

# INTEGRIDAD

## ANNUAL INTEGRATED REPORT 2020

BETTER  
ENERGY⚡



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US\$ 683  
million in EBITDA

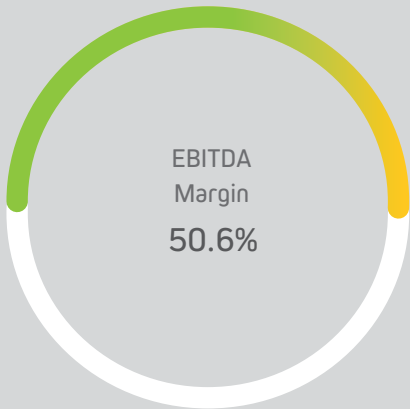
  
984  
workers in Chile

US\$ 90  
million in net profit

  
102  
in Peru

### PROPIEDAD:

- 49.96 % Grupo Matte
- 9.58 % Antarchile S.A.
- 19.40 % AFPs
- 21.05 % Otros



## Chile

13%  
of market share in  
the SEN (in MW)

899 Km  
of transmission lines

15%  
market share in  
the SEN in energy  
generation


3,015  
contractor companies  
working with Colbun

  
305  
generation  
clients


19 clients are distribution  
companies

286 are unregulated  
clients with contracts as of  
December 2020, 276 of them  
had supply as of that date\*.

11  
transmission  
clients



3<sup>er</sup>  
largest SEN  
generator




3,238 MW  
of installed capacity (50.3%  
hydraulic and 49.5% thermal)

12,034 GWH  
market share in the SEN in  
energy generation


## Perú

2,887 GWH  
of thermal generation by Fenix  
2020

6 %  
market share in  
the SEIN of energy  
produced



567 MW  
of installed capacity  
(100% thermal)

  
30  
clients

6 distribution companies

21 industries

3 power generation companies

\* As of December 2020, 10 unregulated customers were under contract, but had not yet started supply.



# World Economic Forum Indicators



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## Governance

## Prosperity

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# Letter from the Chairman

HERNÁN RODRÍGUEZ W.  
Colbun S.A Chairman

On behalf of the Board of Directors, I would like to share with you the Company's 2020 Integrated

Annual Report, that gives an account of the Company's management during the former year, with a comprehensive view of what we at Colbun consider to be sustainability: not a part of the business, but THE business, and therefore this document includes the economic, environmental, social and corporate governance management of the company, framed in the development of our strategic plan.

## Colbun and Coronavirus

In the complex context facing the world and Chile today, 2020 will be remembered as the year of Coronavirus, and the global challenge of promoting a reactivation in a sustainable way. The appearance and rapid spread of Covid-19 certainly marked our management at Colbun, the Company faced this pandemic

with two fundamental premises: safeguarding the health of workers and contractors; and ensuring the continuity and safety of the energy supply. Both focal points joined the momentum we continue giving our portfolio of renewable energy projects.

**Workers and contractors:** Among some of the internal measures that I would like to highlight are the very early adoption of home-office model in all positions where it was possible to do so; conducting self-care campaigns; development of protocols for direct contacts and confirmed infections of the disease; segmentation and separation of teams when remote work was not possible (mainly at the power plants); protection in feeding places; special transfers to and from workers' homes, and the creation of virtual spaces that allow our workers to express their doubts and fears, among many others.

At an operational level, provision of supplies necessary for the correct

“ The Company faced this pandemic with two fundamental premises: safeguarding the health of workers and contractors; and ensuring the continuity and safety of the energy supply. ”

operation of all power plants was ensured, not a minor issue due to disruptions in the logistics chains that the pandemic created, and maintenance that did not jeopardize the operational continuity and integrity of the generation units were postponed.

Undoubtedly, this was a learning process, defective at the beginning, where gradually, but steadily, we went adopting best practices, as possibly happened to the whole world. No one was prepared for this. But I think it is relevant to mention here that the result of this effort was not in vain: at Colbun workers level, we were able to significantly mitigate the contagions produced within the offices and work sites. In the perspective of how challenging and uncertain the year 2020 was, I would like to acknowledge and thank our people for their flexibility and adaptability in this new scenario, which made it possible to maintain operational continuity

without setbacks and a secure supply of energy.

