhona S.A. | Suppliers | 20 |
| XPE Consult SpA | Suppliers | 20 |
| Climatermic Ltda. | Suppliers | 18 |
| Serv. Industriales Esteban Carrasco | Suppliers | 17 |
| Vigaflow S.A. | Suppliers | 11 |
| Andritz Metaliza S.A. | Suppliers | 9 |
| Constructora y Maquinarias Pulmahue SpA | Suppliers | 8 |
| Instaplan Sur S.A. | Suppliers | 7 |
| Laboratorio Hidrolab S.A. | Suppliers | 6 |
| Electro Andina Ltda. | Suppliers | 6 |
| ST Ingeniería y Construcción SpA | Suppliers | 6 |
| Transportes María Angélica Alvarez EIRL | Suppliers | 5 |
| Verónica Peña V. Forestal Paisaje Forestal EIRL | Suppliers | 5 |
| Ingeniería y Comercial San Andrés Ltda. | Suppliers | 4 |
| Ocampo Hnos Ltda. | Suppliers | 4 |
| Ximena Mariela Soto Orellana | Suppliers | 4 |
| Eulen Seguridad S.A. | Suppliers | 3 |
| Luminosos Alcaíno S.A. | Suppliers | 3 |
| JC Ingeniería SpA | Suppliers | 2 |
| Maestranza Cantele Ltda. | Suppliers | 2 |
| Dimetales SpA | Suppliers | 2 |
| Máximo E. Sanhueza Manríquez | Suppliers | 2 |
| Ingeniería Scada & Technologies Ltda. | Suppliers | 2 |
| Total | | 568 |

b.4 Current guarantees denominated in Inflation-adjusted units as of December 31, 2019

| Depositor | Relationship | Total ThUS\$ |
|--|--------------|--------------|
| Contract Chile S.A. | Suppliers | 1,593 |
| Ingeniería Agrosonda SpA | Suppliers | 318 |
| Serv. Industriales Ltda. | Suppliers | 232 |
| Algoritmos y Mediciones Ambientales SpA | Suppliers | 175 |
| AGEA Consultoría e Ingeniería SpA | Suppliers | 77 |
| Andritz Chile Ltda. | Suppliers | 76 |
| Transportes Bretti Ltda. | Suppliers | 75 |
| Conecta Ingeniería S.A. | Suppliers | 68 |
| Soc. Comercial Camin Ltda. | Suppliers | 57 |
| Securitas S.A. | Suppliers | 55 |
| Marcelo Javier Urrea Caro EIRL | Suppliers | 50 |
| Barlovento Chile Ltda. | Suppliers | 47 |
| AMS Consultores SpA | Suppliers | 47 |
| Soc. Comercial San Cristóbal Ltda. | Suppliers | 45 |
| Transporte José Carrasco Retamal EIRL | Suppliers | 43 |
| MV Servicios para la Construcción Ltda. | Suppliers | 43 |
| Serv. Emca SpA | Suppliers | 40 |
| Universidad de Concepción | Suppliers | 39 |
| OHL Serv. Ingesan S.A. Agencia en Chile | Suppliers | 38 |
| Latinoamericana Serv. de Ing. y Construcción Ltda. | Suppliers | 36 |
| Durán y Durán Cía. de Seguridad Ltda. | Suppliers | 33 |
| IMCD Ingeniería y Construcción SpA | Suppliers | 32 |
| Buses Ahumada Ltda. | Suppliers | 30 |
| Emp. Serv. Ingeniería e Información Ambiental Esinfa Ltda. | Suppliers | 25 |
| MYA Chile Soluciones contra Incendios e Industrial | Suppliers | 24 |
| Integración de Tecnologías ITQ Ltda. | Suppliers | 21 |
| Ingesat Ing. y Serv. en Alta Tensión S.A. | Suppliers | 18 |
| Soc. OGM Mecánica Integral S.A. | Suppliers | 15 |
| Serv. Industriales Euroambiente Ltda. | Suppliers | 15 |
| Rafael Angel Pulgar EIRL | Suppliers | 14 |
| Measwind América Ltda. | Suppliers | 13 |
| Vigatec S.A. | Suppliers | 10 |
| Siemens S.A. | Suppliers | 9 |
| Mantenición de Jardines Arcoiris Ltda. | Suppliers | 9 |
| Constructora Gomez Salazar Ltda. | Suppliers | 8 |
| Soc. Comercial Conyser Ltda. | Suppliers | 8 |
| Félix Atilio Valenzuela Pérez | Suppliers | 7 |
| Serv. Integrales de Mantenimientos Técnicos S.A. | Suppliers | 6 |
| Woss SpA | Suppliers | 6 |
| Arcadis Chile SpA | Suppliers | 3 |
| Eulen Chile S.A. | Suppliers | 3 |
| Ana María Gómez Vega | Suppliers | 2 |
| | Total | 3,464 |

Fénix Power Perú S.A.**a. Current guarantees denominated in U.S. dollars as of December 31, 2019**

As of December 31, 2019, there are no guarantees denominated in U.S. dollars.

b. Current guarantees denominated in Peruvian soles as of December 31, 2019

| Depositor | Relationship | Total ThUS\$ |
|--|--------------|--------------|
| Empresa Regional de Serv. Público del Oriente S.A. | Suppliers | 1,478 |
| Unicontrol | Suppliers | 58 |
| J&V Resguardo SAC | Suppliers | 54 |
| Busser SAC | Suppliers | 32 |
| People Intermediación SAC | Suppliers | 5 |
| | Total | 1,627 |

c. Detail of litigation and others

Management believes that, on the basis of the information in its possession at the reporting date, the provisions recognized in the consolidated statement of financial position appropriately cover the litigation risks and other operations detailed in this note; accordingly, Management expects no additional liabilities arising from such litigation risks other than the liabilities recognized.

Considering the characteristics of the risks covering such provisions, it is impossible to determine a reasonable payment schedule, if applicable.

As of December 31, 2019, the detail of litigation in accordance with IAS 37 is as follows:

Chile

1.- Lawsuits on environment damage due to the operation of the Santa María thermoelectric power plant with the Third Environment Court of Valdivia.

(i)-Lawsuit filed on October 15, 2015, under Case No. D-11-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulfur oxides originated from combustion processes of the plant, heat shock caused by cooling system failure and antifouling).

The lawsuit was responded to by Colbún on September 30, 2016.

The settlement, evidence and allegations hearings were held on January 2017.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

(ii)-Lawsuit filed on October 15, 2015, under Case No. D-12-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulfur oxides originated from combustion processes

of the plant, heat shock caused by cooling system failure and antifouling). Because the lawsuit filed under Case No. D-11-2015 is the same as the lawsuit mentioned above in section 1(i), the case files were joined with the latter, and therefore they are in the same procedural stage.

On December 31, 2018, the Environmental Court of Valdivia issued a judgment rejecting both claims. On January 18, 2019, the plaintiff filed a cassation appeal in form and substance against the ruling rejecting the claim with the Supreme Court under Case 3647-2019. Currently, the case is being challenged and is pending judgment by the Supreme Court.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

2.- The following charges were filed by the Superintendence of the Environment (SMA) against Santa María thermoelectric power plant as required by the Environment Court of Valdivia (TAV); (i) alleging existence of equipment other than the pieces of equipment authorized in the Environmental Qualification resolution (RCA) and (ii) for possibly not having registered with the Environmental Impact Evaluation System (SEI) oversizing of the thermal power plant chimney. Colbún duly substantiated and submitted its defense against the charges filed by the SMA and is currently waiting for the proceeding to continue.

Note that in the administrative proceeding conducted prior to the investigation by SMA against Santa María thermoelectric power plant, the regulating authority concluded that there was no background information to file such charges; however, when the TAV reviewed the administrative resolution conducted by the SMA, it ordered to file those two charges.

Simultaneously, both Colbún S.A. and the Chilean Superintendence of the Environment (SMA) filed appeals in cassation with the Supreme Court against the judgment of the TAV, which ordered such filing of charges and established a limit of 350 MW gross to the power plant's capacity.

On July 9, 2019, the Supreme Court (SC) received the appeals in cassation filed by the Superintendence of Environment (SMA) and Colbún against the sentence of the Environmental Court of Valdivia (TAV). The SC determined that the TAV incurred in an error of law when it required the SMA to file charges against Colbún for: (i) non-compliance with the SEIA; and (ii) non-compliance with RCA of the Santa María CT.

The SC revoked the power limitation of the power plant to 350 MW gross established by the TAV and accepted the cassation for the purpose of retroacting the sanctioning procedure against Colbún to the stage prior to the issuance of the closure resolution.

This sanctioning procedure concluded in favor of Colbún when the SMA, ordered filing both individualized complaints above in (i and ii) on September 4, 2019. However, the plaintiff filed an appeal with the Environment Court of Valdivia (TAV) against the resolution of the SMA ordering the filing of the complaints. The case has been challenged with the TAV and an agreement has been reached for the drafting of the judgment.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

3.- Arbitration proceeding for taxes levied on emissions

In December 2019, Colbún has filed an arbitration proceeding, as established in the "Electric Energy Purchase and Sale Agreement" entered into with Codelco in January 2010, so that Codelco reimburses the payment of the tax on emissions recorded during 2017 and 2018, and any applicable subsequent period. Likewise, Codelco has also filed an arbitration proceeding to resolve matters related to such contract. The proceedings are at their initial stage, and both parties' pleadings are in process of being submitted to such Arbitration Court.

Based on the information and opinions from experts available to such date, Management reasonably believes that this lawsuit will have a favorable outcome for the Company, and that finally, the customer should reimburse the payments required.

36. Commitments

Commitments entered into with financial institutions

The loan agreements signed by Colbún S.A. with financial institutions and the bond issue contracts impose different obligations on the Company other than the payment obligations, including the compliance with financial indicators of different types during the term of such contracts, which are conventional for these type of financing operations.

The Company should report on a quarterly basis the compliance with these obligations. As of December 31, 2019, the Company complies with all the financial indicators required in such contracts, the detail of which are as follows:

| Covenants | Status | 12.31.2019 | Term |
|---------------------------|--------------------|------------------|----------|
| Local market bonds | | | |
| EBITDA/Net finance costs | > 3.0 | 10.11 | Jun/2029 |
| Indebtedness ratio | < 1.2 | 0.79 | Jun/2029 |
| Minimum equity | > ThUS\$ 1,348,000 | ThUS\$ 3,535,487 | Jun/2029 |

Calculation methodologies

| Concept | Account | Amounts as of 12.31.2019 | |
|----------------------------------|--|--------------------------|-----------|
| Equity | Total equity | ThUS\$ | 3,735,635 |
| Net equity | Total equity - Non-controlling interests | ThUS\$ | 3,536,293 |
| Minimum equity | Total equity - Non-controlling interests | ThUS\$ | 3,536,293 |
| Total liabilities | Total current liabilities + Total non-current liabilities | ThUS\$ | 2,969,715 |
| Indebtedness ratio | Total liabilities / Equity | | 0.79 |
| Ebitda ^(*) | Revenue - Raw materials and consumables - Employee benefit expenses - other expenses by nature | ThUS\$ | 697,078 |
| Net finance costs ^(*) | Finance costs - Finance income | ThUS\$ | 68,954 |

^(*) 12 trailing months

37. Environment

The Group's companies on which disbursements associated with environment have been made are: Colbún S.A. and Fenix Power Perú S.A. For comparative purposes the companies Empresa Eléctrica Industrial S.A. and Río Tranquilo S.A. are presented, which merged with Colbún in January 2019. (See note 3.b)

Disbursements made for environmental expenses are mainly associated with facilities; accordingly, they will be recognized in profit or loss through depreciation in accordance with their useful life, except for the development of environmental impact statements and studies that correspond to environmental permits performed prior to the construction stage.

The main ongoing projects and a brief description of them are detailed as follows:

San Pedro hydroelectric power plant: Dam hydroelectric power plant located in Los Ríos Region.

The project has reached the 15% completion mark approximately and awaits the processing of the new environmental impact study of modifications to the project to resume the works and construction activities.

Additionally, there are disbursements associated with 26 power generation plants in operation, including the Fenix plant (Chilca, Peru) and the transmission assets such as electric substations and transmission lines.

As of December 31, 2019 and 2018, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:

Accrued expenses as of 12.31.2019

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in ThUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Colbun S.A. | Sta María 1 | Environmental Management of Power Plant | Expense | Cost | 557 | Dec-19 |
| Colbun S.A. | Nehuenco | Environmental Management of Power Plant | Expense | Cost | 505 | Dec-19 |
| Colbun S.A. | Angostura | Environmental Management of Power Plant | Expense | Cost | 458 | Dec-19 |
| Colbun S.A. | Zona Bio-Bio | Environmental Management of Power Plant | Expense | Cost | 277 | Dec-19 |
| Colbun S.A. | Quillico | Environmental Management of Power Plant | Expense | Cost | 235 | Dec-19 |
| Colbun S.A. | Los Quillos | Environmental Management of Power Plant | Expense | Cost | 222 | Dec-19 |
| Colbun S.A. | Gestión Ambiental Corporativa | Environmental Management of Parent | Expense | Cost | 213 | Dec-19 |
| Colbun S.A. | Candelaria | Environmental Management of Power Plant | Expense | Cost | 199 | Dec-19 |
| Colbun S.A. | Colbun | Environmental Management of Power Plant | Expense | Cost | 172 | Dec-19 |
| Colbun S.A. | Los Pinos | Environmental Management of Power Plant | Expense | Cost | 158 | Dec-19 |
| Colbun S.A. | Zona Maule | Environmental Management of Power Plant | Expense | Cost | 156 | Dec-19 |
| Colbun S.A. | Rucúe | Environmental Management of Power Plant | Expense | Cost | 114 | Dec-19 |
| Colbun S.A. | Antihue | Environmental Management of Power Plant | Expense | Cost | 81 | Dec-19 |
| Colbun S.A. | Hornitos | Environmental Management of Power Plant | Expense | Cost | 77 | Dec-19 |
| Colbun S.A. | Canutillar | Environmental Management of Power Plant | Expense | Cost | 32 | Dec-19 |
| Total | | | | | 3,456 | |

Future expenses as of 12.31.2019

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in ThUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Colbun S.A. | Sta María 1 | Environmental Management of Power Plant | Expense | Cost | 48 | Mar-20 |
| Colbun S.A. | Angostura | Environmental Management of Power Plant | Expense | Cost | 43 | Mar-20 |
| Colbun S.A. | Antihue | Environmental Management of Power Plant | Expense | Cost | 18 | Mar-20 |
| Colbun S.A. | Colbun | Environmental Management of Power Plant | Expense | Cost | 16 | Mar-20 |
| Colbun S.A. | Candelaria | Environmental Management of Power Plant | Expense | Cost | 13 | Mar-20 |
| Colbun S.A. | Canutillar | Environmental Management of Power Plant | Expense | Cost | 12 | Mar-20 |
| Colbun S.A. | Nehuenco | Environmental Management of Power Plant | Expense | Cost | 12 | Mar-20 |
| Colbun S.A. | Gestión Ambiental Corporativa | Environmental Management of Parent | Expense | Cost | 8 | Mar-20 |
| Colbun S.A. | Los Quillos | Environmental Management of Power Plant | Expense | Cost | 8 | Mar-20 |
| Colbun S.A. | Zona Bio-Bio | Environmental Management of Power Plant | Expense | Cost | 6 | Mar-20 |
| Colbun S.A. | Quillico | Environmental Management of Power Plant | Expense | Cost | 4 | Mar-20 |
| Colbun S.A. | Hornitos | Environmental Management of Power Plant | Expense | Cost | 3 | Mar-20 |
| Colbun S.A. | Los Pinos | Environmental Management of Power Plant | Expense | Cost | 3 | Mar-20 |
| Colbun S.A. | Rucúe | Environmental Management of Power Plant | Expense | Cost | 2 | Mar-20 |
| Total | | | | | 196 | |

Accrued expenses as of 12.31.2018

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in THUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Colbun S.A. | Sta María 1 | Environmental Management of Power Plant | Expense | Cost | 809 | Dec-18 |
| Colbun S.A. | Nehuenco | Environmental Management of Power Plant | Expense | Cost | 629 | Dec-18 |
| Colbun S.A. | Angostura | Environmental Management of Power Plant | Expense | Cost | 567 | Dec-18 |
| Colbun S.A. | Zona Bio-Bio | Environmental Management of Power Plant | Expense | Cost | 449 | Nov-18 |
| Colbun S.A. | Antilhue | Environmental Management of Power Plant | Expense | Cost | 356 | Dec-18 |
| Colbun S.A. | Candelaria | Environmental Management of Power Plant | Expense | Cost | 316 | Dec-18 |
| Colbun S.A. | Colbun | Environmental Management of Power Plant | Expense | Cost | 283 | Dec-18 |
| Colbun S.A. | Gestión Ambiental Corporativa | Environmental Management of Parent | Expense | Cost | 265 | Dec-18 |
| Colbun S.A. | Los Quiltes | Environmental Management of Power Plant | Expense | Cost | 261 | Dec-18 |
| Colbun S.A. | Los Pinos | Environmental Management of Power Plant | Expense | Cost | 229 | Dec-18 |
| Colbun S.A. | Gestión Ambiental Corporativa | Environmental Management of Parent | Expense | Cost | 193 | Oct-18 |
| Colbun S.A. | Quileco | Environmental Management of Power Plant | Expense | Cost | 143 | Dec-18 |
| Colbun S.A. | Zona Maule | Environmental Management of Power Plant | Expense | Cost | 139 | Dec-18 |
| Colbun S.A. | Rucúe | Environmental Management of Power Plant | Expense | Cost | 104 | Dec-18 |
| Colbun S.A. | Canuffilar | Environmental Management of Power Plant | Expense | Cost | 53 | Feb-18 |
| Colbun S.A. | Angostura | Environmental Management of Power Plant | Expense | Cost | 7 | Nov-18 |
| Empresa Eléctrica Industrial S.A. | Carena | Environmental Management of Power Plant | Expense | Cost | 33 | Dec-18 |
| Río Tranquilo S.A. | Hornitos | Environmental Management of Power Plant | Expense | Cost | 93 | Dec-18 |
| Total | | | | | 4,929 | |

Future expenses as of 12.31.2018

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in THUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Colbun S.A. | Angostura | Environmental Management of Power Plant | Expense | Cost | 148 | Dec-18 |
| Colbun S.A. | Sta María 1 | Environmental Management of Power Plant | Expense | Cost | 100 | Dec-18 |
| Colbun S.A. | Nehuenco | Environmental Management of Power Plant | Expense | Cost | 51 | Dec-18 |
| Colbun S.A. | Colbun | Environmental Management of Power Plant | Expense | Cost | 48 | Dec-18 |
| Colbun S.A. | Gestión Ambiental Corporativa | Environmental Management of Parent | Expense | Cost | 18 | Dec-18 |
| Colbun S.A. | Quileco | Environmental Management of Power Plant | Expense | Cost | 14 | Dec-18 |
| Colbun S.A. | Zona Maule | Environmental Management of Power Plant | Expense | Cost | 14 | Dec-18 |
| Colbun S.A. | Zona Bio-Bio | Environmental Management of Power Plant | Expense | Cost | 10 | Dec-18 |
| Colbun S.A. | Rucúe | Environmental Management of Power Plant | Expense | Cost | 7 | Dec-18 |
| Colbun S.A. | Los Pinos | Environmental Management of Power Plant | Expense | Cost | 4 | Dec-18 |
| Colbun S.A. | Los Quiltes | Environmental Management of Power Plant | Expense | Cost | 3 | Dec-18 |
| Colbun S.A. | Antilhue | Environmental Management of Power Plant | Expense | Cost | 1 | Dec-18 |
| Empresa Eléctrica Industrial S.A. | Carena | Environmental Management of Power Plant | Expense | Cost | 3 | Dec-18 |
| Total | | | | | 421 | |

Disbursements in Peru

Accrued expenses as of 12.31.2019

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in THUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Fenix Power Perú S.A. | Monitoring and Environmental Management | Monitoring and Environmental Management | Expense | Cost | 426 | Dec-19 |
| Total | | | | | 426 | |

Future expenses as of 12.31.2019

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Total | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|----------|---|
| Fenix Power Perú S.A. | Monitoring and Environmental Management | Monitoring and Environmental Management | Expense | Cost | - | - |
| Total | | | | | - | |

Accrued expenses as of 12.31.2018

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in THUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Fenix Power Perú S.A. | Monitoring and Environmental Management | Monitoring and Environmental Management | Expense | Cost | 723 | Sep-18 |
| Total | | | | | 723 | |

Future expenses as of 12.31.2018

| Identification of Parent or Subsidiary | Project Name associated with the disbursement | Concept associated with the disbursement | Asset / Expense | Description | Disbursement amount in THUS\$ | Actual or estimated dates when the disbursement was or will be made |
|--|---|--|-----------------|-------------|-------------------------------|---|
| Fenix Power Perú S.A. | Monitoring and Environmental Management | Monitoring and Environmental Management | Expense | Cost | 1 | Dec-18 |
| Total | | | | | 1 | |

38. Events occurred after the date of the financial position

At the Board of Directors' Meeting held on January 28, 2020, the Company's Board approved the consolidated financial statements as of December 31, 2019, prepared in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Between January 1, 2020 and the date of issuance of these consolidated financial statements, no other subsequent events have occurred.

39. Foreign currency

This caption comprises the following:

| Assets | Foreign currency | Currency | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
|---|------------------|----------|----------------------|----------------------|
| Total current assets | | | | |
| Cash and cash equivalents | Ch\$ | US\$ | 44,043 | 127,136 |
| Cash and cash equivalents | Euro | US\$ | 332 | 633 |
| Cash and cash equivalents | PEN | US\$ | 6,363 | 7,564 |
| Other non-financial assets, current | Ch\$ | US\$ | 3,286 | 897 |
| Trade and other receivables, current | Ch\$ | US\$ | 189,016 | 143,400 |
| Trade and other receivables, current | PEN | US\$ | 27,136 | 29,589 |
| Trade receivables due from related parties, current | Ch\$ | US\$ | 11 | 427 |
| Current tax assets | Ch\$ | US\$ | 214 | 103 |
| Current tax assets | PEN | US\$ | 3,693 | 6,442 |
| Total current assets | | | 274,094 | 316,191 |
| Non-current assets | | | | |
| Other non-financial assets, non-current | Ch\$ | US\$ | 4,588 | 4,714 |
| Other non-financial assets, non-current | Ch\$ | US\$ | 17,148 | - |
| Total non-current assets | | | 50,659 | 4,714 |
| Total assets | | | 324,753 | 320,905 |
| Liabilities | Foreign currency | Currency | 12.31.2019 ThUS\$ | 12.31.2018 ThUS\$ |
| Total current liabilities | | | | |
| Other financial liabilities, current | UF | US\$ | 15,776 | 13,326 |
| Trade and other payables | Ch\$ | US\$ | 106,886 | 145,953 |
| Trade and other payables | PEN | US\$ | 12,899 | 6,443 |
| Payables due to related parties, current | Ch\$ | US\$ | 644 | 261 |
| Other current provisions | Ch\$ | US\$ | 804 | 4,678 |
| Provisions for employee benefits, current | Ch\$ | US\$ | 18,244 | 19,282 |
| Provisions for employee benefits, current | PEN | US\$ | 1,588 | 1,180 |
| Other current non-financial assets | Ch\$ | US\$ | 30,665 | 23,354 |
| Other current non-financial assets | PEN | US\$ | 572 | 614 |
| Total current liabilities | | | 188,078 | 215,091 |
| Non-current liabilities | | | | |
| Other financial liabilities, non-current | UF | US\$ | 52,442 | 62,260 |
| Provisions for employee benefits, non-current | Ch\$ | US\$ | 35,576 | 30,786 |
| Other non-financial liabilities, non-current | Ch\$ | US\$ | 14,936 | 739 |
| Total liabilities, non-current | | | 102,954 | 93,785 |
| Total liabilities | | | 291,032 | 308,876 |

The detail of assets and liabilities in foreign currency does not include the investments accounted for using the equity method; accordingly, the differences arising from the exchange rate difference are recognized in equity as translation adjustment (see note 26, letter e).

Maturity profile of other financial liabilities in foreign currency

| As of 12.31.2019 | Foreign currency | Currency | Up to 91 days ThUS\$ | 91 days to 1 year ThUS\$ | 1 to 3 years ThUS\$ | 3 to 5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
|-----------------------------|------------------|----------|-------------------------|-----------------------------|------------------------|------------------------|------------------------|-----------------|
| Other financial liabilities | UF | US\$ | 758 | 15,018 | 21,773 | 11,187 | 22,842 | 71,578 |
| Total | | | 758 | 15,018 | 21,773 | 11,187 | 22,842 | 71,578 |

| As of 12.31.2018 | Foreign currency | Currency | Up to 91 days ThUS\$ | 91 days to 1 year ThUS\$ | 1 to 3 years ThUS\$ | 3 to 5 years ThUS\$ | Over 5 years ThUS\$ | Total ThUS\$ |
|-----------------------------|------------------|----------|-------------------------|-----------------------------|------------------------|------------------------|------------------------|-----------------|
| Other financial liabilities | UF | US\$ | - | 13,326 | 26,842 | 10,641 | 29,258 | 80,067 |
| Total | | | - | 13,326 | 26,842 | 10,641 | 29,258 | 80,067 |

40. Headcount (unaudited)

As of December 31, 2019 and 2018, this caption comprises the following:

| | No. of employees | | | | | |
|-----------------------------------|------------------|-----------|--------------|------------|-----------|--------------|
| | 12.31.2019 | | | 12.31.2018 | | |
| | Chile | Peru | Total | Chile | Peru | Total |
| Managers and main executives | 71 | 8 | 79 | 71 | 6 | 77 |
| Professionals and technical staff | 623 | 66 | 689 | 636 | 53 | 689 |
| Other | 255 | 18 | 273 | 264 | 29 | 293 |
| Total | 949 | 92 | 1,041 | 971 | 88 | 1,059 |
| Average for the year | 970 | 90 | 1,060 | 984 | 90 | 1,074 |

41. Exhibit 1 Additional information required for XBRL taxonomy

This exhibit forms an integral part of the Company's consolidated financial statements.

Salaries for external auditors

As of December 31, 2019 and 2018, this caption comprises the following:

| Concept | January - December | |
|-----------------------|--------------------|----------------|
| | 2019 ThUS\$ | 2018 ThUS\$ |
| Audit services | 347 | 311 |
| Tax services | 4 | 17 |
| Other services | 89 | 237 |
| Auditors' fees | 440 | 565 |

* * * * *

Quarterly Earnings Report

As of December 31, 2019

1. HIGHLIGHTS

Main Figures at a Consolidated Level:

■ ■ ■ **Operating Income** for the fourth quarter of 2019 (4Q19) amounted to **US\$352.1 million**, decreasing 9% compared to the operating income recorded in the fourth quarter of 2018 (4Q18) mainly explained by lower physical sales to regulated clients in Chile, partially offset by higher physical sales to unregulated clients.

In cumulative terms, operating income as of December 2019 (Dec19), amounted to US\$1,487.4 million, 3% lower than the operating income recorded in Dec18, mainly explained by the same reasons for the variations in quarterly terms.

■ ■ ■ Consolidated **EBITDA** in 4Q19 reached **US\$182.9 million**, decreasing 9% compared to the US\$201.0 million EBITDA in 4Q18, mainly due (1) a decrease in hydro generation as a result of a more severe drought than last year and (2) to lower income during the period.

In cumulative terms, EBITDA as of Dec19 reached **US\$697.1 million**, 2% higher than the accumulated EBITDA as of Dec18, mainly explained by the efficiency plan implemented during 2018 and 2019.

■ ■ ■ **Non-operating result** in 4Q19 recorded losses of **US\$100.3 million**, 100% greater than the losses of US\$50.2 million in 4Q18. The higher losses are mainly explained by higher provisions for impairment of individual assets recorded.

In cumulative terms, the non-operating result as of Dec19 recorded losses of **US\$176.4 million**, higher than the losses of US\$118.3 million recorded as of Dec18, mainly due to the higher impairments provisions previously explained.

■ ■ ■ 4Q19's **tax expenses** reached **US\$2.5 million**, decreasing 92% compared to the expenses in 4Q18, mainly due to the recognition of deferred taxes generated due to the dissolution of Termoeléctrica Nehuenco S.A.

In cumulative terms, tax expenses for Dec19 reached US\$68.2 million, decreasing 29% compared to Dec18, mainly due to (1) lower pre-tax profit recorded during the period and (2) appreciation of the exchange rate PEN/USD during the period.

■ ■ ■ In 4Q19, **profits** reached **US\$19.5 million**, 71% lower than the US\$67.4 million gain in 4Q18. The lower profit is mainly explained by (1) higher provisions for impairments previously mentioned and (2) lower EBITDA recorded during the period. These effects were partially offset by lower income tax expenses.

In cumulative terms, the profit as of Dec19 reached **US\$202.0 million**, decreasing 12% compared to the accumulated profits as of Dec18, mainly explained by the same reasons for the variation in quarterly terms.

Strategic Agenda Progress:

■ ■ ■ During 2019, Colbún achieved important progresses in its strategic agenda, which focuses on 5 main pillars: (1) to increase unregulated clients segment market share, (2) massive incorporation of cost-efficient projects of renewable energy from variable sources; (3) to continue with the fixed cost efficiency plan implementation, initiated during 2018; (4) to progress in the digitalization and automatization program in our facilities and (5) to strengthen our transmission business.

■ ■ ■ Regarding the commercial strategy, in October 2019 Colbún was awarded a renewable energy supply contract for 3,000 GWh/year with BHP, for Escondida and Spence mine sites. The contract starts in January 2022, for a 10-year period. The agreement will allow the development of our portfolio of renewable projects, specially of the Horizonte wind farm (607 MW). Considering this agreement, **during 2019 the Company has contracted approximately 3.5 TWh/year of its generation with new unregulated customers.**

■ ■ ■ Regarding the **incorporation of renewable energies from variable sources**, during 2019 important advances were made in the wind and solar projects pipeline: (1) the feasibility stage of the wind farm project Horizonte was concluded; (2) Diego de Almagro solar project's Environmental Qualification Resolution was approved; and (3) the Environmental Impact Declaration (DIA) of the solar projects Jardín Solar and Machicura begun its formal approval process. Additionally, during the year, Colbún continued looking for renewable projects throughout the country, with the target of consolidating a robust and diversified project portfolio, in line with the goal of doubling our current installed capacity, incorporating renewable generation equivalent to a total of 4,000 MW by the end of 2030.

■ ■ ■ Regarding the **fixed costs efficiency plan** implemented during 2018, it can be highlighted that Colbún implemented operational efficiencies that reduced its fixed cost structure, achieving relevant savings compared to last year.

■ ■ ■ Regarding to Colbún's **digitalization and automatization**, it consists in an operational, administrative and maintenance processes review in order to simplify them and increase the efficiency and competitiveness of the Company. These initiatives include, for example, predictive maintenance techniques adoption, online operation processes monitoring, plant's remote control, among others. During 2019, important progresses were made in digitalizing and automating the management of the Company's commercial cycle, as well as the incorporation of a higher level of technology to administrative processes in the supply, contract and travel management areas. Also, the scope of telemonitoring coverage of our facilities increased.

■ ■ ■ Regarding the **pillar of strengthening our transmission business**, during 2019 we continued with the progress in the expansion and normalization projects of the Company's current transmission assets, whose total investment value awarded reached US\$50 million. Colbún Transmisión S.A recorded an EBITDA of US\$72.3 million during 2019 that is compared to an US\$66.5 million proforma EBITDA recorded in 2018.

Other highlights of the year

■ ■ ■ During the third quarter, Colbún was selected to list for the fourth consecutive year at **DJSI Chile**, and for the third year at DJSI Pacific Alliance. In addition, the Company led the ranking of **Informe Reporta**, standing out as the company that best reports information to the market; and the Machicura vacation center was awarded as the best sustainable practice in the “Good practices for a more sustainable electric future” contest.

■ ■ ■ **Santa María power plant**, which was out of service since 28th of July, driven by the major maintenance schedule for 2019 and the finding of a failure in the steam turbine, started injecting energy to the system on November 20th and is operating normally.

■ ■ ■ On October 29th one of the gas turbines (TG12) of the **Fenix thermal power plant** failed. As a result of the failure, the plant operated in 1x1 mode (at 50% capacity, with a gas turbine and a steam turbine) for the rest of 4Q19. Since January 10th, the plant is unavailable, after stopping the second gas turbine (TG11) operation for preventive maintenance. It is estimated that the plant will restart its operation on the first days of February in 1x1 mode, after repairing the failure in the first turbine.

■ ■ ■ On December 11th Colbun sold 100% of **Antilhue thermal power plant** (103 MW) to Prime Energía; in order to concentrate its efforts on developing cost-efficient power generation units. The sale price amounted to approximately US\$21 million, generating a loss in the year result which is no material in Colbún’s context.

2. PHYSICAL SALES AND GENERATION BALANCE

2.1. Physical sales and generation balance in Chile

Table 1 shows a comparison between physical energy sales and generation in 4Q18, 4Q19 and cumulative as of Dec18 and Dec19.

Table 1: Physical sales and generation in Chile

| Accumulated Figures | | Sales | Quarterly Figures | | Var % | Var % |
|---------------------|--------|----------------------------|-------------------|-------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 12,843 | 12,157 | Total Physical Sales (GWh) | 2,986 | 2,767 | (5%) | (7%) |
| 5,417 | 4,340 | Regulated Clients | 1,256 | 1,017 | (20%) | (19%) |
| 6,113 | 6,570 | Unregulated Clients | 1,573 | 1,750 | 7% | 11% |
| 1,313 | 1,247 | Sales to the Spot Market | 156 | 0 | (5%) | - |
| 1,643 | 1,576 | Capacity Sales (MW) | 1,663 | 1,558 | (4%) | (6%) |

| Accumulated Figures | | Generation | Quarterly Figures | | Var % | Var % |
|---------------------|--------|--|-------------------|-------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 13,005 | 11,908 | Total Generation (GWh) | 3,009 | 2,650 | (8%) | (12%) |
| 6,312 | 5,119 | Hydraulic | 2,121 | 1,236 | (19%) | (42%) |
| 6,558 | 6,508 | Thermal | 845 | 1,327 | (1%) | 57% |
| 3,859 | 4,507 | Gas | 336 | 980 | 17% | 192% |
| 78 | 67 | Diesel | 13 | 2 | (15%) | (84%) |
| 2,620 | 1,934 | Coal | 496 | 346 | (26%) | (30%) |
| 136 | 282 | VRE | 44 | 86 | 107% | 98% |
| 122 | 261 | Wind Farm* | 37 | 79 | 115% | 116% |
| 14 | 20 | Solar | 7 | 7 | 44% | 2% |
| 94 | 512 | Spot Market Purchases (GWh) | 29 | 180 | - | - |
| 1,218 | 735 | Sales - Purchases to the Spot Market (GWh) | 127 | (180) | (40%) | - |

(*): Corresponds to the energy purchased from the Punta Palmeras wind farm owned by Acciona and San Pedro, owned by Alba S.A.
VRE: Variable renewable energies.

Physical sales reached 2,767 GWh during 4Q19, decreasing 7% compared to 4Q18, due to lower sales to regulated clients and to the spot market, partially offset by higher sales to unregulated clients. On the other hand, quarterly generation decreased 12% compared to 4Q18, mainly due to (1) a lower hydro generation (-885 GWh) due to a less favorable hydrology compared to the same quarter as last year; (2) a lower coal generation (-150 GWh) driven by the lower availability of Santa María power plant during the quarter; and (3) a lower diesel generation (-11 GWh), partially offset by (1) a higher gas generation (+644 GWh); and (2) a higher wind farm generation (+43 GWh) due to energy purchases from San Pedro wind farm, a contract that started in 2Q19 and that expired in Dec19.

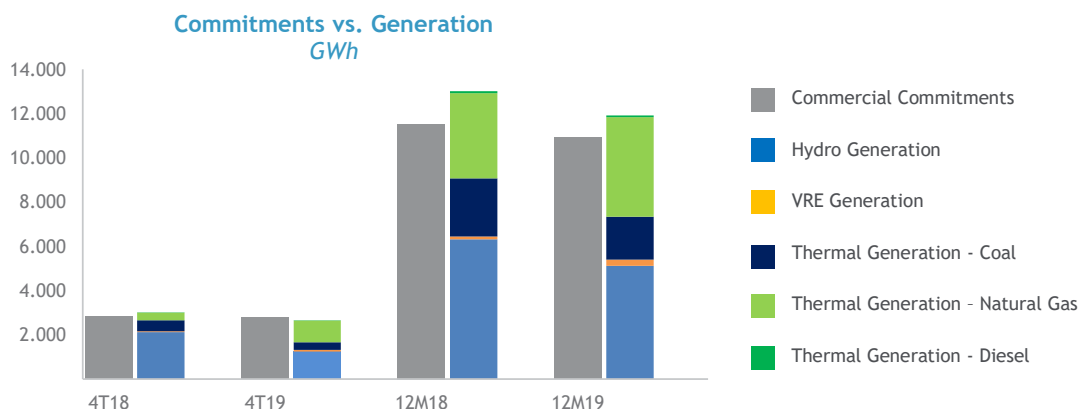
In cumulative terms, physical sales as of Dec19 reached 12,157 GWh, 5% lower compared to Dec18, due to lower sales to regulated clients and to the spot market partially offset by higher sales to unregulated clients. On the other hand, the cumulative generation as of Dec19 reached 11,908 GWh, decreasing 8% compared to Dec18, mainly due to lower hydro generation (-1,193 GWh) and coal generation (-686 GWh), partially offset by a higher gas generation (+648 GWh) and VRE generation (+139 GWh).

■ The **balance in the spot market** during the quarter recorded net purchases of 180 GWh, compared to the net sales of 127 GWh recorded in 4Q18, as a result of the lower generation in 4Q19. **In cumulative terms**, the balance in the spot market recorded net sales of 735 GWh, 40% lower compared to the net sales as of Dec18, due to the same reasons that explain the variations in quarterly terms.

■ **Generation mix in Chile:** The hydrological year (Apr19-Mar20) has presented lower rainfalls than an average year in the main SEN (National Electric System) basins, being Maule and Aconcagua basins the ones that exhibit the most significant deficits in comparison to an average year, of 46% and 86% respectively. On its part, Laja, Biobío and Chapo basins present a deficit of 11%, 10% and 3% respectively.

During 4Q19 the SEN generation increased 1% compared to the same period of 2018 (19,046 GWh in 4Q18 vs. 19,281 GWh in 4Q19). During the quarter, a higher VREs generation was recorded (3,022 GWh in 4Q18 vs. 3,579 GWh in 4Q19) associated with an increase in the installed capacity of these technologies, and higher gas generation (1,779 GWh in 4Q18 to 2,546 GWh in 4Q19), and coal generation were also recorded (5,557 GWh in 4Q18 vs. 6,786 GWh in 4Q19). On the other hand, hydro generation decreased 27% (8,020 GWh in 4Q18 vs. 5,835 GWh in 4Q19), and diesel generation (197 GWh in 4Q18 vs. 9 GWh in 4Q19) also decreased. The average marginal cost measured in Alto Jahuel decreased compared to 4Q18, averaging US\$35.6/MWh in 4Q19, compared to US\$52.7/MWh in 4Q18.

In cumulative terms, the SEN generation increased 1% compared to 2018 (76,568 GWh in 2018 vs. 77,150 GWh in 2019), explained mainly by an increase in the system’s gas generation (11,493 GWh in 2018 vs. 14,193 GWh in 2019), in the same way VREs generation also increased (9,545 GWh in 2018 vs. 11,117 GWh in 2019). On the other hand, hydro generation decreased (23,190 GWh in 2018 vs. 20,792 GWh in 2019) driven by the drought that affects Chilean major basins; in the same line, also coal and diesel generation decreased 2% and 64% respectively.



2.2. Physical sales and generation balance in Peru

Table 2 shows a comparison between physical energy sales and generation in 4Q18, 4Q19 and cumulative as of Dec18 and Dec19.

Table 2: Physical sales and generation in Peru

| Accumulated Figures | | Sales | Quarterly Figures | | Var % | Var % |
|---------------------|--------|----------------------------|-------------------|------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 4,045 | 3,911 | Total Physical Sales (GWh) | 1,160 | 825 | (3%) | (29%) |
| 3,001 | 2,922 | Costumers under Contract | 717 | 733 | (3%) | 2% |
| 1,044 | 988 | Sales to the Spot Market | 443 | 92 | (5%) | (79%) |
| 552 | 525 | Capacity Sales (MW) | 554 | 558 | (5%) | 1% |

| Accumulated Figures | | Generation | Quarterly Figures | | Var % | Var % |
|---------------------|--------|--|-------------------|------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 3,914 | 3,767 | Total Generation (GWh) | 1,186 | 713 | (4%) | (40%) |
| 3,914 | 3,767 | Gas | 1,186 | 713 | (4%) | (40%) |
| 210 | 232 | Spot Market Purchases (GWh) | - | 131 | 11% | - |
| 834 | 756 | Sales - Purchases to the Spot Market (GWh) | 443 | (39) | (9%) | - |

■ ■ ■ **Physical sales** during 4Q19 reached 825 GWh, decreasing 29% compared to 4Q18. The lower physical sales are mainly explained the lower generation of the quarter as a result of a failure in the plant's gas turbine. **In cumulative terms**, physical sales reached 3,911 GWh, decreasing 3% compared to Dec18, mainly due to the same reasons that explain the variations in quarterly terms.

■ ■ ■ Fenix gas **generation** reached 713 GWh, decreasing 40% compared to 4Q18, mainly due to the lower availability of the plant due to the failure previously mentioned. **In cumulative terms**, generation reached 3,767 GWh, decreasing 4% compared to Dec18, mainly due to the lower availability of the plant during 2019 driven by the same reasons that explain the variation in quarterly terms, partially offset by the lower term of the major maintenance of the plant during 2019 compared to the one carried out in 2018.

■ ■ ■ The **balance in the spot market** recorded net purchases of 39 GWh, compared to the net sales of 443 GWh during the same quarter of the previous year, due to the lower generation of the quarter explained by the failure previously mentioned. **In cumulative terms**, as of Dec19 the balance in the spot market recorded net sales of 756 GWh, decreasing 78 GWh compared to Dec18, mainly due to the same reasons that explain the variations in quarterly terms.

■ ■ ■ **Generation mix in Peru:** Hydroelectric generation in the SEIN (National Interconnected Electrical System) increased 3.5% compared to 4Q18, given the more favorable hydrological condition of the Mantaro River (main hydroelectric complex in Peru). Thermal generation, on the other hand, decreased 1.6% compared to 4Q18. The accumulated energy demand growth rate in 4Q19 was 2.6%.

3. INCOME STATEMENT ANALYSIS

Table 3 presents a summary of the Consolidated Income Statement in 4Q18, 4Q19 and cumulative as of Dec18 and Dec19, for Chile and Peru.