**Suppliers:** Regarding our suppliers, by the end of 2019 we had already reduced payment term to 15 days from the issuance of the invoice, a term that by April 2020 was reduced to 7 business days, with the aim of contributing to alleviate liquidity problems, threat implied by the pandemic for many SMEs.

**Clients:** On our clients side - medium and large companies -, we not only intensified communication channels to keep them informed about the measures adopted to ensure the continuity of their supply, but we also opened conversation spaces to evaluate how to design -according to the merit and particular circumstances of each one of them- payment mechanisms appropriate to their needs.

**Communities:** At the community level, and under the slogan “Let's share our

best energy”, Colbun launched a series of initiatives and programs in the 20 communes where we are present, with four priority focuses: 1) support communities and local health staff with sanitary implements; 2) support for the elderly, by delivering more than 700 thousand sanitary items to Hogar de Cristo shelters; 3) food delivery campaigns collaboratively with neighborhood councils and municipalities, and; 4) support for local entrepreneurship, including the creation of a free e-commerce platform, access to competitive funds and the provision of digital tools through Colbun Entrepreneurship Center, among other measures. We will continue to emphasize this last focus during 2021, in the belief that we need to support the sustainable reactivation of communities once the pandemic is controlled.



### The great pandemic learning

We know that our contribution was one among the many efforts that the country, people and companies had to make in the context of the enormous costs that Covid meant in terms of health and income. But I would like to rescue an aspect of the dynamics experienced last year, that goes beyond monetary contributions we made: when there is a common cause, it is almost logical and intuitive that the public sector, companies, and civil society organizations join forces to work collaboratively. Unfortunately, this great learning is usually lost in the middle of the rarefied climate that sometimes exists in our country, where the real problems and challenges of our people are often approached from the perspective of mistrust and labels and preconceptions, which only result in a zero-sum game.

In this sense, despite how disruptive this pandemic has been, for us it was also an opportunity to connect and empathize - from another point of view, with the urgency of protecting life - with territories that we have long known, and contribute with our logistics and organization capabilities to mitigate the complex impacts of this crisis. This shows that companies, especially large companies, have a relevant public role to play.

### Economic results and Strategic Agenda

In the economic sphere, the Coronavirus also affected the energy demand, ending the year with almost zero growth. Despite this difficult scenario, Colbun closed the year with an operating performance in line with budget, achieving an EBITDA of US \$ 682,5 million, a figure 2% lower than 2019. Higher energy sales to unregulated customers, which offset a drop in revenue from regulated clients and lower expenses for gas purchases explain this operating result.

I would like to highlight the stability of our economic management in recent years, despite the significant effects of the drought that has affected the country and the challenging competitive context of this industry. However, this sound performance, does not prevent us from being aware that in the coming years we must redouble our efforts to maintain the trust that our shareholders have placed in this Board of Directors and its management.

In 2020, the energy industry continued to advance along the path of transformation, characterized by lower development costs for solar and wind energy, technologies that today dominate the construction of new power plants; lower barriers to entry for new players; greater atomization of generation sources; a significant

impact of innovations in the business; and greater competitive dynamics.

In this scenario, Colbun has continued to advance in its Strategic Agenda, consolidating a path of relevant transformations that the Company started four years ago. In this regard, I would like to focus on two pillars of this agenda. The first is linked to our commercial vision: what we see today are more empowered customers, who favor zero-emission energy, who demand energy and want products and services to make efficient use of it, and who are looking for a personalized experience with simple transactions through digital channels.

To address these preferences, in 2016 the Company decided to emphasize a new commercial vision of the business by focusing on the so-called unregulated clients. These are medium and large clients from various sectors, to whom the regulatory framework allows to freely choose their energy supplier. This approach has led us to become a products and services company that places the client at the center of its business model, providing them with safe, competitive and sustainable energy, through a value proposition that is complemented with comprehensive energy solutions.

To meet part of this challenge, in September 2020 we completed the purchase of Efizity, the leading energy solutions firm in the domestic market, in order to enhance the value

proposition to our customers. It was possibly the most visible milestone of the year in this area, but not the only one: we implemented a new virtual customer service platform; we renewed contracts with relevant companies such as Walmart, Sonda, Grupo Camanchaca and Concha y Toro; and we made progress in electromobility projects for our clients, among other innovations.