Table 3: Income Statement (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | |
|---------------------|----------------|--|-------------------|----------------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 1,529.4 | 1,487.4 | OPERATING INCOME | 385.7 | 352.1 | (3%) | (9%) |
| 706.6 | 580.7 | Regulated Customers Sales | 166.6 | 133.8 | (18%) | (20%) |
| 627.8 | 687.3 | Unregulated Customers Sales | 180.0 | 186.5 | 9% | 4% |
| 111.0 | 121.6 | Energy and Capacity Sales | 16.8 | 7.6 | 10% | (55%) |
| 56.4 | 61.2 | Transmission Tolls | 24.3 | 12.9 | 9% | (47%) |
| 27.6 | 36.6 | Other Operating Income | 7.3 | 11.2 | 33% | 54% |
| (731.6) | (692.0) | RAW MATERIALS AND CONSUMABLES USED | (145.5) | (142.6) | (5%) | (2%) |
| (128.2) | (120.1) | Transmission Tolls | (32.2) | (20.9) | (6%) | (35%) |
| (45.5) | (64.8) | Energy and Capacity Purchases | (10.3) | (18.8) | 42% | 83% |
| (355.5) | (337.3) | Gas Consumption | (51.5) | (64.1) | (5%) | 25% |
| (16.4) | (12.7) | Diesel Consumption | (3.6) | (1.0) | (23%) | (73%) |
| (86.8) | (73.6) | Coal Consumption | (19.2) | (14.4) | (15%) | (25%) |
| (99.3) | (83.4) | Other Operating Expenses | (28.8) | (23.5) | (16%) | (18%) |
| 797.7 | 795.4 | GROSS PROFIT | 240.2 | 209.4 | (0%) | (13%) |
| (79.8) | (74.4) | Personnel Expenses | (19.5) | (19.4) | (7%) | (1%) |
| (33.9) | (24.0) | Other Expenses, by Nature | (10.5) | (7.1) | (29%) | (32%) |
| (237.0) | (250.5) | Depreciation and Amortization Expenses | (60.0) | (60.7) | 6% | 1% |
| 447.1 | 446.6 | OPERATING INCOME (LOSS) (*) | 150.2 | 122.3 | (0%) | (19%) |
| 684.1 | 697.1 | EBITDA | 210.2 | 182.9 | 2% | (13%) |
| 20.4 | 22.1 | Financial Income | 6.0 | 5.9 | 9% | (2%) |
| (83.9) | (91.1) | Financial Expenses | (20.8) | (22.5) | 9% | 9% |
| (12.6) | (7.2) | Exchange rate Differences | (3.1) | (1.5) | (43%) | (50%) |
| 11.4 | 9.1 | Profit (Loss) of Companies Accounted for Using the Equity Method | 1.8 | 2.0 | (20%) | 11% |
| (53.6) | (109.3) | Other Profit (Loss) | (34.2) | (84.1) | 104% | 146% |
| (118.3) | (176.4) | NON-OPERATING INCOME | (50.2) | (100.3) | 49% | 100% |
| 328.8 | 270.2 | PRE-TAX PROFIT (LOSS) | 99.9 | 22.0 | (18%) | (78%) |
| (98.4) | (68.2) | Income Tax Expense | (32.6) | (2.5) | (31%) | (92%) |
| 230.4 | 202.0 | AFTER TAX PROFIT (LOSS) | 67.4 | 19.5 | (12%) | (71%) |
| 240.3 | 203.0 | PROFIT (LOSS) OF CONTROLLER | 71.9 | 18.2 | (16%) | (75%) |
| (9.9) | (1.1) | PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST | (4.5) | 1.2 | - | - |

As of June 2019, a reclassification of toll's revenues and costs was made at Fenix subsidiary level in Peru, presenting the net effect of these items. Prior to that date, income and costs were presented separately in the Income Statement. For comparative purposes, the same reclassification was made in the 2018's figures presented in this Earnings Report.

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

Table 4: Closing Exchange Rates

| Exchange Rates | Dec-18 | Dec-18 |
|--------------------|-----------|-----------|
| Chile (CLP / US\$) | 694.77 | 748.74 |
| Chile UF (CLP/UF) | 27,565.79 | 28,309.94 |
| Peru (PEN / US\$) | 3.38 | 3.32 |

3.1. Operating Income analysis of the generation business in Chile

Table 5 presents a summary of Operating Income and EBITDA in 4Q18, 4Q19 and cumulative as of Dec18 and Dec19. Subsequently, the major accounts and/or variations will be analyzed.

Table 5: EBITDA generation business in Chile (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | Var % |
|---------------------|---------|---|-------------------|----------------|-------|--------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 1,313.1 | 1,265.4 | OPERATING INCOME | 332.0 | 292.7 | (4%) | (12%) |
| 599.3 | 469.2 | Regulated Customers Sales | 142.6 | 104.9 | (22%) | (26%) |
| 598.2 | 680.4 | Unregulated Customers Sales | 173.1 | 186.8 | 14% | 8% |
| 93.4 | 101.7 | Energy and Capacity Sales | 10.5 | 4.6 | 9% | (56%) |
| (0.0) | 0.0 | Transmission Tolls | - | -0.1 | - | - |
| 22.3 | 14.1 | Other Operating Income | 5.9 | (3.5) | (37%) | (160%) |
| (627.8) | (622.3) | RAW MATERIALS AND CONSUMABLES USED | (110.5) | (122.7) | (1%) | 11% |
| (160.7) | (150.9) | Transmission Tolls | (39.6) | (27.8) | (6%) | (30%) |
| (39.0) | (63.9) | Energy and Capacity Purchases | (10.3) | (18.4) | 64% | 80% |
| (263.1) | (258.5) | Gas Consumption | (26.2) | (43.4) | (2%) | 66% |
| (15.1) | (12.7) | Diesel Consumption | (3.6) | (1.0) | (16%) | (73%) |
| (86.8) | (73.6) | Coal Consumption | (19.2) | (14.4) | (15%) | (25%) |
| (63.1) | (62.8) | Other Operating Expenses | (11.6) | (17.7) | (1%) | 53% |
| 685.3 | 643.1 | GROSS PROFIT | 221.5 | 170.0 | (6%) | (23%) |
| (73.6) | (68.2) | Personnel Expenses | (18.0) | (17.5) | (7%) | (3%) |
| (29.9) | (20.1) | Other Expenses, by nature | (16.4) | (5.7) | (33%) | (65%) |
| (189.8) | (193.5) | Depreciation and Amortization Expenses | (47.8) | (48.5) | 2% | 1% |
| 392.0 | 361.4 | OPERATING INCOME (LOSS) (*) | 139.3 | 98.4 | (8%) | (29%) |
| 581.7 | 554.9 | EBITDA | 187.1 | 146.9 | (5%) | (22%) |

A reorganization of the transmission assets of the Company was carried out in October 2018, consolidating on Colbún Transmisión S.A. all national, zonal and dedicated assets. Previously, Colbún Transmisión S.A. only recorded the national transmission assets. Therefore, the figures presented for the generation and transmission businesses in Chile as of 3Q18 and accumulated as of Sep18 in this Earnings Report are proforma.

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

■ ■ ■ **Operating Income** in 4Q19 amounted to **US\$292.7 million**, decreasing 12% compared to the operating income recorded in 4Q18, mainly due to lower physical sales to regulated clients and to the spot market and to a decrease in the average sales price to both regulated and unregulated clients mainly due to indexations to coal and diesel prices, partially offset by higher physical sales to unregulated clients.

In cumulative terms, operating income as of Dec19 amounted to **US\$1,265.4 million**, decreasing 4% compared to Dec18, mainly due to lower physical sales and average sales price to regulated clients, partially offset by higher physical sales and average sales price to unregulated clients.

■ ■ ■ The **costs of raw materials and consumables used** recorded **US\$122.7 million**, increasing 11% compared to 4Q18, mainly due to a higher gas consumption and higher energy and capacity purchases recorded during the period.

In cumulative terms, the costs of raw materials and consumables used as of Dec19 reached **US\$622.3 million**, decreasing 1% compared to Dec18, mainly explained by (1) lower coal consumption due to lower availability of the Santa María plant during the year; and (2) a decrease in tolls paid during the period. These effects were partially offset by higher energy and capacity purchases recorded during the period.

■ ■ ■ **EBITDA** in 4Q19 reached **US\$146.9 million**, decreasing 22% compared to EBITDA of US\$187.1 million in 4Q18, mainly due to the decrease in operating income recorded during the quarter.

In cumulative terms, EBITDA as of Dec19 reached **US\$554.9 million**, decreasing 5% compared to EBITDA as of Dec18, mainly due to the same reasons that explain variations in quarterly terms, partially offset by lower expenses as a result of the efficiency program and lower raw materials and consumables used.

3.2. Operating Income analysis of the transmission business in Chile (Colbun Transmisión S.A.)

Table 6 shows a summary of the Operating Income and EBITDA for the quarters 4Q18, 4Q19 and cumulative as of Dec18 and Dec19. Subsequently, the main accounts and/or variations will be analyzed.

Table 6: EBITDA transmission business in Chile (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | Var % |
|---------------------|--------|--|-------------------|-------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 77.4 | 83.4 | OPERATING INCOME | 19.7 | 20.2 | 8% | 2% |
| 77.1 | 83.4 | Transmission Tolls | 19.5 | 20.2 | 8% | 4% |
| 0.3 | 0.1 | Other Operating Income | 0.2 | (0.1) | (84%) | - |
| (10.3) | (10.2) | RAW MATERIALS AND CONSUMABLES USED | (2.4) | (2.7) | (1%) | - |
| (0.6) | (2.1) | Transmission Tolls | (0.3) | (0.2) | 231% | - |
| (9.7) | (8.1) | Other Operating Expenses | (2.1) | (2.5) | (16%) | 17% |
| 67.1 | 73.2 | GROSS PROFIT | 17.3 | 17.5 | 9% | 1% |
| (0.6) | (1.0) | Other Expenses, by nature | (0.3) | (0.4) | 72% | 28% |
| (13.9) | (11.1) | Depreciation and Amortization Expenses | (3.6) | (0.3) | (21%) | (92%) |
| 52.6 | 61.2 | OPERATING INCOME (LOSS) (*) | 13.4 | 16.8 | 16% | 26% |
| 66.5 | 72.3 | EBITDA | 16.9 | 17.1 | 9% | 1% |

A reorganization of the transmission assets of the Company was carried out in October 2018, consolidating on Colbún Transmisión S.A. all national, zonal and dedicated assets. Previously, Colbún Transmisión S.A. only recorded the national transmission assets. Therefore, the figures presented for the generation and transmission businesses in Chile as of 3Q18 and accumulated as of Sep18 in this Earning Report are proforma.

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

Operating Income from Colbun's Transmission Business mainly comes from two sources: (1) **Annual Transmission Value per Tranche (VATT)**, which corresponds to the return on investment (AVI) added to the operation and maintenance costs (COMA); and (2) **tariff revenues (IT)**. On the other hand, the main component of Colbun's transmission costs are IT. Thereby, the margin received by the Company corresponds to VATT. Additionally, if they are received, reassessments are incorporated into income and costs.

Operating Income in 4Q19 reached **US\$20.2 million**, of which 39% corresponds to income from national assets, 6% to zonal and 55% corresponds to the dedicated segment. The higher revenues compared to 4Q18 are mainly explained by an increase in the revenues from zonal transmission assets due to the release of the 6T decree in October 2018, which entered into force in January 2019, modifying the pricing of those assets.

In cumulative terms, operating income reached **US\$83.4 million**, of which 36% corresponds to income from national assets, 10% to zonal and 54% corresponds to the dedicated segment. Operating income increased 8% compared to Dec18, mainly due to the same reasons that explain the variations in quarterly terms.

EBITDA for 4Q19 reached **US\$17.1 million**, in line compared to the same quarter of the previous year.

In cumulative terms, EBITDA as of Dec19 reached **US\$72.3 million**, increasing 9% compared to 4Q18, mainly due to the same reasons that explains the variations in quarterly terms.

3.3. Operating Income analysis in Peru

Table 7 shows a summary of Fenix's Operating Income and EBITDA for the quarters 4Q18, 4Q19 and cumulative as of Dec18 and Dec19. Subsequently, the main accounts and/or variations will be analyzed.

Table 7: EBITDA in Peru (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | |
|---------------------|-------------|---|-------------------|---------------|--------------|--------------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 159.5 | 174.8 | OPERATING INCOME | 38.4 | 47.3 | 10% | 23% |
| 107.3 | 111.5 | Regulated Customers Sales | 24.0 | 28.9 | 4% | 21% |
| 29.6 | 32.4 | Unregulated Customers Sales | 7.0 | 8.2 | 9% | 17% |
| 17.6 | 19.9 | Sales to Other Generators | 6.3 | 3.0 | 13% | (52%) |
| 5.0 | 11.0 | Other Operating Income | 1.1 | 7.2 | 121% | - |
| (114.2) | (95.7) | RAW MATERIALS AND CONSUMABLES USED | (29.4) | (25.4) | (16%) | (14%) |
| (6.5) | (1.0) | Energy and Capacity Purchases | (0.0) | (0.3) | (85%) | - |
| (92.4) | (78.8) | Gas Consumption | (25.3) | (20.8) | (15%) | (18%) |
| (1.4) | 0.0 | Diesel Consumption | - | - | - | - |
| (14.9) | (12.5) | Other Operating Expenses | (3.5) | (3.4) | (16%) | (4%) |
| 45.3 | 79.1 | GROSS PROFIT | 9.0 | 21.9 | 75% | 143% |
| (6.1) | (6.2) | Personnel Expenses | (1.5) | (1.9) | 1% | 27% |
| (3.4) | (2.9) | Other Expenses, by Nature | (1.4) | (1.0) | (13%) | (25%) |
| (33.3) | (45.9) | Depreciation and Amortization Expenses | (8.6) | (11.9) | 38% | 39% |
| 2.5 | 24.0 | OPERATING INCOME (LOSS) (*) | (2.4) | 7.1 | - | - |
| 35.7 | 69.9 | EBITDA | 6.1 | 19.0 | 96% | 209% |

As of June 2019, a reclassification of toll's revenues and costs was made at Fenix subsidiary level in Peru, presenting the net effect of these items. Prior to that date, income and costs were presented separately in the Income Statement. For comparative purposes, the same reclassification was made in the 2018's figures presented in this Earnings Report.

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

■ ■ ■ **Operating income** in 4Q19 totaled **US\$47.3 million**, 23% higher compared to the revenues perceived in 4Q18, mainly due to: (1) a non-recurring income of US\$6.2 million derived from the arbitration award which demanded Calidda the compensation payment for the income that Fenix ceased to receive due to the breach of the Framework agreement between both companies and (2) higher revenues from sales to regulated and unregulated clients, partially offset by lower sales to other generators.

In cumulative terms, operating income as of Dec19 reached **US\$174.8 million**, increasing 10% compared to Dec18, mainly due to (1) the non-recurring income from Calidda and (2) higher sales to regulated, unregulated and to other generators.

■ ■ ■ **Costs of raw materials and consumables used** reached **US\$25.4 million**, decreasing 14% compared to the same quarter of the previous year. The decrease is mainly explained by a lower gas consumption due to: (1) the recognition of gas distribution contract with Calidda as a financial lease from January 2019 onwards, due to the adoption of IFRS16 accounting regulation and; (2) lower gas generation due to the lower availability of the plant during the period.

In cumulative terms, the costs of raw materials and consumables used totaled **US\$95.7 million** as of Dec19, decreasing 16% compared to Dec18, mainly explained by: (1) lower gas consumption during the quarter due to (i) the same reasons that explain the variations in quarterly terms, (ii) gas transportation and distribution expenses incurred during the 2019's major maintenance for US\$3.5 million were capitalized and (2) lower energy and capacity purchases in the spot market as of Dec19, mainly explained by the higher marginal cost of energy purchases: during the maintenance of 2018 the energy purchase price reached US\$29/MWh, compared to the price of US\$9/MWh during the maintenance of 2019, as a result of the failure of the TGP gas pipeline in February 2018.

■ ■ ■ Fenix's EBITDA reached **US\$19.0 million** in 4Q19, higher than the EBITDA of US\$6.1 million recorded in 4Q18, mainly due to (1) the non-recurring income received from Calidda during the period, (2) higher sales to unregulated clients and other generators and (3) the lower costs of raw materials and consumables used given the reasons mentioned above. Isolating the effect of the recognition of Calidda's gas distribution contract as a finance lease, EBITDA in 4Q19 would have totaled US\$15.5 million.

In cumulative terms, Fenix's EBITDA as of Dec19 reached **US\$69.9 million**, higher than the EBITDA of US\$35.7 million as of Dec18. The increase is mainly explained by (1) the recognition of the Calidda gas distribution contract as a finance lease, (2) the higher income received and (3) the recognition of the non-recurring income by Calidda of US\$6.2 million derived from the arbitration award previously explained.

3.4. Consolidated Non-Operating Result analysis (Chile & Peru)

Table 8 shows a summary of the Consolidated Non-Operating Result (Chile and Peru) 4Q18, 4Q19 and cumulative as of Dec18 and Dec19. Subsequently, the main accounts and/or variations will be analyzed.

Table 8: Consolidated Non-Operating Result (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | Var % |
|---------------------|---------|--|-------------------|----------------|--------------|--------------|
| Dec-18 | Dec-19 | | 4Q18 | 4Q19 | Ac/Ac | Q/Q |
| 20.4 | 22.1 | Financial Income | 6.0 | 5.9 | 9% | (2%) |
| (83.9) | (91.1) | Financial Expenses | (20.8) | (22.5) | 9% | 9% |
| (12.6) | (7.2) | Exchange rate Differences | (3.1) | (1.5) | (43%) | (50%) |
| 11.4 | 9.1 | Profit (Loss) of Companies Accounted for Using the Equity Method | 1.8 | 2.0 | (20%) | 11% |
| (53.6) | (109.3) | Other Profit (Loss) | (34.2) | (84.1) | 104% | 146% |
| (118.3) | (176.4) | NON-OPERATING INCOME | (50.2) | (100.3) | 49% | 100% |
| 328.8 | 270.2 | PRE-TAX PROFIT (LOSS) | 99.9 | 22.0 | (18%) | (78%) |
| (98.4) | (68.2) | Income Tax Expense | (32.6) | (2.5) | (31%) | (92%) |
| 230.4 | 202.0 | AFTER TAX PROFIT (LOSS) | 67.4 | 19.5 | (12%) | (71%) |
| 240.3 | 203.0 | PROFIT (LOSS) OF CONTROLLER | 71.9 | 18.2 | (16%) | (75%) |
| (9.9) | (1.1) | PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST | (4.5) | 1.2 | - | - |

■ ■ ■ **Non-operating result** in 4Q19 recorded losses of **US\$100.3 million**, 100% greater than the losses of US\$50.2 million in 4Q18. The higher losses are mainly explained by higher provisions for impairment of individual assets recorded. Of these, it is worth mentioning the impairment of a total of US\$48 million of the San Pedro and Guaiquivilo Melado hydro projects in order to reflect the impact of lower projected electricity supply prices on the book value of these projects.

In cumulative terms, the non-operating result as of Dec19 recorded losses of **US\$176.4 million**, higher than the losses of US\$118.3 million recorded as of Dec18, mainly due to (1) the higher impairments provisions explained above, and (2) higher financial expenses due to the recognition of the gas distribution contract with Calidda as a financial leasing, previously explained. These effects were partially offset by the positive effect of the variation of the exchange rate CLP/USD on temporary balance sheet items in local currency during the period.

■ ■ ■ 4Q19's **tax expenses** reached **US\$2.5 million**, decreasing 92% compared to the expenses in 4Q18, mainly due to the recognition of deferred taxes for the losses generated due to the ending of Termoeléctrica Nehuenco S.A.

In cumulative terms, the tax expenses for Dec19 reached US\$68.2 million, decreasing 29% compared to Dec18, mainly due to (1) lower pre-tax profit recorded during the period and (2) appreciation of the exchange rate PEN/USD during the period.

■ ■ ■ In 4Q19, **profit** reached **US\$19.5 million**, 71% lower than the US\$67.4 million gain in 4Q18. The lower profit is mainly explained by (1) higher provisions for impairments previously mentioned and (2) lower EBITDA recorded during the period. These effects were partially offset by lower expenses for income taxes.

In cumulative terms, the profit as of Dec19 reached **US\$202.0 million**, decreasing 12% compared to the accumulated profit as of Dec18, mainly due to the higher impairment provisions mentioned above.

4. CONSOLIDATED BALANCE SHEET ANALYSIS

Table 9 shows an analysis of the Balance Sheet's relevant accounts as of December 31, 2018 and December 31, 2019. Subsequently, the main variations will be analyzed.

Table 9: Consolidated Balance Sheet Main Accounts for Chile and Peru (US\$ million)

| | Dec-18 | Dec-19 | Var | Var % |
|---|----------------|----------------|---------------|-------------|
| Current assets | 1,151.3 | 1,139.4 | (11.9) | (1%) |
| Non-current assets | 5,627.1 | 5,565.9 | (61.2) | (1%) |
| TOTAL ASSETS | 6,778.3 | 6,705.3 | (73.0) | (1%) |
| Current liabilities | 345.4 | 338.3 | (7.0) | (2%) |
| Non-current liabilities | 2,576.0 | 2,631.4 | 55.3 | 2% |
| Total net equity | 3,856.9 | 3,735.6 | (121.3) | (3%) |
| TOTAL LIABILITIES AND NET EQUITY | 6,778.3 | 6,705.3 | (73.0) | (1%) |

Current Assets: Reached US\$1,139.4 million as of Dec19, in line compared to the value as of Dec18.

Non-current Assets: Recorded US\$5,565.9 million as of Dec19, decreasing 1% compared to Dec18, mainly due to a decrease in property, plants and equipment resulting from: (i) depreciation for the year, (ii) impairment provisions previously explained and (iii) the sale of the diesel power plant Antilhue (103 MW). The decrease was partially offset by the recognition of the gas supply contract with Calidda, which as of January 2019 is classified as financial leasing. The outstanding balance of the asset is US\$118 million.

Current Liabilities: Totaled US\$338.3 million as of Dec19, decreasing 2% compared to the value as of Dec18, mainly due to lower accounts payable; partially offset by an increase in other current liabilities.

Non-current Liabilities: Reached US\$2,631.4 million as of Dec19, increasing 2% compared to Dec18, mainly due to the registration of a right-of-use- liability in the Fenix subsidiary, as a result of the recognition of the gas supply contract with Calidda as a financial leasing previously explained. The outstanding balance of the liability is US\$122 million.

Total Net Equity: Recorded US\$3,735.6 million, decreasing 3% compared to Dec18, mainly due to dividend payments during the period: (1) in May 2019, US\$256.1 million were distributed, of which US\$156.1 million were charged to 2018's results and US\$100.0 million were charged to previous year's earnings; and (2) in December 19, US\$89.6 million were distributed as a provisional dividend charged to 2019's results. These effects were partially offset by the accumulated result during the year.

Table 10: Main Debt Items (US\$ million)

| | Dec-18 | Dec-19 | Var | Var % |
|-------------------------|---------|---------|------|-------|
| Gross Financial Debt* | 1,603.3 | 1,678.7 | 75.4 | 5% |
| Financial Investments** | 788.1 | 797.3 | 9.2 | 1% |
| Net Debt | 815.2 | 881.3 | 66.2 | 8% |
| EBITDA LTM | 684.1 | 697.1 | 13.0 | 2% |
| Net Debt/EBITDA LTM | 1.2 | 1.3 | 0.1 | 6% |

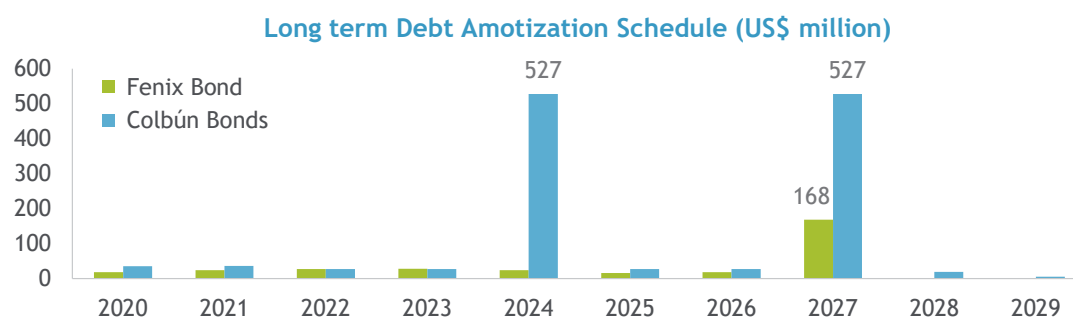
(*) The amount includes debt associated with Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US\$323.0 million, (2) a financial leasing for US\$14.2 million associated with a transmission contract with Consorcio Transmataro, and (3) a US\$121.8 million financial leasing associated with a gas distribution contract with Calidda.

(**) The account "Financial Investments" presented includes the amount associated to time deposits that, by having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.

Table 11: Long Term Financial Debt

| | |
|-----------------------|------------------------|
| Average Life | 5.9 years |
| Average Interest Rate | 4.5% (100% fixed rate) |
| Currency | 94% USD / 6% UF |

(*) Includes financial derivatives.



5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators is presented below. Balance Sheet financial indicators are calculated at the specified date and Income Statement ratios include the accumulated result over the last 12 months as of the indicated date.

Table 12: Financial Ratios

| Ratio | Dec-18 | Dec-19 | Var % |
|--|--------|--------|-------|
| Current Liquidity: Current Assets in operation / Current Liabilities in operation | 3.33 | 3.37 | 1% |
| Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation | 3.21 | 3.22 | 1% |
| Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity | 0.76 | 0.79 | 5% |
| Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities) | 11.82% | 11.39% | (4%) |
| Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities) | 88.18% | 88.61% | 0% |
| Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses | 4.92 | 3.97 | (19%) |
| Equity Profitability (%): Profit (Loss) After Taxes. Continuing Activities / Average Net Equity | 5.90% | 5.32% | (10%) |
| Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets | 3.51% | 3.01% | (14%) |
| Performance of Operating Assets (%) Operating Income / Property, Plant and Equipment, Net (Average) | 8.19% | 8.34% | 2% |

Income Statement ratios correspond to last 12 months values.

- Average Net Equity: Equity of the current quarter plus equity one year ago divided by two.
- Total Average Total Asset: Current total assets plus total assets one year ago divided by two.
- Average Operational Asset: Current total property, plants and equipment plus total property, plants and equipment one year ago divided by two.

■ ■ **Current Liquidity** and **Acid Test Ratio** reached **3.37x** and **3.22x** as of Dec19, increasing 1% each compared to Dec18, mainly due to the increase in current assets resulting from higher balance of accounts receivable recorded in the period.

■ ■ The **Indebtedness Ratio** recorded **0.79x** as of Dec19, increasing 5% compared to the value of 0.76x as of Dec18, mainly due to the recognition of a right-of-use liability in the Fenix subsidiary, as a result of the recognition of the gas distribution contract with Calidda as a financial lease previously explained. The outstanding balance of the liability is US\$122 million.

■ ■ The percentage of **Short-Term Debt** as of Dec19 was **11.39%**, decreasing compared to the value of 11.82% as of Dec18, mainly due to a decrease in the balance of accounts payable, partially offset by an increase in other current liabilities.

■ ■ The percentage of **Long-Term Debt** as of Dec19 was **88.61%**, in line with the value of 88.18% as of Dec18.

■ ■ The **Financial Expenses Coverage** as of Dec19 reached **3.97x**, decreasing 19% compared to the value as of Dec18, mainly due to the decrease in the line profit before taxes recorded, explained by the higher impairments and lower EBITDA registered.

■ ■ The **Equity Profitability** as of Dec19 was **5.32%**, decreasing 10% compared to the value of 5.90% as of Dec18. The variation is explained by the lower profits recorded during the period, previously explained.

■ ■ **Asset Profitability** as of Dec19 was **3.01%**, decreasing 14% compared to the value of 3.51% as of Dec18 as a result of the lower profits recorded during the period.

■ ■ The **Performance of Operating Assets** as of Dec19 was **8.34%**, increasing 2% compared to the value of 8.19% as of Dec18. The increase is mainly explained by the decrease in the average Net Property, Plants and Equipment recorded as of Dec19.

6. CONSOLIDATED CASH FLOW ANALYSIS

The Company's Cash Flow changes are shown in the following table.

Table 13: Cash Flow Summary for Chile and Peru (US\$ million)

| Accumulated Figures | | | Quarterly Figures | | Var % | |
|---------------------|---------|---|-------------------|---------|-------|-------|
| Dec-18 | Dec-19 | | 4Q18 | 3Q20 | Ac/Ac | Q/Q |
| 810.2 | 788.1 | Cash Equivalents, Beg. of Period* | 784.6 | 780.2 | (3%) | (1%) |
| 516.4 | 565.0 | Net cash flows provided by (used in) operating activities | 144.4 | 147.0 | 9% | 2% |
| (396.5) | (485.0) | Net cash flows provided by (used in) financing activities | (117.3) | (128.4) | 22% | 9% |
| (118.6) | (64.0) | Net cash flows provided by (used in) investing activities** | (18.0) | (0.5) | (46%) | (97%) |
| 1.3 | 16.0 | Net Cash Flows for the Period | 9.1 | 18.0 | 1131% | 98% |
| (23.4) | (6.8) | Effects of exchange rate changes on cash and cash equivalents | (5.6) | (0.9) | (71%) | (83%) |
| 788.1 | 797.3 | Cash Equivalents, End of Period | 788.1 | 797.3 | 1% | 1% |

(*) The account "Cash and Cash Equivalents" presented includes the amount associated to time deposits that, by having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.

(**) "Cash Flow from Investing Activities" differs from the Financial Statements since it does not incorporate the amount associated with deposits with maturity over 90 days.

During 4Q19, the Company presented a **positive net cash flow of US\$18.0 million**, compared to the positive net cash flow of US\$9.1 million in 4Q18.

Operating activities: During 4Q19 a positive net flow of US\$147.0 million was generated, in line compared to the positive net flow in 4Q18

In cumulative terms, a positive net flow of US\$565.0 million was recorded as of Dec19, 9% higher than the positive net flow of US\$516.4 million as of Dec18, mainly explained by lower advances on income tax payments.

Financing activities: Recorded a negative net flow of US\$128.4 million during 4Q19, which compares with the negative net flow of US\$117.3 million in 4Q18, mainly explained by the classification of the contract with Calidda as a financial lease, registering such cost as a financial expense.

In cumulative terms, a negative net flow of US\$485.0 million was recorded as of Dec19, which compares to the negative net flow of US\$396.5 million as of Dec18, mainly due to: (1) the period's higher dividend payment; and (2) the classification of the contract with Calidda as a financial lease.

Investing activities: Recorded a negative net flow of US\$0.5 million during 4Q19, which compares with disbursements of US\$18.0 million in 4Q18. The lower negative net flow is mainly explained by the income received from the sale of the thermoelectric power plant Antilhue.

In cumulative terms, investing activities generated a negative net flow of US\$64.0 million as of Dec19, which compares with the negative net flow of US\$118.6 million as of Dec18, mainly explained by: (1) lower disbursements for investments made during the first half of 2018 for the construction of La Mina, Ovejería and Puente Negro substation; and (2) the income received in 4Q19 from the sale of the thermoelectric power plant Antilhue.

7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 3,811 MW composed by 2,188 MW of thermal units, 1,614 MW of hydraulic units and 9 MW of the Ovejeria solar photovoltaic power plant. The Company operates in the National Electric System (SEN) in Chile, representing 15% of the market. It also operates in the National Interconnected Electric System (SEIN) in Peru, where it has approximately 7% of market share. Both participations measured in terms of power generation.

Through its commercial policy, the Company seeks to be a competitive, safe and sustainable energy supplier with a volume to be committed through contracts that allow it to maximize the long-term profitability of its asset base, limiting the volatility of its results. These have structural variability, since they depend on exogenous conditions such as hydrology and fuel prices (oil, natural gas and coal). To relieve the effect of these exogenous conditions, the Company endeavors to contract in the long term its cost-effective generation sources (either own or acquired from third parties) and eventually, in case of deficit/surplus, it can buy/sell energy in the spot market at marginal cost.

Regarding the energy transmission infrastructure, Colbun owns 941 km of transmission lines: 331 km of its lines belong to the National segment, 103 km to the Zonal segment and 507 km belong to the Dedicated segment. In addition, it has a total of 28 substations. In 2018, the Company reorganized assets, consolidating all transmission assets (National, Zonal and Dedicated) in Colbun Transmisión S.A. This reorganization seeks to give a greater focus on management, reporting and visibility to the transmission business. It is important to point out that Colbun Transmisión reports independently to the Financial Market Commission (CMF) its Financial Statements and main figures on an annual basis.

7.1 Medium-term outlook in Chile

As of Dec19, the hydrological year which started in April, registers a probability of exceedance of the SEN of 90%. Consequently, the energy matrix has continued its operation with higher thermal sources.

It is worth mentioning, that in terms of gas supply, the Company has an agreement with Enap Refinerías S.A. (“ERSA”), that includes reserved regasification capacity and supply for 13 years, whose entry into force was January 1, 2018. With this contract the Company has natural gas supply to operate two combined cycle units during most of the first half part of each calendar year, period of the year which generally has less availability of water resources. Colbun has also the possibility of accessing additional natural gas via spot purchases, allowing the Company to have efficient backup in the case of unfavorable hydrological conditions in the second half of the year. Additionally, gas supply agreements with Argentine producers have been signed to complement the supply of LNG gas.

During 2019, Colbun has awarded medium-term supply contracts with unregulated customers for 500 GWh approximately and is currently under negotiations to settle new agreements. Additionally, during the month of November Colbun was awarded a renewable energy supply contract for 3,000 GWh / year for its Escondida and Spence operations. The contract starts supplying energy from January 2022 onwards, for a period of 10 years.

The results of the Company for the coming months will be mainly determined by the balance between cost-efficient own generation and contracting level. Such efficient generation level depends on the reliable operation that our plants may have and on the hydrological conditions.

The results of the Company for the coming months will be mainly determined by the balance between cost-efficient own generation and contracting level. Such efficient generation level depends on the reliable operation that our plants may have and on the hydrological conditions.

7.2 Medium-term outlook in Peru

In the fourth quarter of 2019, the SEIN registered a hydrological condition with a probability of exceedance of 30%, compared to 51% recorded the same quarter of 2018. The cumulative energy demand growth rate at the end of the fourth quarter was 4%, recovering from growth levels registered in 2018. The future trend of marginal costs depends mainly on the growth of demand, hydrology and regulatory changes related to price declaration.

7.3 Growth plan and long-term actions

The Company seeks growth opportunities in Chile and in countries of the region, in order to maintain a relevant position in the power generation industry and to diversify its income sources in geographical terms, hydrological conditions, generation technologies, access to fuels and regulatory frameworks.

Colbun seeks to increase its installed capacity by maintaining a relevant participation in the hydraulic energy industry, with a complement of both efficient thermal energy and energy from other renewable sources that allows for a secure, competitive and sustainable generation matrix.

In Chile, Colbun has several potential projects currently in different stages of development, including wind, solar and hydroelectric projects and expansion and improvement of its current transmission assets.

Generation projects under development

■ ■ ■ Horizonte Wind Farm (607 MW): Horizonte is a wind farm located 70 km northeast of Taltal and 170 km southwest of Antofagasta. It considers an installed capacity of approximately 607 MW and an annual average generation of approximately 2,000 GWh.

This project starts with the award of a tender conducted by the Ministry of National Assets (MBN), for the development, construction and operation of the Wind Farm by a 30 years Onerous Use Concession Agreement, in a state property of about 8 thousand hectares.

The development considers four years for the stages of studies and permits and additional three years for construction.

During the fourth quarter of 2019, concluded the feasibility stage, which confirmed the energy potential of the wind resource available in the area. At the same time, the basic engineering stage was completed, and the first meetings with the communities and stakeholders of the project began, which have expressed their agreement with the project's development.

■ ■ ■ Photovoltaic Solar Projects Diego de Almagro Sur I and II (200 MW): The projects are located in the Atacama Region, 27 kilometers south of Diego de Almagro, and all together consider an approximate capacity of 200 MW. Both projects are located on a total land of 330 hectares, at less than two kilometers from the new Illapa substation, which is favorable for their connection to the National Electricity System.

During the fourth quarter of 2019, the Environmental Qualification Resolutions for both projects were approved. Additionally, an easement to draw the high-voltage line was requested to the Ministry of National Assets and the offers received for part of the equipment were reviewed. Progress was made in the background preparation for the connection request with application of Article 102 of the electric law.

■ ■ ■ Photovoltaic Solar Project Inti Pacha (430 MW): This solar project is located approximately 75 km East of Tocopilla, in the María Elena commune, Antofagasta Region. It will use a total area of 736 hectares.

The project considers the installation of a solar power plant with an installed capacity of approximately 430 MW.

This project starts with the award of 2 tenders for Onerous Use Concession Agreements conducted by the Ministry of National Assets.

During the fourth quarter of 2019, the feasibility phase continued, carrying out engineering and environmental studies in order to have the background to begin its environmental approval phase during the first semester of 2020.

■ ■ ■ Photovoltaic Solar Project Jardín Solar (450 MW): The project considers the installation of a solar power plant with an installed capacity of close to 450 MW. This solar project is located approximately 8 km south-east of Pozo Almonte locality, in the commune of Pozo Almonte in the Tarapacá Region, and will use a total area of approximately 1,000 hectares.

During the fourth quarter of 2019, the Environmental Impact Declaration (DIA) was submitted, which was declared admissible.

■ ■ ■ Photovoltaic Solar Project Machicura (10,5 MW): This solar project is located near to the Machicura reservoir, in the commune of Colbún, in the Maule Region, and uses a total area of approximately 20 hectares owned by Colbún.

The project considers the installation of a solar power plant with an installed capacity close to 9 MW_{AC}/10,5 MW_{DC}, which qualifies as a Small Means of Generation project (PMG).

During the fourth quarter of 2019, the feasibility phase continued, making progress in the engineering studies. The Environmental Impact Declaration (DIA) was submitted, which was declared admissible.

■ ■ ■ Sol de Tarapacá Photovoltaic Project (180 MW): the project considers the installation of a solar power plant with an installed capacity of approximately 180 MW. The project is located in the Tarapacá Region, municipality of Pozo Almonte, approximately five kilometers southwest of La Tirana, and has a total area of approximately 423 ha.

■ ■ ■ Other renewable energy projects from variable sources: At 4Q19 closing, Colbun continues making progress in the pipeline of options for wind and solar projects, which are in early stages of development. These projects are highly competitive, locations have been chosen with the best energy resources, they have high socio-environmental feasibility, near to transmission lines and are distributed throughout the country. These projects represent advance to fulfill our goal, of building about 4,000 MW in renewable energy before the end of 2030.

■ ■ ■ San Pedro Hydroelectric Project (170 MW): The project is located 25 km. northeast of Los Lagos, Los Ríos Region, and considers using the water of the homonymous river through a power plant located between the outlet of the Riñihue Lake and the Malihue Bridge. Considering the adjustments included in the project, it will have an approximate installed capacity of 170 MW for an annual generation of 950 GWh under normal hydrological conditions.

The operation of the power plant will be such that the level of the reservoir should remain virtually constant, which means that the flow downstream of the power plant is not going to be altered by its operation.

This project considers the San Pedro-Ciruelos transmission line project, which will allow evacuating the power of the San Pedro power plant to the SEN (Nacional Electric System) through a 220 kV line and 47 km. length, and will be connected to the Ciruelos substation, located about 40 km northeast of Valdivia.

In December 2018, an Environmental Impact Study was re-entered for project adjustments, which was admitted for processing. By the end of April, the environmental authority issued the first Icsara.

■ ■ ■ Guaiquivilo Melado Project (316 MW): The Guaiquivilo Melado project is a hydroelectric complex with regulatory capacity located in the Guaiquivilo and Melado river basins, in Colbún's municipality, Linares' province. The project considers a total installed capacity of 316 MW and an average annual generation of approximately 1,629 GWh. The project includes a transmission line of 220 kV to inject energy in the SEN, with a total extension of 90 kilometers from Guaiquivilo power plant to the connection point in LAT Los Cóndores.

Colbún has decided to defer the development of this project since the market conditions for executing the initiative are not in place. These conditions are being permanently monitored.

Los Cuartos Project (93 MW): The hydroelectric project Los Cuartos is located in the Biobío river, near to the locality of San Carlos de Puren, about 5 km upstream the intersection with Panamericana Sur highway. This hydroelectric power plant has water rights that allow it to achieve a capacity of approximately 93 MW, with an average annual generation of approximately 511 GWh. The project also considers a 10 kilometers transmission line to connect the power plant with Mulchen substation.

Colbun has decided to defer the development of this project since the market conditions for executing the initiative are not in place. These conditions are being permanently monitored.

Transmission projects under development

Candelaria substation enhancement: This project consists of a modification of the connection scheme of the double bar substation to “One and Half Circuit Breaker Substation”. In addition, it incorporates 6 new switchyards in 220 KV with switches, disconnectors, TTCC and other equipment. The awarded investment value is US\$14.4 million and as of Dec19 presents a 98% progress.

New Bank of Condensers Series for Puente Negro substation: Assembly of 2 in series capacitor banks with capacity of 224 MVAR, in the southern part of the substation. The awarded investment value is US\$6.8 million and as of Dec19 it presents an 91% progress.

Maipo substation extension: Enhancement of existing 220 kV panels to a double bar configuration with transfer bar. The new installation will have GIS technology, additionally the control systems and protections will be renewed. The awarded investment value is US\$15.3 million and as of Dec19 it is finalized.

Maquis substation enhancement: Enhancement of the existing 220 kV substations, modifying the current configuration to GIS technology, the change considers at least 6 switchyards. The control systems and protections must also be adapted. The awarded investment value is US\$8.0 million and as of Dec19 it presents a 96% progress.

Mulchen substation extension: Expansion of the substation platform for the construction of 5 new connection switchyards in 220 kV. The awarded investment value is US\$3.6 million and as of Dec19 it presents a 98% progress.

Pirque substation: To regularize the connection of the Pirque substation through a sectioning of the line Maipo - Puente Alto 1x110 kV, with its respective switchyards to replace the current Tap OFF. The awarded investment value is US\$1.8 million and by Dec19 it presents a 81% progress.

7.4 Regulatory changes

As part of the social agenda announced by the government, Law N° 21,185 was published in the official gazette (“*Diario Oficial*”), which creates a temporary mechanism for stabilizing energy prices for customers subject to tariff regulation, whose purpose is to stabilize the energy prices at the levels in force during the first half of 2019. This mechanism implies postponing the income flow that corresponds to the difference between the price stipulated in the supply contracts and the stabilized price, when it exceeds it, which is expected to occur during the next 4 years. It is estimated that in the case of Colbún the postponement can reach up to US\$150 million.

Additionally, in December 2019, Congress approved the “Short Distribution Law” (Law N° 21,194) that lowers the profitability of distribution companies and improves the energy distribution tariff process.