### Renewable growth and environmental footprint

In the context of the challenges arising from climate change, another pillar of Colbun's Strategic Agenda is its roadmap of renewable energy projects.

The display of our renewable portfolio will enable us to reduce our emissions factor by approximately 40% by 2030, contributing to national reduction targets.

In June, the Board of Directors approved the financial resources to begin construction of the PV plants Diego de Almagro Sur (230 MW) and Machicura (9 MW) in the last part of the year. In December, environmental approval was also obtained for the Intipacha PV plant (486 MW in the first stage), and progress was made in the environmental assessment of the Horizonte wind project (607 MW), we expect to begin the construction thereof in 2021. In total, Colbun has five renewable projects in an advanced stage of development - two under

“ When there is a common cause, it is almost logical and intuitive that the public sector, companies, and civil society organizations join forces to work collaboratively. ”





“ From our viewpoint, we hope that the new Constitution will recognize the importance of promoting an institutional framework that encourages private investment, building basic consensus to lay the foundations for a new cycle of progress and development for the country. ”

construction, one environmentally approved and two under evaluation - totaling close to 1,800 MW.

This trajectory is also consistent with a work plan we are developing to further deepen the management of our environmental footprint, which has meant establishing goals, indicators and additional projects associated with its management: water footprint, where we have set the goal of reducing the intensity of fresh water use per unit of energy generated by 40% by 2025 and 45% by 2030; the carbon footprint, where the objective is to reduce net emissions by 30% by 2025 and 40% by 2030; and the waste footprint, where we aspire to reach 98% ash recovery by 2025, which represents 99% of our waste.

#### Regulatory challenges and constituent momentum

The rapid evolution of the energy market requires regulations that promote its development without distortions. In this perspective, it is important to have a regulation that provides clear and transparent rules that consolidate the confidence of the sector's agents, where investment projects face predictable deadlines and criteria, and where regulatory changes are made considering the complexities of the energy system and maintaining adequate incentives for investment. In this regard, we believe it is important to preserve the principles that have allowed the development of this industry, avoiding the tendency to promote public policies, without adequate design

and technical support, and that in the medium and long term end up creating situations of overflow that become unmanageable. Suffice it to recall the case of California, which in August last year had to face rationing because it was unable to cover its peak demand with renewable generation, due to the early withdrawal of conventional backup capacity.

From this point of view, one of the issues where we expect a prompt definition is the creation of a regulatory framework that allows incorporating the flexibility criteria currently required by the power system in the face of the challenges imposed by the intermittence from renewable energies of variable source. The penetration of these energy sources has been much faster

than expected, and we note with some concern that our regulatory framework is lagging behind, without generating the necessary incentives for the private sector to promote the necessary investments to better manage this intermittence.

Another regulatory challenge relates to the area of energy distribution. Technological changes, increased service quality requirements and the promotion of greater competition make it necessary to modernize the framework that governs the energy distribution business. In order to take on part of this challenge, in 2020 the Executive sent the energy portability bill to Congress, which we hope will reduce the information asymmetries that foster fair competition. These distortions acquire even greater weight when we observe a process of consolidation of the distribution sector that has resulted in a greater concentration of this industry.

Finally, I would like to dedicate a few words to the institutional challenges that our country will face this and next year, crystallized in the upcoming constitutional debate, which will have a relevant influence on the country we build in the long term. First, we believe that the way in which the country carries out the constituent

process and how the expectations of the population are adequately and realistically channeled is very relevant. We hope that a constructive debate will be promoted, without labels, without pre-judgments or those that only seek to annul those who think differently. Care for the forms also has to do with the role of violence, where we observe with concern that this has become a justified tool to resolve differences.

As for the content and substance of the discussion we will face, we hope that the new Constitution will recognize the importance of promoting an institutional framework that encourages private investment, building basic consensus to lay the foundations for a new cycle of progress and development for the country.