Finally, the transmission segment was stabilized on December 26, 2019, with exempt resolution N° 815 issued by the National Energy Commission (CNE), which corresponds to the Single Transmission Charge that is applied as of January 2020. In this resolution Transmission charges in effect since July 2019 were frozen until the publication of the new decree for the valuation of transmission facilities corresponding to the four-year period 2020-2023, which according to CNE estimates will be published in July 2022. According to regulator parameters, this freezing of tariffs has a similar impact of having applied the new valuation of facilities (and the reduction in the profitability of various facilities) within the deadlines established by law.

7.5 Risk Management

A. Risk Management Policy

The risk management strategy is oriented to safeguard the Company's stability and sustainability, identifying and managing the uncertainty sources that affect or might affect it.

Global management of risks undertake the identification, measurement, analysis, mitigation and control of the different risks arising from the Company's different management departments, as well as estimating the impact on its consolidated position, follow up and control throughout time. This process involves the intervention of the Company's senior management and risk-taking areas.

Tolerable risk limits, metrics for risk measurement and periodicity of risk analysis are policies established by the Company's Board of Directors.

The risk management function is the CEO's responsibility as well as of each division and department of the Company and has the support of the Risk Management and the supervision, monitoring and coordination of the Risk and Sustainability Committee.

B. Risk Factors

The activities of the Company are exposed to various risks, which have been classified into electrical business risks and financial risks.

B.1. Electrical Business Risks

B.1.1. Hydrological risk

In dry hydrologic conditions, Colbun must operate its combined thermal cycle plants mainly with natural gas purchases or with diesel, or by default operating its back-up thermal plants or even buying energy on the spot market, to comply with its commitments. This situation could raise Colbun's costs, increasing results variability depending on the hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy that aims to maintain a balance between competitive base load generation (hydro generation in a medium to dry year and cost efficient thermal generation with coal and natural gas, and other renewables cost efficient generation properly complemented by other sources of generation given their intermittency and volatility) and commercial commitments. Under conditions of extreme and recurrent drought, a potential shortage of water for refrigeration could affect the generation capacity of the combined cycles. With the objective of minimizing the use of water and ensuring operational availability during periods of water scarcity, Colbun built a Reverse Osmosis Plant that allows to reduce by up to 50% the water used in the cooling process of the combined cycles of the Nehuenco Complex.

In Peru, Colbun owns a combined-cycle power plant and has a commercial policy oriented towards committing such base energy through medium and long-term contracts. The exposure to dry seasons is restricted, since operations would only be impacted in the event of potential operational failures that would require the Company to resort to the spot market. Additionally, the Peruvian electrical market presents an efficient thermal supply and availability of natural gas from local sources that backs it up.

B.1.2. Fuel price risk

In Chile, in situations of low water availability in its hydro power plants, Colbun must rely on its thermal plants or purchase energy in the spot market at marginal cost. Otherwise, in case of abundant hydrology, the Company may be in a selling position in the spot market, where the price would be partially determined by the fuel price. In both cases, there is a risk associated to potential variations in international fuel prices. Part of this risk is mitigated by incorporating fuel price variations in the indexation of the selling energy contracts. Additionally, in order to reduce fuel price risks there is a hedge program in place with different derivative instruments such as call options and put options to hedge the remaining exposure, if necessary.

In Peru, the cost of natural gas has a lower dependence to international prices, due to an important domestic production of this hydrocarbon, limiting the exposure to this risk. As in Chile, the proportion exposed to variations in international prices is mitigated by indexed formulas in energy sales contracts.

Due to all the above, exposure to the risk of changes in fuel prices is partly mitigated.

B.1.3. Fuel supply risks

Regarding gas supply in Chile, the Company has an agreement with Enap Refinerías S.A. (“ERSA”), that includes reserved regasification capacity and supply for 13 years, whose entry into force was January 1, 2018. With this contract the Company has natural gas supply to operate two combined cycle units during most of the first half part of each calendar year, period of the year which generally has less availability of water resources. Colbun has also the possibility of accessing additional natural gas via spot purchases, allowing the Company to have efficient backup in the case of unfavorable hydrological conditions in the second half of the year. Additionally, gas supply agreements with Argentine producers have been signed to complement the supply of LNG gas.

On its part, in Peru, Fenix has long-term contracts with the ECL88 Consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

Regarding coal purchases for Santa María unit I power plant, new tenders have been undertaken (the last in June 2019), inviting important international suppliers to bid, awarding the supply contract to well supported and competitive Companies. The above following an early purchase policy and an inventory management policy in order to substantially mitigate the risk of not having access to this fuel.

B.1.4. Equipment failure and maintenance risks

The availability and reliability of Colbún’s generating units and transmission facilities are essential to the Company’s business. Based on the above, Colbún holds a policy of conducting regular maintenances, preventive and predictive maintenance on its equipment according to the recommendations of its suppliers and maintains a policy to cover such risks through insurances for its physical assets, including coverage for physical damage and loss of profit.

B.1.5. Project construction risks

The development of new generation and transmission projects can be affected by factors such as: delays in obtaining environmental approvals, regulatory framework changes, prosecutions, increase in equipment prices, opposition from local and international stakeholders, adverse geographical conditions, natural disasters, accidents or other unforeseen events.

The Company’s exposure to such risks is managed through a commercial policy that considers the effects of potential project delays. Alternatively, clearance levels with respect to time and construction costs estimates are incorporated. Additionally, the Company’s exposure to this risk is partially covered with the “All Construction Risk” insurance policies covering both physical damage and loss of profit as a result of delay in service resulting from a casualty, both with standard deductibles for this type of insurances.

The companies in the sector face a very challenging electricity market, with lots of activity from different interest groups, mainly from local communities and NGOs, which are legitimately looking for more participation and prominence. As part of this complexity, the environmental processing times have become more uncertain, which occasionally are also followed by long prosecuting processes. This has resulted in less construction of significant size projects.

Colbun also has the policy to integrate with excellence the social and environmental dimensions to the development of its projects. The Company has developed a model of social link that allows it to work with neighboring communities and with the society in general, starting a transparent process of public participation and confidence building in the early stages of projects and throughout their entire life cycle.

B.1.6. Regulatory risks

Regulatory stability is essential for the energy sector, where investment projects requires substantial time in terms of obtaining permits, development, execution and return on investment. Colbún believes that regulatory changes should be made considering the complexities of the electrical system and maintaining the appropriate incentives for investment. It is important to have a regulation with clear and transparent rules in order to boost confidence of the agents in the sector.

Chile

Since October 18, 2019, Chile has undergone a series of social mobilizations requesting reforms mainly in the areas of education, social security and citizen's income. After the Chilean government called on political actors to reach different agreements on the social and institutional agenda, on November 15 a total of ten political parties with parliamentary representation signed a commitment called "Agreement for Peace and New Constitution" ("*Acuerdo por la Paz y la Nueva Constitución*"), which set the criteria for citizens to decide in April 2020 whether they approve or refuse to draft a new constitution and under what procedure. This process, which is estimated to last until the end of 2021, if the idea of drafting a new constitution is approved, could introduce changes to the institutional framework applicable to the business activity in the country.

On the other hand, the current government is carrying out different regulatory changes, which are inherited from the previous government, or have initiated during this term. Depending on the way these changes are implemented, they could represent an opportunity or risk for the Company.

Additionally, the Ministry of Energy is carrying out discussions for the preparation of three bills that would directly impact the electricity sector. The "New Distribution Law", the "Flexibility Law" and the "Improved Transmission Law".

- i) The "New Distribution Law" (Long Law) seeks to update the regulation of the distribution sector to better address the technological and market advances that have taken place and that are foreseen for the future, encourage investment and improve the quality of service to end users. For this purpose, the incorporation of new roles has been proposed; separating the activities of the power distribution segment and thereby introducing competition.
- ii) Regarding the "Flexibility Law", it aims to address the systemic and market consequences that will arise due to the increasing incorporation of variable renewable energy. Reports have been developed by consultants who have evaluated the issue in greater depth in order to continue the discussion.
- iii) At the regulatory and Resolutions level that are being processed, it is worth noting the new Power Transfer Regulations and the Exempt Resolution that will establish the technical provisions for the implementation of the Tariff Stabilization Mechanism for regulated clients, previously explained.

Peru

In June 2019 the Ministry of Energy and Mines decided to create a Multisectoral Commission in which a potential reform of the entire power sector will be discussed, for this a period of 24 months was established. The Commission has committed to show progress on the following topics: declaration of natural gas prices, promotion of renewable energies, rural electrification, review of the discount rate, improvement in the bidding processes for long-term contracts, disaggregation of the capacity and associated energy, implementation of a new regime to promote transmission projects and treatment of gas contracts.

Regarding the natural gas prices declaration, the Ministry delivered its first reform proposal in December 2019, which replaces the price declaration with the presentation of contracts by thermal generators. The Committee on Economic Operation of the Interconnected System (COES) will determine from those contracts the fixed and variable components for setting the marginal cost.

The necessary and balanced development of the electricity market in the coming years, both in Chile and Peru, will depend to a large extent on the quality of these new regulations and the signals that the authority delivers.

B.1.7. Risk of change in demand/supply and selling price of electricity

The projection of future electricity consumption is very relevant for the determination of its market price.

In Chile, a lower growth in demand, a decrease in fuel prices and an increase in the inflow of solar and wind renewables energy projects led to a decrease in the short-term price of energy (marginal cost) in the last 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 price difference between regulated and unregulated clients, a portion of regulated clients have chosen 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 unregulated customers. Colbun 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).

The growth that has been observed in the Chilean (and potentially in the Peruvian) market of non-conventional variable renewable energy sources 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 remunerates the services necessary to manage the variability of such generation sources.

B.2 Financial risks

Financial risks are those associated with the inability to perform transactions or non-compliance of obligations 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 Colbun.

B.2.1 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, Colbun maintains a significant proportion of its cash surpluses in dollars and occasionally resorts to the use of derivatives, mainly using currency swaps and forwards.

B.2.2 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.

As of December 31, 2019, the Company's financial debt, considering the effect of associated derivatives, is 100% denominated in fixed rate.

B.2.3 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 counterparties with which Colbun has maintained energy supply contracts have made the corresponding payments correctly.

In recent times, given that Colbun has expanded its presence in the medium and small unregulated clients segment, the Company has implemented new procedures and controls related to the risk assessment of this type of clients and collection monitoring. On a quarterly basis, un-collectability provisions are calculated based on risk analysis of each client considering the client's credit rating, payment behavior and industry, among other factors.

With respect to cash and derivatives statements, Colbun 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, 2019, cash surpluses are invested in mutual funds (of subsidiaries of banks) and in time deposits in local and international banks. The former corresponds 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 10.b of the Financial Statements.

B.2.4 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 Colbun's own resources generated by the Company's ordinary activities and by contracting credit lines to ensure sufficient funds to cover projected needs for a given period.

As of December 31, 2019, Colbun has cash in excess for approximately US\$800 million, invested in time deposits with an average maturity of 115 days (including 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) one bond line registered in the local market for a total amount of UF 7 million, and (ii) uncommitted bank lines of approximately US\$150 million.

In the next 12 months, the Company must disburse approximately US\$120 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, 2019, Colbun has a local credit rating of AA- by Fitch Ratings with positive outlook, and AA by Feller Rate, with stable outlook. At the international level, the Company's rating is Baa2 by Moody's, and BBB by Standard & Poor's (S&P Global), both with stable outlook, and BBB by Fitch Ratings, with positive outlook.

As of December 31, 2019, Fenix has international credit rating of Ba1 by Moody's and BBB- by S&P and Fitch Ratings, all with stable outlook.

Considering the foregoing, it is assessed that the Company's liquidity risk is currently limited.

Information on contractual maturities of the main financial liabilities is disclosed in note 21.c.2 of the Financial Statements.

B.2.5 Risk exposure measurement

The Company periodically analyzes and measures its exposure to the different risk variables, in accordance with the previous paragraphs. Risk management is performed by a Risk Committee with the support of the Corporate Risk Management and in coordination with other divisions of the Company.

Regarding business risks, specifically those related to changes in commodity prices, Colbun has implemented mitigation measures consistent of indexers in energy sale contracts and of hedges with derivative instruments to cover any possible remaining exposure. It is for this reason that a sensitivity analysis is not presented.

To mitigate the risk of failures in equipment or in the project's construction, the Company has insurance coverage for damage to its physical property, business interruption damages and loss of profit for the delay in the commissioning of a project. This risk is considered fairly limited.

With regard to financial risks, for purposes of measuring exposure, Colbun prepares a sensitivity analysis and value at risk in order to monitor potential losses assumed by the Company in the event that the exposure exists.

The exchange rate risk is considered to be limited, since the Company's main flows (revenues, costs and projects disbursements) are denominated directly in or indexed to USD.

Exposure to the mismatching of accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural balance items denominated in currencies other than USD. Given the above, as of December 31, 2019, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US\$4.3 million, in quarterly terms, based on a sensitivity analysis with 95% confidence.

There is no interest rates variation risk, since 100% of the financial debt is contracted at a fixed rate.

Credit risk is limited because Colbun operates only with local and international banking counterparties with high credit ratings and has established policies of maximum exposure per counterparty that limits the specific concentration with these institutions. In the case of banks, local institutions have a local risk rating equal to or greater than BBB and foreign entities have an international risk rating investment grade.

At the end of the period, the financial institution that has the largest share of cash surpluses reached 18%. Regarding existing derivatives, the Company's international counterparts have a credit rating equivalent to BBB+ or higher and national counterparts have local credit rating of BBB+ or higher. It should be noted that no counterparty concentrates more than 31% in notional terms.

Liquidity risk is considered low because of the relevant cash position of the Company, the amount of financial obligations over the next twelve months and the access to additional sources of funding.

APPENDIX

Accounting Note to Financial Statements:

Regarding Fenix's Financial Statements, for 2019 the following is worth to mention:

1. **Recognition of gas distribution contract with Calidda as a financial lease** from January 2019 onwards, due to the adoption of IFRS16 accounting standard. The effects on Colbún's Financial Statements are the following:
 - i. Recognition of an asset under lease for US\$127 million and a right-of-use liability for the same amount. As of Dec19, the remaining amount of the leased asset reached US\$118 million, while the right-of-use liability amounted to US\$122 million.
 - ii. A higher annual EBITDA of US\$16 million distributed on a straight-line basis during the year.
 - iii. Higher depreciation expenses and higher financial expenses of US\$18 million for the year 2019.

The lower profit generated by this recognition during the first years (the difference between EBITDA and the sum of depreciation and financial expense) will be offset in the future, having a neutral effect during the tenor of the contract (14 years). This temporary difference is produced by the asset's linear depreciation formula and the liability's interest expense (outstanding capital).

2. **Toll revenues and costs:** Formerly, these items were presented separately in the Company's Income Statement (recognizing both Revenues and Costs). From 2019 onwards, due to IFRS15 accounting regulation adoption, after further analysis of the contracts and the Peruvian power industry, its net effect will be presented. It is worth noting that this reclassification has a neutral effect on EBITDA. For comparative purposes, the same reclassification was made in the 2018 figures presented in this Earnings Report.
3. **Transportation and distribution gas expenses** for US\$4 million, incurred during the first major maintenance of the power plant, were activated during 2Q19.

Estados Financieros Resumidos Subsidiarias

Colbún Transmisión S.A

Colbún Perú S.P.A

Inversiones Las Canteras S.A

Fenix Power Perú S.A

Santa Sofía S.P.A

Termoeléctrica Nehuenco S.A

Colbún Transmisión S.A.
Estado de Situación Financiera clasificado
al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ACTIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 7 | 22.288 | 50 |
| Otros activos no financieros corrientes | 8 | 92 | 25 |
| Cuentas comerciales por cobrar y otras cuentas por cobrar corrientes | 9 | 12.027 | 13.940 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 10.b | - | 7 |
| Inventarios corrientes | - | 562 | 531 |
| Activos por impuestos corrientes | 11 | 214 | 1.022 |
| Activos corrientes | | 35.183 | 15.575 |
| Activos no corrientes | | | |
| Activos intangibles distintos de la plusvalía | 12 | 40.049 | 40.111 |
| Propiedades, planta y equipos | 13 | 339.410 | 328.062 |
| Activos no corrientes | | 379.459 | 368.173 |
| ACTIVOS | | 414.642 | 383.748 |
| PATRIMONIO Y PASIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
| Pasivos corrientes | | | |
| Otros pasivos financieros, corrientes | - | 177 | - |
| Cuentas por pagar comerciales y otras cuentas por pagar | 14 | 1.416 | 3.294 |
| Cuentas por pagar a entidades relacionadas, corrientes | 10.b | 37.890 | 45.203 |
| Pasivos por impuestos corrientes | 16 | 2.863 | - |
| Otros pasivos no financieros corrientes | 17 | 3.883 | 1.027 |
| Pasivos corrientes | | 46.229 | 49.524 |
| Pasivos no corrientes | | | |
| Otros pasivos financieros, no corrientes | - | 30 | - |
| Pasivos por impuestos diferidos | 15.b | 58.106 | 62.546 |
| Otros pasivos no financieros, no corrientes | 17 | 14.522 | 6.469 |
| Pasivos no corrientes | | 72.658 | 69.015 |
| Pasivos | | 118.887 | 118.539 |
| Patrimonio | | | |
| Capital emitido | 18 | 99.235 | 99.235 |
| Ganancias (pérdidas) acumuladas | 18.b | 32.192 | 858 |
| Otras Reservas | 18.c | 164.328 | 165.116 |
| Patrimonio | | 295.755 | 265.209 |
| PATRIMONIO Y PASIVOS | | 414.642 | 383.748 |

Colbún Transmisión S.A.
Estado de Resultados Integrales, por Naturaleza
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|---------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ingresos de actividades ordinarias | 6 y 19 | 83.424 | 40.060 |
| Materias primas y consumibles utilizados | 20 | (10.202) | (9.789) |
| Gastos por depreciación y amortización | 21 | (11.057) | (8.411) |
| Otros gastos, por naturaleza | - | (959) | (527) |
| Otras ganancias (pérdidas) | 23 | (382) | 9 |
| Ganancia por actividades de operación | | 60.824 | 21.342 |
| Ingresos financieros | - | 27 | - |
| Costos financieros | - | (20) | (2) |
| Diferencias de cambio | 22 | (858) | (91) |
| Ganancia antes de impuesto | - | 59.973 | 21.249 |
| Gasto por impuesto a las ganancias | 15.a | (16.338) | (5.740) |
| Ganancia (pérdida) procedentes de operaciones continuadas | - | 43.635 | 15.509 |
| GANANCIA | | 43.635 | 15.509 |
| Estados de otros resultados integrales | Nota N° | Enero - Diciembre | |
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia | | 43.635 | 15.509 |
| 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 | | 43.635 | 15.509 |

Colbún Transmisión S.A.
Estado de Flujos de Efectivo
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre 2018 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 | - | 98.819 | 42.114 |
| Otros cobros por actividades de la operación | - | 26 | 129 |
| Clases de pagos en efectivo procedentes de actividades de operación | | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (13.882) | (1.528) |
| Otros pagos por actividades de operación | - | (1.042) | (695) |
| Flujos de efectivo procedentes de (utilizados en) operaciones | - | 83.921 | 40.020 |
| Intereses recibidos | - | 27 | - |
| Impuestos a las ganancias reembolsados (pagados) | - | (16.343) | (7.907) |
| Otras entradas (salidas) de efectivo | - | (408) | (2) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | - | 67.197 | 32.111 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | | |
| Compras de propiedades, plantas y equipos | - | (27.253) | (33.541) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | (27.253) | (33.541) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | | |
| Importes procedentes de préstamos | - | (20.998) | 19.159 |
| Préstamos de entidades relacionadas | - | - | 19.159 |
| Pagos de préstamos de entidades relacionadas | - | (20.998) | - |
| Pagos de pasivos por arrendamientos | - | (85) | - |
| Dividendos pagados | - | - | (18.500) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | - | (21.083) | 659 |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | - | 18.861 | (771) |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | | | |
| Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo | - | 3.377 | 189 |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | 22.238 | (582) |
| Efectivo y equivalentes al efectivo al principio del ejercicio | - | 50 | 632 |
| Efectivo y equivalentes al efectivo al final del ejercicio | 7 | 22.288 | 50 |

Colbún Transmisión S.A.
Estado de Cambios en el Patrimonio
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| Estados de Cambios en el Patrimonio | Nota | Capital emitido | Otras reservas | Ganancias (pérdidas) acumuladas | Patrimonio |
|---|-----------|-----------------|----------------|---------------------------------|----------------|
| | | MUS\$ | MUS\$ | MUS\$ | MUS\$ |
| Patrimonio previamente reportado | | 99.235 | 165.116 | 858 | 265.209 |
| Incremento (disminución) del patrimonio por corrección de errores | | - | - | - | - |
| Patrimonio Reexpresado | | 99.235 | 165.116 | 858 | 265.209 |
| Cambios en Patrimonio | | | | | |
| Resultado integral | | | | | |
| Ganancia (pérdida) | | | | 43.635 | 43.635 |
| Otro resultado integral | | | | - | - |
| Emisión de patrimonio | | - | - | - | - |
| Dividendos | | - | - | (13.090) | (13.090) |
| Incrementos por otras aportaciones de los propietarios | | | - | - | - |
| Incremento (disminución) por otros cambios | | - | (788) | 789 | 1 |
| Incremento (disminución) en el patrimonio | | - | (788) | 31.334 | 30.546 |
| Patrimonio al 31.12.2019 | 17 | 99.235 | 164.328 | 32.192 | 295.755 |
| Cambios en Patrimonio | | | | | |
| Resultado integral | | | | | |
| Ganancia (pérdida) | | | | 15.509 | 15.509 |
| Otro resultado integral | | | | - | - |
| Emisión de patrimonio | | 70.344 | - | - | 70.344 |
| Dividendos | | - | - | (18.500) | (18.500) |
| Incremento (disminución) por otros cambios | | - | 107.720 | 3.123 | 110.843 |
| Incremento (disminución) en el patrimonio | | 70.344 | 107.720 | 132 | 178.196 |
| Patrimonio al 31.12.2018 | 17 | 99.235 | 165.116 | 858 | 265.209 |

Colbún Transmisión S.A.**Transacciones con entidades relacionadas****Cuentas por cobrar a entidades relacionadas**

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|--------------------|----------------|---------------------------|----------------|---------------------|---------------------|
| | | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| 76.293.900-2 | Río Tranquilo S.A. | Chile | Accionista | Pesos | - | 7 |
| Total | | | | | - | 7 |

Cuentas por pagar a entidades relacionadas

| RUT | Sociedad | País de origen | Naturaleza de la relación | Tipo de moneda | Corriente | |
|--------------|-----------------------------------|----------------|---------------------------|----------------|---------------------|---------------------|
| | | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Controlador | Pesos | 37.890 | 44.416 |
| 96.854.000-9 | Empresa Electrica Industrial S.A. | Chile | Accionista | Pesos | - | 787 |
| Total | | | | | 37.890 | 45.203 |

Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero - Diciembre | | | |
|--------------|-----------------------------------|-------------|---------------------------|----------------|----------------------------------|-------------------|------------------------------------|-------------|------------------------------------|
| | | | | | | 2019 | | 2018 | |
| | | | | | | Monto MUS\$ | Efecto en resultados (cargo) MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Controlador | UF | Servicios recibidos | 9.586 | (8.056) | 2.354 | (1.978) |
| | | | | UF | Arriendos | 2.799 | (2.352) | 2.520 | (2.118) |
| | | | | Pesos | Arriendos Cobrados | 345 | 290 | - | - |
| | | | | Pesos | Servidumbre de Paso | 932 | 783 | - | - |
| | | | | Dólares | Venta peajes | 41.335 | 34.735 | 14.431 | 12.127 |
| | | | | Dólares | Compra peajes | 218 | (183) | 5.631 | (4.732) |
| | | | | Dólares | Dividendos | 13.091 | - | 18.500 | - |
| | | | | Dólares | Préstamos | - | - | 19.159 | - |
| | | | | Dólares | Pago Préstamos | (20.998) | - | - | - |
| Dólares | Aporte de activos ⁽¹⁾ | 166 | - | 66.144 | - | | | | |
| 96.854.000-9 | Empresa Electrica Industrial S.A. | Chile | Grupo empresarial común | Dólares | Aporte de activos ⁽¹⁾ | - | - | 4.147 | - |
| 76.293.900-2 | Río Tranquilo S.A. | Chile | Grupo empresarial común | Dólares | Aporte de activos ⁽¹⁾ | - | - | 53 | - |

COLBÚN PERÚ S.A.
Estado Separado de Situación Financiera
al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ACTIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 5 | 20,420 | 8,675 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 6 | 310 | 11,383 |
| Activos corrientes totales | | 20,730 | 20,058 |
| Activos no corrientes | | | |
| Inversiones contabilizadas utilizando el método de la participación | 7 | 207,479 | 208,604 |
| Total activos no corrientes | | 207,479 | 208,604 |
| ACTIVOS | | 228,209 | 228,662 |

| PATRIMONIO NETO Y PASIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Pasivos corrientes | | | |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | - | 14 | 2 |
| Cuentas por pagar a entidades relacionadas, corrientes | - | 88 | - |
| Pasivos por Impuestos, corrientes | 9 | 241 | 26 |
| Pasivos corrientes totales | | 343 | 28 |
| Total pasivos | | 343 | 28 |
| Patrimonio | | | |
| Capital emitido | 8.a | 219,635 | 219,635 |
| Ganancias (pérdidas) acumuladas | 8.c | 6,311 | 7,079 |
| Otras reservas | 8.d | 1,920 | 1,920 |
| Patrimonio Total | | 227,866 | 228,634 |
| PATRIMONIO Y PASIVOS | | 228,209 | 228,662 |

COLBÚN PERÚ S.A.

Estado Separado de Resultados Integrales, por Naturaleza
Por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|-----------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Otras ganancias (pérdidas) | - | 4 | - |
| Otros gastos, por naturaleza | - | (6) | (19) |
| Ganancia de actividades operacionales | | (2) | (19) |
| Ingresos financieros | - | 719 | 182 |
| Diferencias de Cambio | - | (1) | - |
| Costos financieros | - | (6) | (5) |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación | 7 | (1,125) | (10,329) |
| Ganancia (Pérdida) antes de impuesto | | (415) | (10,171) |
| Gasto por impuesto a las ganancias | 9 | (353) | (28) |
| Ganancia (Pérdida) de actividades continuadas | | (768) | (10,199) |
| GANANCIA (PÉRDIDA) | | (768) | (10,199) |

COLBÚN PERÚ S.A.
Estado Separado de Resultados Integrales
Por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|-----------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia | | (768) | (10,199) |
| Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, antes de impuestos | | | |
| Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación | - | - | - |
| Otro resultado integral que se reclasificará al resultado del periodo, antes de | | - | - |
| Otros componentes de otro resultado integral, antes de impuestos | | - | - |
| Impuesto 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 | - | - | - |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | | - | - |
| Otro resultado integral total | | - | - |
| Resultado integral total | | (768) | (10,199) |

COLBÚN PERÚ S.A.**Estado Separado de Flujos de Efectivo – Método Directo
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)**

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | | |
| Clases de pago | | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (6) | (15) |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | - | (6) | (15) |
| Dividendos recibidos | - | 11,372 | 5,100 |
| Intereses recibidos | - | 512 | 175 |
| Impuestos a las ganancias reembolsados (pagados) | - | (127) | (3) |
| Otras entradas (salidas) de efectivo | - | (6) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | | 11,745 | 5,257 |
| 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 | | 11,745 | 5,257 |
| 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 | | 11,745 | 5,257 |
| Efectivo y equivalentes al efectivo al principio del ejercicio | | 8,675 | 3,418 |
| Efectivo y equivalentes al efectivo al final del periodo | 5 | 20,420 | 8,675 |

COLBÚN PERÚ S.A.
Estado Separado de Cambios en el Patrimonio Neto
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| Estados de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|----------|-----------------------|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2019 | | 219,635 | 1,920 | 1,920 | 7,079 | 228,634 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (768) | (768) |
| Otro resultado integral | | | | - | | - |
| Dividendos | | | | | - | - |
| Asignación de reserva legal | | - | - | - | - | - |
| Total de cambios en patrimonio | | - | - | - | (768) | (768) |
| Saldo final al 31.12.2019 | 8 | 219,635 | 1,920 | 1,920 | 6,311 | 227,866 |

| Estado de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|----------|-----------------------|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2018 | | 219,635 | 1,294 | 1,294 | 17,904 | 238,833 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (10,199) | (10,199) |
| Otro resultado integral | | | | | | - |
| Dividendos | | | | | - | - |
| Asignación de reserva legal | | - | 626 | 626 | (626) | - |
| Total de cambios en patrimonio | | - | 626 | 626 | (10,825) | (10,199) |
| Saldo final al 31.12.2018 | 8 | 219,635 | 1,920 | 1,920 | 7,079 | 228,634 |

COLBÚN PERÚ S.A.**Información sobre entidades relacionadas****Cuentas por cobrar a partes relacionadas**

El saldo de la cuenta por cobrar empresa relacionada corresponde Cash Support Agreement.

| Cuentas por cobrar a entidades relacionadas | Corriente | |
|---|---------------------|---------------------|
| | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| Inversiones de Las Canteras S.A. | 310 | 11.383 |
| Total | 310 | 11.383 |

Cuentas por pagar a partes relacionadas

Al 31 de diciembre de 2019, la Compañía tiene registrada el saldo del Up Front Fee por devengar por el Cash Support Agreement por un monto de MU\$ 88 (sin saldo por cobrar al 31 de diciembre de 2018).

Información a revelar sobre transacciones entre partes relacionadas

| Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero- Diciembre | | | |
|----------------------------------|-------------|---------------------------|----------------|-----------------------------------|------------------|--|----------------|--|
| | | | | | 2019 | | 2018 | |
| | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| Inversiones de Las Canteras S.A. | Perú | Accionista | USD | Fee Cash Support Agreement | 300 | 212 | - | - |
| | | | USD | Dividendo recibido ⁽¹⁾ | - | - | 8.107 | - |
| | | | USD | Devolución aporte | - | - | 3.265 | - |

(1) Con fecha 9 de noviembre de 2018 la Junta General de Accionistas de Inversiones de las Canteras S.A. acordó distribuir dividendos en razón de las utilidades obtenidas por un monto de MUS\$ 8.107 y una disminución adicional de capital de MUS\$3.265.

Inversiones de Las Canteras S.A.
Estado Separado de Situación Financiera
al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ACTIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 6 | 39 | 22,369 |
| Deudores comerciales y otras cuentas por cobrar | - | 1 | - |
| Cuentas por cobrar a entidades relacionadas, corrientes | 10.a | 300 | - |
| Activos corrientes totales | | 340 | 22,369 |
| Activos no corrientes | | | |
| Inversiones contabilizadas utilizando el método de la participación | 8 | 405,236 | 407,221 |
| Activos intangibles distintos de la plusvalía | 7 | 2,210 | 2,486 |
| Total activos no corrientes | | 407,446 | 409,707 |
| ACTIVOS | | 407,786 | 432,076 |

| PATRIMONIO NETO Y PASIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Pasivos corrientes | | | |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | - | 3 | 6 |
| Cuentas por pagar a entidades relacionadas | 10.b | 310 | 21,993 |
| Otros pasivos no financieros, corrientes | - | - | 317 |
| Pasivos corrientes totales | | 313 | 22,316 |
| Pasivos no corrientes | | | |
| Pasivos por impuestos diferidos | 9 | 652 | 733 |
| Total pasivos no corrientes | | 652 | 733 |
| Total pasivos | | 965 | 23,049 |
| Patrimonio | | | |
| Capital emitido | 11.a | 425,698 | 425,698 |
| Ganancias (pérdidas) acumuladas | 11.c | (22,460) | (20,254) |
| Otras reservas | 11.d | 3,583 | 3,583 |
| Patrimonio Total | | 406,821 | 409,027 |
| PATRIMONIO Y PASIVOS | | 407,786 | 432,076 |

Inversiones de Las Canteras S.A.
Estado Separado de Resultados Integrales, por Naturaleza
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|-----------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Gastos por depreciación y amortización | 12 | (276) | (276) |
| Otros gastos, por naturaleza | - | (21) | (158) |
| Ganancia de actividades operacionales | | (297) | (434) |
| Ingresos financieros | - | 211 | 20 |
| Costos financieros | - | (215) | (2) |
| Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación | 8 | (1,985) | (19,921) |
| Diferencias de cambio | - | (1) | - |
| Ganancia (pérdida) antes de impuesto | | (2,287) | (20,337) |
| Gasto por impuesto a las ganancias | 13 | 81 | 81 |
| Ganancia (pérdida) de actividades continuadas | | (2,206) | (20,256) |
| GANANCIA (PÉRDIDA) | | (2,206) | (20,256) |

Inversiones de Las Canteras S.A.
Estado Separado de Otros Resultados Integrales
por los ejercicios terminados al 31 de diciembre del 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Nota N° | Enero - Diciembre | |
|---|------------|-------------------|-----------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia (pérdida) | | (2,206) | (20,256) |
| Componentes de otro resultado integral que se reclasificarán al resultado del periodo, antes de impuestos | | | |
| Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación | - | - | - |
| Otro resultado integral que se reclasificará al resultado del periodo, antes de | | - | - |
| Otros componentes de otro resultado integral, antes de impuestos | | - | - |
| Impuesto 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 | - | - | - |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | | - | - |
| Otro resultado integral total | | - | - |
| Resultado integral total | | (2,206) | (20,256) |
| RESULTADO INTEGRAL TOTAL | | (2,206) | (20,256) |

Inversiones de Las Canteras S.A.
Estado Separado de Flujos de Efectivo – Método Directo
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | | |
| Clases de cobros por actividades de la operación | | | |
| Clases de pago | | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (25) | (377) |
| Otros pagos por actividades de operación | - | (318) | - |
| Flujos de efectivo netos procedentes de (utilizados en) la operación | - | (343) | (377) |
| Dividendos recibidos | 8.a | - | 22,544 |
| Otras entradas (salidas) de efectivo | - | (4) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | | (347) | 22,167 |
| 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 | | | |
| Devolución de Capital | - | (6,402) | - |
| Dividendos pagados | - | (15,581) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | | (21,983) | - |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | | (22,330) | 22,167 |
| 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 | | (22,330) | 22,167 |
| Efectivo y equivalentes al efectivo al principio del ejercicio | | 22,369 | 202 |
| Efectivo y equivalentes al efectivo al final del periodo | 6 | 39 | 22,369 |

Inversiones de Las Canteras S.A.
Estado Separado de Cambios en el Patrimonio
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| Estados de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|-----------|-----------------------|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2019 | | 425,698 | 3,583 | 3,583 | (20,254) | 409,027 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (2,206) | (2,206) |
| Otro resultado integral | | | | - | | - |
| Dividendos | | | | | | - |
| Incremento (disminución) por otros cambios | | | | - | | - |
| Total de cambios en patrimonio | | - | - | - | (2,206) | (2,206) |
| Saldo final al 31.12.2019 | 11 | 425,698 | 3,583 | 3,583 | (22,460) | 406,821 |

| Estado de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|-----------|-----------------------|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2018 | | 432,100 | 2,352 | 2,352 | 27,127 | 461,579 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (20,256) | (20,256) |
| Otro resultado integral | | | - | - | | - |
| Dividendos | | | | | (15,898) | (15,898) |
| Incremento (disminución) por otros cambios | | (6,402) | 1,231 | 1,231 | (11,227) | (16,398) |
| Total de cambios en patrimonio | | (6,402) | 1,231 | 1,231 | (47,381) | (52,552) |
| Saldo final al 31.12.2018 | 11 | 425,698 | 3,583 | 3,583 | (20,254) | 409,027 |

Inversiones de Las Canteras S.A.**Transacciones con entidades relacionadas****Cuentas por cobrar a partes relacionadas, corrientes**

El saldo de la cuenta por cobrar empresa relacionada corresponde Cash Support Agreement por MU\$300

| Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | |
|-----------------------|-------------|---------------------------|----------------|---------------------|---------------------|
| | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| Fenix Power Perú S.A. | Perú | Subsidiaria | USD | 300 | - |
| Total | | | | 300 | - |

Cuentas por pagar a partes relacionadas, corrientes

Las cuentas por pagar a empresas relacionadas al 31 de diciembre de 2019 y 2018, respectivamente se detallan a continuación:

| Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | |
|------------------|-------------|---------------------------|----------------|---------------------|---------------------|
| | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| Colbún Perú S.A. | Perú | Accionista mayoritario | USD | 310 | 21.993 |
| Total | | | | 310 | 21.993 |

Información a revelar sobre transacciones entre partes relacionadas

| Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero - Diciembre | | | |
|-----------------------|-------------|---------------------------|----------------|-------------------------------|-------------------|--|----------------|--|
| | | | | | 2019 | | 2018 | |
| | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| Colbún Perú S.A. | Perú | Accionista mayoritario | USD | Fee Cash Support Agreement | 300 | (212) | - | - |
| | | | USD | Dividendo | - | - | 8.107 | - |
| | | | USD | Devolución aporte | - | - | 3.265 | - |
| Blue Bolt A 2015 | UAE | Accionista | USD | Dividendo | - | - | 5.406 | - |
| | | | USD | Devolución aporte | - | - | 2.305 | - |
| Sigma SAFI S.A. | Perú | Accionista | USD | Dividendo | - | - | 2.067 | - |
| | | | USD | Devolución aporte | - | - | 832 | - |
| Fenix Power Perú S.A. | Perú | Subsidiaria | USD | Fee Cash Support Agreement | 300 | 212 | - | - |

Fenix Power Peru S.A.
Estado de Situación Financiera
al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ACTIVOS | Nota N° | 31 de Diciembre de 2019 MUS\$ | 31 de Diciembre de 2018 MUS\$ |
|--|------------|-------------------------------------|-------------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 8 | 23,767 | 23,704 |
| Otros activos no financieros, corrientes | 9 | 1,179 | 1,305 |
| Deudores comerciales y otras cuentas por cobrar | 10 | 31,487 | 31,454 |
| Cuentas por cobrar a partes relacionadas, corrientes | 11.b | 89 | - |
| Inventarios | 12 | 9,680 | 8,931 |
| Activos por impuestos, corrientes | 13 | 4,164 | 6,442 |
| Activos corrientes totales | | 70,366 | 71,836 |
| Activos no corrientes | | | |
| Otros activos no financieros, no corrientes | 9 | 19,974 | 5,920 |
| Activos intangibles distintos de la plusvalía | 14 | 224 | 338 |
| Propiedades, planta y equipos | 15 | 792,996 | 673,159 |
| Activos por impuestos diferidos | 16.b | 37,654 | 32,719 |
| Activos no corrientes totales | | 850,848 | 712,136 |
| TOTAL ACTIVOS | | 921,214 | 783,972 |

Fenix Power Peru S.A.
Estado de Situación Financiera
al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| PATRIMONIO NETO Y PASIVOS | Nota | 31 de Diciembre de | 31 de Diciembre de |
|--|-------------|---------------------------|---------------------------|
| | N° | 2019 | 2018 |
| | | MUS\$ | MUS\$ |
| Pasivos corrientes | | | |
| Otros pasivos financieros, corrientes | 17 | 28,541 | 16,500 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 18 | 39,246 | 24,951 |
| Cuentas por pagar a partes relacionadas | 11 | 397 | 217 |
| Provisiones por beneficios a los empleados, corrientes | 19 | 1,594 | 1,180 |
| Otros pasivos no financieros, corrientes | 20 | 572 | 613 |
| Pasivos corrientes totales | | 70,350 | 43,461 |
| Pasivos no corrientes | | | |
| Otros pasivos financieros, no corrientes | 17 | 430,721 | 332,587 |
| Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes | 18 | 14,637 | 433 |
| Otras provisiones no corrientes | - | 270 | 270 |
| Pasivos no corrientes totales | | 445,628 | 333,290 |
| Pasivos totales | | 515,978 | 376,751 |
| Patrimonio | | | |
| Capital emitido | 21 | 425,093 | 425,093 |
| Ganancias (pérdidas) acumuladas | 21.c | (21,906) | (19,921) |
| Otras reservas | 21.b | 2,049 | 2,049 |
| Patrimonio total | | 405,236 | 407,221 |
| TOTAL PASIVOS Y PATRIMONIO | | 921,214 | 783,972 |

Fenix Power Peru S.A.
Estado de Resultados Integrales, por Naturaleza
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|--|------------|-------------------|-----------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ingresos de actividades ordinarias | 7 y 22 | 174,786 | 159,519 |
| Materias primas y consumibles utilizados | 23 | (95,724) | (114,249) |
| Gastos por beneficio a los empleados | 24 | (6,188) | (6,128) |
| Gastos por depreciación y amortización | 25 | (45,934) | (33,262) |
| Otros gastos, por naturaleza | - | (2,945) | (3,403) |
| Otras ganancias (pérdidas) | 28 | (3,163) | (1,541) |
| Ganancia de actividades operacionales | - | 20,832 | 936 |
| Ingresos financieros | 26 | 608 | 983 |
| Costos financieros | 26 | (27,132) | (18,325) |
| Diferencias de cambio | 27 | 920 | (1,865) |
| Ganancia (Pérdida) antes de impuesto | - | (4,772) | (18,271) |
| Ingreso (gasto) por impuesto a las ganancias | 16.a | 2,787 | (1,650) |
| Ganancia (Pérdida) de actividades continuadas | | (1,985) | (19,921) |
| GANANCIA (PÉRDIDA) | | (1,985) | (19,921) |

Fenix Power Peru S.A.
Estado de Otros Resultados Integrales
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE OTROS RESULTADOS INTEGRALES | Nota N° | Enero - Diciembre | |
|--|------------|-------------------|---------------|
| | | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia (Pérdida) | | (1,985) | (19,921) |

Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, antes de impuestos

| | | | |
|--|---|----------------|-----------------|
| Ganancias (pérdidas) por coberturas de flujos de efectivo, antes de impuestos | - | - | - |
| Otro resultado integral que no se reclasificará al resultado del periodo, antes de impuestos | - | - | - |
| Otros componentes de otro resultado integral, antes de impuestos | | - | - |
| Impuesto a las ganancias relacionado con coberturas de flujo de efectivo | | - | - |
| Impuesto a las ganancias relativo a componentes de otro resultado integral | | - | - |
| Otro resultado integral total | - | - | - |
| RESULTADO INTEGRAL TOTAL | | (1,985) | (19,921) |

Fenix Power Peru S.A.
Estado de Flujos de Efectivo – Método Directo
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares estadounidenses)

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre de 2019 MUS\$ | 31 de Diciembre de 2018 MUS\$ |
|--|------------|-------------------------------------|-------------------------------------|
| Flujos de efectivo procedentes de actividades de operación | | | |
| Clases de cobros por actividades de la operación | | | |
| Cobros procedentes de las ventas de bienes y prestación de servicios | | 241,461 | 241,226 |
| Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas | | 102 | 1,047 |
| Otros cobros por actividades de la operación | | 8,991 | 3,083 |
| Clases de pago | | | |
| Pagos a proveedores por el suministro de bienes y servicios | | (175,504) | (191,505) |
| Pagos a y por cuenta de los empleados | | (5,340) | (6,263) |
| Pagos procedentes de primas y prestaciones, anualidades y otras obligaciones derivadas de las pólizas suscritas | | (1,449) | (3,367) |
| Otros pagos por actividades de operación | | (12,105) | (11,014) |
| Flujos de efectivo netos de operación | | 56,156 | 33,207 |
| Intereses recibidos | | - | 974 |
| Impuestos a las ganancias reembolsados (pagados) | | (185) | (356) |
| Otras entradas (salidas) de efectivo | | - | (235) |
| Flujos de efectivo netos procedentes de actividades de operación | | 55,971 | 33,590 |
| Flujos de efectivo utilizados en actividades de inversión | | | |
| Compras de propiedades, plantas y equipos | | (14,061) | (5,444) |
| Flujos de efectivo netos utilizados en actividades de inversión | | (14,061) | (5,444) |
| Flujos de efectivo utilizados en actividades de financiación | | | |
| Pagos de pasivos por arrendamientos | | (5,684) | (2,656) |
| Pagos de préstamos | | (12,000) | (5,000) |
| Dividendos pagados | | - | (11,756) |
| Intereses pagados | | (24,739) | (14,677) |
| Otras entradas (salidas) de efectivo | | - | (20,544) |
| Flujos de efectivo netos utilizados en actividades de financiación | | (42,423) | (54,633) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | | (513) | (26,487) |
| 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 | | 576 | (2,677) |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | | 63 | (29,164) |
| Efectivo y equivalentes al efectivo al principio del ejercicio | | 23,704 | 52,868 |
| Efectivo y equivalentes al efectivo al final del período | 8 | 23,767 | 23,704 |

Fenix Power Peru S.A.
Estado de Cambios en el Patrimonio
 por los ejercicios terminados al 31 de diciembre de 2019 y 2018
 (En miles de dólares estadounidenses)

| Estados de Cambios en el Patrimonio | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|-----------|-----------------------|-----------------------------|----------------------------|---------------------------------------|------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2019 | | 425,093 | 2,049 | 2,049 | (19,921) | 407,221 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (1,985) | (1,985) |
| Resultado integral | | - | - | - | (1,985) | (1,985) |
| Total de cambios en patrimonio | | - | - | - | (1,985) | (1,985) |
| Saldo final al 31.12.2019 | 21 | 425,093 | 2,049 | 2,049 | (21,906) | 405,236 |
| | | | | | | |
| Estado de Cambios en el Patrimonio | Nota | Capital emitido MUS\$ | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
| Saldo inicial al 01.01.2018 | | 445,637 | 742 | 742 | 13,062 | 459,441 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | (19,921) | (19,921) |
| Otro resultado integral | | | - | - | | - |
| Resultado integral | | - | - | - | (19,921) | (19,921) |
| Dividendos | | | | | (11,756) | (11,756) |
| Incremento (disminución) por otros cambios | | (20,544) | 1,307 | 1,307 | (1,306) | (20,543) |
| Total de cambios en patrimonio | | (20,544) | 1,307 | 1,307 | (32,983) | (52,220) |
| Saldo final al 31.12.2018 | 21 | 425,093 | 2,049 | 2,049 | (19,921) | 407,221 |

Fenix Power Peru S.A.

Información sobre entidades relacionadas

Las operaciones entre la Compañía y sus entidades relacionadas forman parte de las transacciones habituales de la Compañía en cuanto a su objeto y condiciones. La identificación de vínculo entre la Compañía y su Controladora se encuentra detallada en la nota N°1.

a) Accionistas mayoritarios

La distribución de los accionistas de la Compañía al 31 de diciembre de 2019 es la siguiente.

| Nombre de los Accionistas | Participación % |
|----------------------------------|-----------------|
| Inversiones de Las Canteras S.A. | 99.99 |
| Colbun Perú S.A. | 0.01 |
| Total | 100.00 |

b) Saldos y transacciones con partes relacionadas

b.1 Cuentas por cobrar a partes relacionadas

La Compañía tiene registrada el saldo del Up Front Fee por devengar por el Cash Support Agreement. Por un monto de MU\$ 89.

b.2 Cuentas por pagar a partes relacionadas

| Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | |
|----------------------------------|-------------|---------------------------|----------------|---------------------|---------------------|
| | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| Colbun S.A. | Chile | Controlador | Dólares | 97 | 217 |
| Inversiones de Las Canteras S.A. | Peru | Accionista | Dólares | 300 | - |
| Total | | | | 397 | 217 |

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

b.3 Información a revelar sobre transacciones entre partes relacionadas

| Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero - Diciembre | | | | Octubre -Diciembre | | | |
|--|-------------|---------------------------|----------------|----------------------------------|-------------------|---|----------------|---|--------------------|---|----------------|---|
| | | | | | 2019 | | 2018 | | 2019 | | 2018 | |
| | | | | | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ | Monto MUS\$ | Efecto en resultados (cargo) abono MUS\$ |
| Colbún S.A. | Chile | Controlador | Dólares | Servicios TI | 97 | (97) | 217 | (217) | 41 | (41) | 110 | (110) |
| Colbún S.A. | Chile | Controlador | Dólares | Servicios en mantenimiento mayor | 85 | - | - | - | - | - | - | - |
| Inversiones de Las Canteras S.A | Perú | Accionista | Dólares | Fee Cash Support Agreement | 300 | (211) | - | - | 300 | - | - | - |
| Inversiones de Las Canteras S.A | Perú | Accionista | Dólares | Dividendos | - | - | 11,756 | - | - | - | - | - |
| Inversiones de Las Canteras S.A ⁽¹⁾ | Perú | Accionista | Dólares | Devolución aporte ⁽¹⁾ | - | - | 20,544 | - | - | - | - | - |

⁽¹⁾ Con fecha 7 de febrero de 2018 se realiza disminución de capital por MUS\$ 10,000 los cuales son repartidos como dividendos a los accionistas Inversiones de Las Canteras S.A. y Colbún S.A. Con fecha 24 de octubre de 2018 la Junta General de Accionistas acordó distribuir dividendos en razón de las utilidades obtenidas por un monto de MUS\$ 11,756 y una disminución adicional de capital de MUS\$ 10,544.

Colbún Desarrollo SpA

Estados de Situación Financiera por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ACTIVOS | 31 de Diciembre 2019 MUS\$ | 31 de Diciembre 2018 MUS\$ |
|---|----------------------------------|----------------------------------|
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | 10 | 10 |
| Deudores comerciales y otras cuentas por cobrar, corrientes | 1 | 1 |
| Activos corrientes totales | 11 | 11 |
| Activos no corrientes | | |
| Cuentas por cobrar a entidades relacionadas, no corrientes | 149 | 149 |
| Total activos no corrientes | 149 | 149 |
| TOTAL DE ACTIVOS | 160 | 160 |
| | | |
| PATRIMONIO NETO Y PASIVOS | 31 de Diciembre 2019 MUS\$ | 31 de Diciembre 2018 MUS\$ |
| Capital emitido | 160 | 160 |
| Patrimonio Total | 160 | 160 |
| TOTAL PATRIMONIO Y PASIVOS | 160 | 160 |

Colbún Desarrollo SpA

Estados de Flujos de Efectivo– Método Directo
por los ejercicios terminados al 31 de diciembre del 2019 y 2018
(En miles de dólares)

| ESTADO DE FLUJOS DIRECTO | Diciembre 31, 2019 MUS\$ | Diciembre 31, 2018 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 | - | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | - | - |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| 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 | - | - |
| 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 equivalentes al efectivo al principio del ejercicio | 10 | 10 |
| Efectivo y equivalentes al efectivo al final del ejercicio | 10 | 10 |

Colbún Desarrollo SpA
Estados de Cambios en el Patrimonio
por los ejercicios terminados al 31 de diciembre del 2019 y 2018
(En miles de dólares)

| Estados de Cambio en el Patrimonio | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|------------------------------------|--------------------------|--|------------------------------|
| Saldo inicial al 01.01.2019 | 160 | - | 160 |
| Resultado integral | | | |
| Ganancia (pérdida) | | - | - |
| Otro resultado integral | | | - |
| Dividendos | | - | - |
| Total de cambios en patrimonio | - | - | - |
| Saldo final al 31.12.2019 | 160 | - | 160 |

| Estados de Cambio en el Patrimonio | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|------------------------------------|--------------------------|--|------------------------------|
| Saldo inicial al 01.01.2018 | 160 | - | 160 |
| Resultado integral | | | |
| Ganancia (pérdida) | | - | - |
| Otro resultado integral | | | - |
| Total de cambios en patrimonio | - | - | - |
| Saldo final al 31.12.2018 | 160 | - | 160 |

Colbún Desarrollo S.P.A
Transacciones entre empresas relacionadas**Cuentas por cobrar a entidades relacionadas**

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | No corriente | |
|--------------|-------------|-------------|---------------------------|----------------|---------------------|---------------------|
| | | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Pesos | 149 | 149 |
| | | | | Total | 149 | 149 |

Santa Sofía SpA

Estados de Situación Financiera al 31 de diciembre de 2019 y 2018

(En miles de dólares)

| ACTIVOS | 31 de Diciembre 2019 MUS\$ | 31 de Diciembre 2018 MUS\$ |
|---------------------------------|----------------------------------|----------------------------------|
| Activos no corrientes | | |
| Activos por impuestos diferidos | 154 | 153 |
| Total activos corrientes | 154 | 153 |
| TOTAL DE ACTIVOS | 154 | 153 |

| PATRIMONIO NETO Y PASIVOS | 31 de Diciembre 2019 MUS\$ | 31 de Diciembre 2018 MUS\$ |
|--|----------------------------------|----------------------------------|
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 180 | 180 |
| Total pasivos no corrientes | 180 | 180 |
| Total pasivos | 180 | 180 |
| Patrimonio | | |
| Capital emitido | 588 | 588 |
| Ganancias (pérdidas) acumuladas | (614) | (615) |
| Patrimonio Total | (26) | (27) |
| TOTAL PATRIMONIO Y PASIVOS | 154 | 153 |

Santa Sofía SpA

Estados de Resultados Integrales por los ejercicios terminados al 31 de diciembre de 2019 y desde el 06 de junio al 31 de diciembre de 2018

(En miles de dólares)

| ESTADO DE RESULTADOS INTEGRALES POR NATURALEZA | Enero - Diciembre | Junio - Diciembre |
|--|-------------------|-------------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Otras ganancias (pérdidas) | - | (685) |
| Ganancia por actividades de operación | - | (685) |
| Ganancia (pérdida) antes de impuesto | - | (685) |
| Gasto por impuesto a las ganancias | 1 | 153 |
| Ganancia (pérdida) de actividades continuadas | 1 | (532) |
| GANANCIA (PÉRDIDA) | 1 | (532) |

| Estados de otros resultados integrales | Enero - Diciembre | Junio - Diciembre |
|--|-------------------|-------------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia (pérdida) | 1 | (532) |

Santa Sofía SpA

Estados de Cambios en el Patrimonio por los ejercicios terminados al 31 de diciembre de 2019 y desde 06 de junio al 31 de diciembre de 2018
(En miles de dólares)

| Estados de Cambios en el Patrimonio | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|---------------------------------------|------------------------|
| Saldo inicial al 01.01.2019 | 588 | (615) | (27) |
| Cambios en Patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | - | - | - |
| Ganancia (pérdida) | | 1 | 1 |
| Otro resultado integral | | | - |
| Dividendos | | - | - |
| Incremento (disminución) por transferencias y otros cambios | - | - | - |
| Total de cambios en patrimonio | - | 1 | 1 |
| Saldo final al 31.12.2019 | 588 | (614) | (26) |

| Estados de Cambios en el Patrimonio | Capital emitido MUS\$ | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|---------------------------------------|------------------------|
| Saldo inicial al 06.06.2018 | - | - | - |
| Cambios en Patrimonio | | | |
| Resultado integral | | | |
| Emisión de patrimonio | 588 | - | 588 |
| Ganancia (pérdida) | | (532) | (532) |
| Otro resultado integral | | | - |
| Dividendos | | - | - |
| Incremento (disminución) por transferencias y otros cambios | - | (83) | (83) |
| Total de cambios en patrimonio | 588 | (615) | (27) |
| Saldo final al 31.12.2018 | 588 | (615) | (27) |

Santa Sofía SpA**Estados de Flujos de Efectivo – Método Directo**

por los ejercicios terminados al 31 de diciembre de 2019 y desde 06 de junio al 31 diciembre de 2018

(En miles de dólares)

| ESTADO DE FLUJOS DIRECTO | Enero - Diciembre | Junio - Diciembre |
|--|--------------------------|--------------------------|
| | 2019 | 2018 |
| | MUS\$ | MUS\$ |
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (180) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | - | (180) |
| 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 | - | 180 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | - | 180 |
| 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 ejercicio | - | - |
| Efectivo y equivalentes al efectivo al final del ejercicio | - | - |

Termoeléctrica Nehuenco S.A., En Liquidación
Estados de Situación Financiera al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ACTIVOS | 31 de Diciembre | |
|---|-----------------|---------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Activos corrientes | | |
| Efectivo y equivalentes al efectivo | - | 20 |
| Deudores comerciales y otras cuentas por cobrar | - | 70 |
| Inventarios | - | 132 |
| Activos por impuestos corrientes | 7 | 7 |
| Activos corrientes totales | 7 | 229 |
| Activos no corrientes | | |
| Activos por impuestos diferidos | - | 3.189 |
| Total activos no corrientes | - | 3.189 |
| TOTAL DE ACTIVOS | 7 | 3.418 |

| PATRIMONIO NETO Y PASIVOS | 31 de Diciembre | |
|---|-----------------|-----------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Pasivos corrientes | | |
| Cuentas por pagar comerciales y otras cuentas por pagar | - | 317 |
| Provisiones por beneficios a los empleados, corrientes | - | 1.313 |
| Otros pasivos no financieros | - | 196 |
| Pasivos corrientes totales | - | 1.826 |
| Pasivos no corrientes | | |
| Cuentas por pagar a entidades relacionadas | 41 | 12.719 |
| Provisiones por beneficios a los empleados, no corrientes | - | 3.102 |
| Total pasivos no corrientes | 41 | 15.821 |
| Total pasivos | 41 | 17.647 |
| Capital emitido | 17.484 | 212 |
| Ganancias (pérdidas) acumuladas | (17.412) | (14.309) |
| Otras reservas | (106) | (132) |
| Patrimonio Total | (34) | (14.229) |
| TOTAL PATRIMONIO Y PASIVOS | 7 | 3.418 |

Termoeléctrica Nehuenco S.A., En Liquidación**Estados de Resultados Integrales por los ejercicios terminados al 31 de diciembre de 2019 y 2018****(En miles de dólares)**

| ESTADO DE RESULTADOS INTEGRALES POR NATURALEZA | Enero - Diciembre | |
|--|-------------------|---------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Ingresos de actividades ordinarias | - | 8.529 |
| Materias primas y consumibles utilizados | - | (474) |
| Gastos por beneficio a los empleados | (8) | (5.459) |
| Otros gastos, por naturaleza | - | (4) |
| Otras ganancias (pérdidas) | 94 | (11) |
| Ganancia (pérdida) de actividades operacionales | 86 | 2.581 |
| Diferencias de cambio | - | 531 |
| Ganancia (pérdida) antes de impuesto | 86 | 3.112 |
| Gasto por impuesto a las ganancias | (3.189) | (843) |
| Ganancia (pérdida) de actividades continuadas | (3.103) | 2.269 |
| GANANCIA (PÉRDIDA) | (3.103) | 2.269 |

| Estados de otros resultados integrales | Enero - Diciembre | |
|--|-------------------|---------------|
| | 2019 MUS\$ | 2018 MUS\$ |
| Ganancia (pérdida) | (3.103) | 2.269 |
| Componentes de otro resultado integral, antes de impuestos | | |
| Ganancias (pérdidas) actuariales por planes de beneficios definidos | - | (149) |
| Otros componentes de otro resultado integral, antes de impuestos | - | (149) |
| Impuesto a las ganancias relativos a componentes de Otro Resultado Integral | | |
| Impuesto a las ganancias relacionado con planes de beneficios definidos | - | 40 |
| Resultado integral total | - | (109) |
| RESULTADO INTEGRAL TOTAL | (3.103) | 2.160 |

Termoeléctrica Nehuenco S.A., En liquidación
Estados de Flujos de Efectivo – Método Directo
por los ejercicios terminados al 31 de diciembre de 2019 y 2018
(En miles de dólares)

| ESTADO DE FLUJOS DIRECTO | Enero - Diciembre | |
|--|-------------------|----------------|
| | 2019 MUS\$ | 2018 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 | - | 10.149 |
| Clases de pago | | |
| Pagos a proveedores por el suministro de bienes y servicios | - | (226) |
| Pagos a y por cuenta de los empleados | - | (4.685) |
| Otros pagos por actividades de operación | - | (1.878) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | - | 3.360 |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | |
| Pagos de préstamos a entidades relacionadas | (20) | (3.347) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | (20) | (3.347) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | (20) | 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 | (20) | 13 |
| Efectivo y equivalentes al efectivo al principio del ejercicio | 20 | 7 |
| Efectivo y equivalentes al efectivo al final del ejercicio | - | 20 |

Termoeléctrica Nehuenco S.A., En Liquidación

Estados de Cambios en el Patrimonio por los ejercicios terminados al 31 de diciembre de 2019 y 2018

(En miles de dólares)

| Estado de Cambios en el Patrimonio | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|---|-----------------------|-----------------------------|---|----------------------------|---------------------------------------|------------------------|
| | | Otras reservas varias MUS\$ | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2019 | 212 | (132) | - | (132) | (14.309) | (14.229) |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Emisión de patrimonio | 17.298 | | | | | 17.298 |
| Ganancia (pérdida) | | | | | (3.103) | (3.103) |
| Otro resultado integral | | - | - | - | | - |
| Dividendos | | | | | - | - |
| Incremento (disminución) por transferencias y otros cambios | (26) | 26 | - | 26 | | - |
| Total de cambios en patrimonio | 17.272 | 26 | - | 26 | (3.103) | 14.195 |
| Saldo final al 31.12.2019 | 17.484 | (106) | - | (106) | (17.412) | (34) |
| | | | | | | |
| Estado de Cambios en el Patrimonio | Capital emitido MUS\$ | Cambios en otras reservas | | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
| | | Otras reservas varias MUS\$ | Reserva de ganancias o pérdidas actuariales MUS\$ | Total otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2018 | 212 | (132) | - | (132) | (16.469) | (16.389) |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 2.269 | 2.269 |
| Otro resultado integral | | - | (109) | (109) | - | (109) |
| Incremento (disminución) por transferencias y otros cambios | - | - | 109 | 109 | (109) | - |
| Total de cambios en patrimonio | - | - | - | - | 2.160 | 2.160 |
| Saldo final al 31.12.2018 | 212 | (132) | - | (132) | (14.309) | (14.229) |

Termoeléctrica Nehuenco S.A., En Liquidación

Transacciones entre empresas relacionadas

a. Cuentas por pagar a entidades relacionadas

| I | Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | | No corriente | |
|--------------|-------------|-------------|---------------------------|----------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ | 31.12.2019 MUS\$ | 31.12.2018 MUS\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Matriz | Pesos | - | - | 41 | 12.719 |
| Total | | | | | - | - | 41 | 12.719 |

b. Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero-Diciembre | | | |
|--------------|------------|-------------|---------------------------|----------------|---|-----------------|---|----------------|---|
| | | | | | | 2019 | | 2018 | |
| | | | | | | 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) | - | - | 296 | (249) |
| | | | | | Servicio de Administración Mantenimiento y Operación Central Nehuenco | - | - | 10.149 | 8.529 |
| | | | | USD | Capitalización Cuenta Corriente | 17.298 | - | - | - |

Estados Financieros Resumidos Coligadas

Electrogas S.A.

Transmisora Eléctrica Quillota Ltda.

Electrogas S.A

Estados de Situación Financiera al 31 de diciembre de 2019 y 2018

(En miles de Pesos)

| ACTIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|---|------------|-----------------------------------|-----------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 5 | 3.439.113 | 3.702.222 |
| Otros activos financieros, corrientes | | 13.812 | 6.059 |
| Otros activos no financieros, corrientes | 9 | 357.117 | 340.925 |
| Deudores comerciales y otras cuentas por cobrar | 6 | 2.254.616 | 1.417.538 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 7 | 2.547.013 | 1.546.003 |
| Activos por impuestos | 15 | - | 60.538 |
| Activos corrientes totales | | 8.611.671 | 7.073.285 |
| Activos no corrientes | | | |
| Activos intangibles distintos de la plusvalía | 10 | 7.692.974 | 8.447.162 |
| Propiedades, planta y equipos | 11 | 38.922.340 | 42.897.626 |
| Total activos no corrientes | | 46.615.314 | 51.344.788 |
| ACTIVOS | | 55.226.985 | 58.418.073 |
| PATRIMONIO NETO Y PASIVOS | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
| Pasivos corrientes | | | |
| Otros pasivos financieros, corrientes | 13 | 395.227 | 2.058.886 |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 14 | 2.612.325 | 2.553.168 |
| Pasivos por impuestos | 15 | 1.353.427 | 1.608.358 |
| Provisiones por beneficios a los empleados, corrientes | 16 | 520.697 | 458.973 |
| Pasivos corrientes totales | | 4.881.676 | 6.679.385 |
| Pasivos no corrientes | | | |
| Otros pasivos financieros, no corrientes | 13 | 259.793 | 561.426 |
| Pasivos por impuestos diferidos | 12 | 1.513.300 | 1.513.300 |
| Provisiones por beneficios a los empleados, no corrientes | 16 | 9.424.351 | 10.599.373 |
| Otros pasivos no financieros, no corrientes | 17 | 337.173 | - |
| Total pasivos no corrientes | | 11.534.617 | 12.674.099 |
| Total pasivos | | 16.416.293 | 19.353.484 |
| Patrimonio | | | |
| Capital emitido | 18 | 21.266.155 | 21.266.155 |
| Ganancias (pérdidas) acumuladas | 18 | 17.886.367 | 18.033.458 |
| Otras reservas | 18 | (341.830) | (235.024) |
| Patrimonio Total | | 38.810.692 | 39.064.589 |
| PATRIMONIO Y PASIVOS | | 55.226.985 | 58.418.073 |

Electrogas S.A.**Estados de Resultados Integrales, por Naturaleza**

por los años terminados al 31 de diciembre de 2019 y 2018

(En miles de pesos)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota | Enero- Diciembre | |
|---|------|-------------------|-------------------|
| | N° | 2019 MUS\$ | 2018 MUS\$ |
| Ingresos de actividades ordinarias | 19 | 36.276.419 | 35.146.049 |
| Costo de Ventas | 20 | (8.964.496) | (8.680.094) |
| Otros gastos, por naturaleza | | (18.476) | (77.072) |
| Gastos de Administración | 21 | (1.023.147) | (916.663) |
| Otras ganancias (pérdidas) | | 23.317 | 8.368 |
| Ganancia de actividades operacionales | | 26.293.617 | 25.480.588 |
| Ingresos financieros | 22 | 160.217 | 155.872 |
| Costos financieros | 22 | (69.340) | (139.352) |
| Diferencias de cambio | 26 | (292.589) | (478.602) |
| Ganancia antes de impuesto | | 26.091.905 | 25.018.506 |
| Gasto por impuesto a las ganancias | 12 | (7.263.520) | (6.969.074) |
| Ganancia de actividades continuadas | | 18.828.385 | 18.049.432 |
| GANANCIA (PÉRDIDA) | | 18.828.385 | 18.049.432 |
| Ganancias por acción | | | |
| Ganancias por acción básica en operaciones continuas US\$/acción | | 46 | 44 |
| Ganancias por acción básica | | 46 | 44 |
| Ganancias por acción diluida en operaciones continuas US\$/ acción | | - | - |
| Ganancias por acción diluida | | - | - |

Electrogas S.A.

Estados de Flujos de Efectivo – Método Indirecto

por los años terminados al 31 de diciembre de 2019 y 2018

(En miles de pesos)

| ESTADOS DE FLUJOS DIRECTO | Nota N° | 31 de Diciembre, 2019 MUS\$ | 31 de Diciembre, 2018 MUS\$ |
|--|------------|-----------------------------------|-----------------------------------|
| Flujos de efectivo procedentes de (utilizados en) actividades de operación | | | |
| Ganancia Neta | | 18.828.385 | 18.049.432 |
| Ajustes por Provisiones | | 398.897 | (45.679) |
| Ajuste por utilidad en ventas de propiedades, plantas y equipos | | (3.994) | (3.825) |
| Ajuste por gastos de depreciación y amortización | 10, 11 | 5.406.581 | 5.353.899 |
| Impuestos a las ganancias reembolsados (pagados) | 12 | 7.263.520 | 6.969.074 |
| Disminución (Aumento) de Cuentas por cobrar de origen comercial que afectan el flujo de efectivo | | (1.838.088) | 398.740 |
| Disminución (Aumento) de Otras cuentas por cobrar derivadas de otras actividades de la operación que afectan al flujo de efectivo | | (8.438.982) | (7.450.134) |
| Aumento (Disminución) de cuentas por pagar de origen comercial que afectan al flujo de efectivo | | (280.228) | (18.690) |
| Aumento (Disminución) de otras cuentas por pagar derivadas de actividades de operación que afectan al flujo de efectivo | | (195.565) | (691.337) |
| Otros ajustes por partidas distintas al efectivo | | (40.654) | 131.337 |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | | 21.099.872 | 22.692.817 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | | |
| Venta de propiedades, plantas y equipos | | 8.418 | 23.060 |
| Compras de propiedades, plantas y equipos | | (483.857) | (507.366) |
| Otras entradas (salidas) de efectivo | | (14.504) | (61.978) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | | (489.943) | (546.284) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | | |
| Importes procedentes de préstamos | | | |
| Pago de préstamos | | (2.038.356) | (4.400.888) |
| Dividendos pagados | 13-18 | (18.741.790) | (17.956.095) |
| Otras entradas (salidas) de efectivo | | (92.892) | (49.125) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | | (20.873.038) | (22.406.108) |
| Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio | | (263.109) | (259.575) |
| Efectivo y equivalentes al efectivo al principio del ejercicio | | 3.702.222 | 3.961.797 |
| Efectivo y equivalentes al efectivo al final del periodo | | 3.439.113 | 3.702.222 |

Electrogas S.A.**Estados de Cambios en el Patrimonio**

por los años terminados al 31 de diciembre de 2019 y 2018

(En miles de pesos)

| Estados de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|------|--------------------------|--------------------------------|-------------------------------|--|---------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2019 | 18 | 21.266.155 | (235.024) | (235.024) | 18.033.458 | 39.064.589 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 18.828.385 | 18.828.385 |
| Otro resultado integral | | | 143.187 | 143.187 | | 143.187 |
| Dividendos | | | | | (18.975.476) | (18.975.476) |
| Incremento (disminución) por otros cambios | | | (249.993) | (249.993) | | (249.993) |
| Total de cambios en patrimonio | | - | (106.806) | (106.806) | (147.091) | (253.897) |
| Saldo final al 31.12.2019 | | 21.266.155 | (341.830) | (341.830) | 17.886.367 | 38.810.692 |

| Estado de Cambios en el Patrimonio Neto | Nota | Capital emitido MUS\$ | Cambios en otras reservas | | Ganancias (pérdidas) acumuladas MUS\$ | Patrimonio total MUS\$ |
|--|------|--------------------------|--------------------------------|-------------------------------|--|---------------------------|
| | | | Otras reservas varias MUS\$ | Total Otras reservas MUS\$ | | |
| Saldo inicial al 01.01.2018 | 18 | 21.266.155 | (314.608) | (314.608) | 19.562.658 | 40.514.205 |
| Cambios en Patrimonio | | | | | | |
| Resultado integral | | | | | | |
| Ganancia (pérdida) | | | | | 18.049.432 | 18.049.432 |
| Otro resultado integral | | | 8.447 | 8.447 | | 8.447 |
| Dividendos | | | | | (19.578.632) | (19.578.632) |
| Incremento (disminución) por otros cambios | | | 71.137 | 71.137 | | 71.137 |
| Total de cambios en patrimonio | | - | 79.584 | 79.584 | (1.529.200) | (1.449.616) |
| Saldo final al 31.12.2018 | | 21.266.155 | (235.024) | (235.024) | 18.033.458 | 39.064.589 |

Electrogas S.A.

Información sobre partes relacionadas

a. Cuentas por pagar a entidades relacionadas

| Rut | Sociedad | Naturaleza Relación | Detalle | Moneda | País | 31.12.2019 (\$USD) | 31.12.2018 (\$USD) |
|--------------|-------------------------------|---------------------|--|--------|-------|--------------------|--------------------|
| 96.505.760-9 | Colbún S.A | Accionista | Servicios de transporte de gas y diesel, operación estación de medición y operación Oleoducto Central Nehuenco | CLP | Chile | 1.596.711 | 724.493 |
| 92.604.000-6 | Empresa Nacional del Petróleo | Accionista | Servicios de transporte de gas | CLP | Chile | 266.597 | 175.927 |
| 76.788.080-4 | GNL Quintero S.A | Indirecta | Servicios de transporte de gas | CLP | Chile | 530.100 | 530.100 |
| 87.756.500-9 | ENAP Refinerías S.A | Indirecta | Servicio de transporte de gas, operación estación de medición y servicio aumento presión | CLP | Chile | 153.605 | 115.483 |
| Total | | | | | | 2.547.013 | 1.546.003 |

b. Transacciones más significativas y sus efectos en resultado

| Rut | Sociedad | Naturaleza Relación | Descripción de la Transacción | Moneda | País | Enero- Diciembre | | | |
|--------------|-------------------------------|---------------------|-----------------------------------|--------|-------|------------------|------------------------------|------------|------------------------------|
| | | | | | | 2019 | | 2018 | |
| | | | | | | Monto US\$ | Efecto en Resultados (\$USD) | Monto US\$ | Efecto en resultados (\$USD) |
| 96.505.760-9 | Colbún S.A | Accionista | Servicios de transporte de gas | CLP | Chile | 8.227.187 | 8.227.187 | 7.886.590 | 7.886.590 |
| | | | Servicios de transporte de dieses | CLP | Chile | 303.240 | 303.240 | 324.771 | 324.771 |
| | | | Operación estación Chena | CLP | Chile | 36.500 | 36.500 | 36.500 | 36.500 |
| | | | Operación Oleoducto Nehuenco | CLP | Chile | 82.524 | 82.524 | 88.383 | 88.383 |
| 92.604.000-6 | Empresa Nacional del Petróleo | Accionista | Servicios de transporte de gas | CLP | Chile | 2.348.674 | 2.348.674 | 2.020.694 | 2.020.694 |
| 87.756.500-9 | ENAP Refinerías S.A | Indirecta | Servicios de transporte de gas | CLP | Chile | 982.441 | 982.441 | 1.076.101 | 1.076.101 |
| | | | Operación Estación El Colmo | CLP | Chile | 44.353 | 44.353 | 47.498 | 47.498 |
| | | | Servicio aumento presión | CLP | Chile | 354.060 | 354.060 | 354.060 | 354.060 |
| 76.788.080-4 | GNL Quintero S.A | Indirecta | Servicio de transporte de gas | CLP | Chile | 6.305.199 | 6.305.199 | 6.105.750 | 6.105.750 |

Transmisora Eléctrica de Quillota Ltda.

Estados de Situación Financiera al 31 de diciembre de 2019 y 2018

(En miles de Pesos)

| ACTIVOS | Nota N° | Diciembre 31, 2019 M\$ | Diciembre 31, 2018 M\$ |
|---|------------|------------------------------|------------------------------|
| Activos corrientes | | | |
| Efectivo y equivalentes al efectivo | 5 | 2.403.904 | 8.185.392 |
| Otros activos no financieros, corrientes | - | 19 | 1.030 |
| Deudores comerciales por cobrar y otras cuentas por cobrar | 6 | 8.880 | 8.655 |
| Cuentas por cobrar a entidades relacionadas, corrientes | 7.b | 896.926 | 1.125.293 |
| Activos por impuestos corrientes | 10.a | 2.100 | 4.467 |
| Activos corrientes totales | | 3.311.829 | 9.324.837 |
| Activos no corrientes | | | |
| Otros activos no financieros, no corrientes | - | 26.759 | 27.843 |
| Activos intangibles distintos de la plusvalía | 8 | 253.784 | 258.889 |
| Propiedades, planta y equipos | 9 | 10.580.433 | 11.271.896 |
| Activos no corrientes totales | | 10.860.976 | 11.558.628 |
| ACTIVOS TOTALES | | 14.172.805 | 20.883.465 |
| PATRIMONIO NETO Y PASIVOS | | | |
| | Nota N° | Diciembre 31, 2019 M\$ | Diciembre 31, 2018 M\$ |
| Pasivos corrientes | | | |
| Cuentas por pagar comerciales y otras cuentas por pagar, corrientes | 11 | 180.884 | 153.511 |
| Pasivos por impuestos | 10.a | 82.710 | - |
| Otros pasivos no financieros, corrientes | 12 | 93.963 | 73.877 |
| Pasivos corrientes totales | | 357.557 | 227.388 |
| Pasivos no corrientes | | | |
| Pasivos por impuestos diferidos | 10.b | 1.616.791 | 1.708.660 |
| Pasivos no corrientes totales | | 1.616.791 | 1.708.660 |
| Pasivos totales | | 1.974.348 | 1.936.048 |
| Patrimonio | | | |
| Capital emitido | 13.a | 4.404.446 | 4.404.446 |
| Ganancias acumuladas | 13.c | 8.643.957 | 15.392.917 |
| Otras reservas | 13.b | (849.946) | (849.946) |
| Patrimonio Total | | 12.198.457 | 18.947.417 |
| PATRIMONIO Y PASIVOS TOTALES | | 14.172.805 | 20.883.465 |

Transmisora Eléctrica de Quillota Ltda.
Estados de Resultados Integrales, por Naturaleza
por los años terminados al 31 de diciembre de 2019 y 2018
(En miles de pesos)

| ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA | Nota N° | Enero - Diciembre | |
|---|------------|--------------------------|------------------|
| | | 2019 M\$ | 2018 M\$ |
| Ingresos de actividades ordinarias | 14 | 3.191.566 | 3.003.757 |
| Gastos por depreciación y amortización | 15 | (782.799) | (784.364) |
| Otros gastos varios de operación | 16 | (768.867) | (758.598) |
| Otras ganancias (pérdidas) | 17 | (1.151) | 70 |
| Ganancia (pérdida) de actividades operacionales | | 1.638.749 | 1.460.865 |
| Ingresos financieros | 18 | 153.521 | 187.530 |
| Costos financieros | 18 | - | (9) |
| Resultados por unidades de reajuste | - | 6.088 | 11.364 |
| Ganancia (pérdida) antes de impuesto | - | 1.798.358 | 1.659.750 |
| Gasto por impuesto a las ganancias | 10.a | (407.478) | (349.847) |
| Ganancia (pérdida) de actividades continuadas | - | 1.390.880 | 1.309.903 |
| GANANCIA (PÉRDIDA) | | 1.390.880 | 1.309.903 |
| Ganancia (pérdida) atribuible a | | | |
| Ganancia (pérdida) atribuible a los propietarios de la controladora | - | 1.390.880 | 1.309.903 |
| GANANCIA (PÉRDIDA) | - | 1.390.880 | 1.309.903 |
| Estados de otros resultados integrales | | Enero - Diciembre | |
| | | 2019 | 2018 |
| | | M\$ | M\$ |
| Ganancia (pérdida) | - | 1.390.880 | 1.309.903 |
| Componentes de otro resultado integral, antes de impuestos | | | |
| Otros componentes de otro resultado integral, antes de impuestos | - | - | - |
| RESULTADO INTEGRAL TOTAL | | 1.390.880 | 1.309.903 |

Transmisora Eléctrica de Quillota Ltda.
Estados de Flujos de Efectivo – Método Indirecto
por los años terminados al 31 de diciembre de 2019 y 2018
(En miles de pesos)

| ESTADOS DE FLUJOS INDIRECTO | Nota N° | Diciembre 31, 2019 M\$ | Diciembre 31, 2018 M\$ |
|--|------------|------------------------------|------------------------------|
| Conciliación con la ganancia (pérdida) de operaciones | | | |
| Ganancia | | 1.390.880 | 1.309.903 |
| Ajustes para conciliar con la ganancia de las operaciones | | | |
| Gasto por impuesto a las ganancias | 10 | 407.478 | 349.847 |
| Depreciación del ejercicio | 15 | 782.799 | 784.364 |
| (Incremento) decremento en deudores comerciales y otras cuentas por cobrar | - | 228.142 | (838.312) |
| Decremento en otros activos | - | 2.095 | 1.085 |
| Incremento en acreedores comerciales y otras cuentas por pagar | - | 27.373 | (257.121) |
| Incremento (decremento) en otros pasivos | - | 20.086 | 44.008 |
| Total ajuste para conciliación de ganancia | | 1.467.973 | 83.871 |
| Impuestos a las ganancias pagados (reembolsados) | - | (414.270) | (239.803) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de operación | | 2.444.583 | 1.153.971 |
| Flujos de efectivo procedentes de (utilizados en) actividades de inversión | | | |
| Compras de propiedades, plantas y equipos | 9.b | (86.231) | (278.950) |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión | | (86.231) | (278.950) |
| Flujos de efectivo procedentes de (utilizados en) actividades de financiación | | | |
| Dividendos pagados | 13.c | (8.139.840) | - |
| Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación | | (8.139.840) | - |
| Incremento (disminución) neto de efectivo y equivalentes al efectivo | - | (5.781.488) | 875.021 |
| Efectivo y equivalentes al efectivo al principio del ejercicio | - | 8.185.392 | 7.310.371 |
| Efectivo y equivalentes al efectivo al final del ejercicio | 5 | 2.403.904 | 8.185.392 |

Transmisora Eléctrica de Quillota Ltda.
Estados de Cambios en el Patrimonio
por los años terminados al 31 de diciembre de 2019 y 2018
(En miles de pesos)

| Estados de Cambios en el Patrimonio | Capital emitido | Otras reservas varias | Ganancias (pérdidas) acumuladas | Patrimonio atribuible a los propietarios de la controladora | Patrimonio |
|-------------------------------------|------------------|--------------------------|---------------------------------------|--|--------------------|
| | M\$ | M\$ | M\$ | M\$ | M\$ |
| Saldo inicial al 01.01.2019 | 4.404.446 | (849.946) | 15.392.917 | 18.947.417 | 18.947.417 |
| Cambios en Patrimonio | | | | | |
| Resultado integral | | | | | |
| Ganancia (pérdida) | | | 1.390.880 | 1.390.880 | 1.390.880 |
| Otro resultado integral | | - | | - | - |
| Dividendos | | | (8.139.840) | (8.139.840) | (8.139.840) |
| Total de cambios en patrimonio | - | - | (6.748.960) | (6.748.960) | (6.748.960) |
| Saldo final al 31.12.2019 | 4.404.446 | (849.946) | 8.643.957 | 12.198.457 | 12.198.457 |

| Estado de Cambios en el Patrimonio | Capital emitido | Otras reservas varias | Ganancias (pérdidas) acumuladas | Patrimonio atribuible a los propietarios de la controladora | Patrimonio |
|------------------------------------|------------------|--------------------------|---------------------------------------|--|-------------------|
| | M\$ | M\$ | M\$ | M\$ | M\$ |
| Saldo inicial al 01.01.2018 | 4.404.446 | (849.946) | 14.083.014 | 17.637.514 | 17.637.514 |
| Cambios en Patrimonio | | | | | |
| Resultado integral | | | | | |
| Ganancia (pérdida) | | | 1.309.903 | 1.309.903 | 1.309.903 |
| Otro resultado integral | | - | | - | - |
| Total de cambios en patrimonio | - | - | 1.309.903 | 1.309.903 | 1.309.903 |
| Saldo final al 31.12.2018 | 4.404.446 | (849.946) | 15.392.917 | 18.947.417 | 18.947.417 |

Transmisora Eléctrica de Quillota Ltda.**Información sobre partes relacionadas**

Las operaciones entre la Compañía y sus empresas relacionadas forman parte de las transacciones habituales de la Sociedad en cuanto a su objeto y condiciones.

a. Socios

La distribución de los socios de la Compañía al 31 de diciembre de 2019 es la siguiente:

| Nombre de los Socios | Participación % |
|----------------------------|-----------------|
| Colbún S.A. | 50,00 |
| Enel Generación Chile S.A. | 50,00 |
| Total | 100,00 |

b. Saldo y transacciones con entidades relacionadas**Cuentas por cobrar a entidades relacionadas**

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de Moneda | Corriente | |
|--------------|---|-------------|---------------------------|----------------|-------------------|-------------------|
| | | | | | 31.12.2019 M\$ | 31.12.2018 M\$ |
| 96.505.760-9 | Colbún S.A. | Chile | Socio | Pesos | 321.224 | 285.153 |
| 91.081.000-6 | Enel Generación Chile S.A. ⁽¹⁾ | Chile | Socio | Pesos | 575.702 | 840.140 |
| Total | | | | | 896.926 | 1.125.293 |

⁽¹⁾ Incluye saldos de Gasatagama Chile S.A. de diciembre 2018 por M\$ 392.498.-

Transacciones más significativas y sus efectos en resultado

| RUT | Sociedad | País origen | Naturaleza de la relación | Tipo de moneda | Descripción de la Transacción | Enero - Diciembre | | | |
|--------------|---|-------------|---------------------------|----------------|-------------------------------|-------------------|---|--------------|---|
| | | | | | | 2019 | | 2018 | |
| | | | | | | 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 | 1.787.994 | 1.502.516 | 1.679.722 | 1.411.531 |
| 91.081.000-6 | Enel Generación Chile S.A. ⁽¹⁾ | Chile | Socio | Pesos | Peaje uso de instalaciones | 1.957.413 | 1.644.885 | 1.843.489 | 1.549.150 |

⁽¹⁾ Incluye saldos de Gasatagama Chile S.A. de diciembre 2018 por M\$ 761.786.- y un efecto en resultado de M\$ 640.156.-

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

No existen deudas de dudoso cobro relativo a saldos pendientes que ameriten provisión ni gastos reconocidos por este concepto.

Todas las transacciones con partes relacionadas fueron realizadas en términos y condiciones de mercado.

IDENTIFICACIÓN DE LA SOCIEDAD

102-1, 102-3, 102-4, 102-5

Razón Social: Colbún S.A.

Rol Único Tributario: 96.505.760-9

Tipo de Entidad: Sociedad Anónima Abierta

Inscripción en el Registro de Valores: N° 0295

Dirección: Av. Apoquindo 4775, piso 11, Santiago, Chile

Teléfono: (56 2) 2460 4000

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Sitio Web: www.colbun.cl

Twitter: @ColbunEnergia

Facebook: www.facebook.com/ColbunEnergia/

Audidores externos Estados Financieros:

KPMG Auditores Consultores Ltda.

Audidores externos Huella de Carbono:

EY Consulting SpA.

Audidores externos indicadores de económicos, sociales y ambientales:

EY Consulting SpA.

Materialidad: GECO SpA

Fotografías: Archivo Colbún y Trabajadores

Diseño gráfico: Strong

Imprenta: Fyrma

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102-53

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