As I conclude these words, I hope that reading this Integrated Annual Report 2020 - which was prepared and verified according to the Global Reporting Initiative (GRI) standard and in accordance with the Sustainable Development Goals, the principles proposed by the World Economic Forum, the United Nations Global Compact Principles and General Rule 386 of the Financial Market Commission - will provide an adequate

understanding of the Company's management during the past year and the progress and challenges we face

#### Thank you

**HERNÁN RODRÍGUEZ W.**  
**Chairman Colbun S.A.**

April 14, 2021





# WHO WE ARE

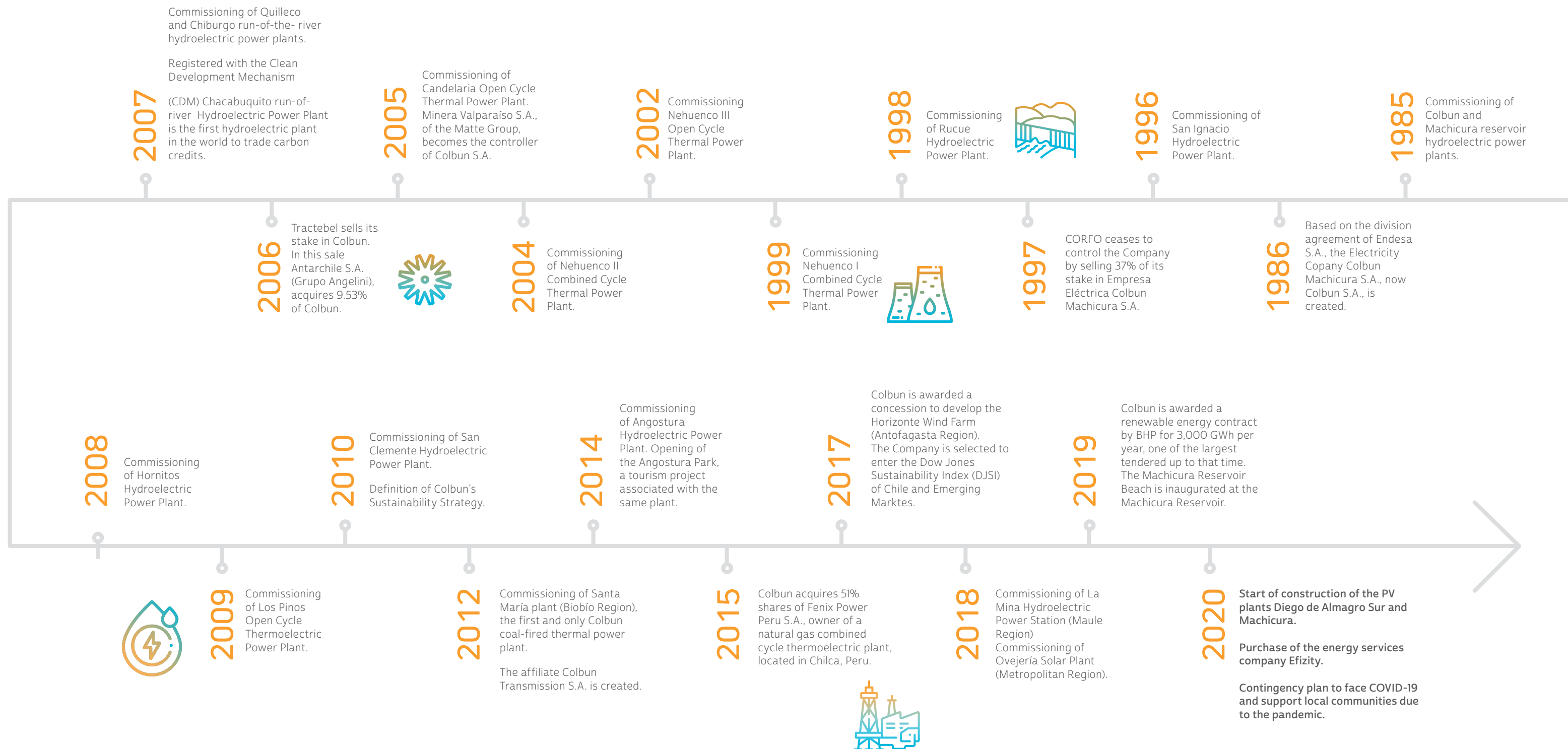


- 1.1. Our History
- 1.2. Our 2020 Milestones
- 1.3. Our Facilities
- 1.4. Ownership and Corporate Structure
- 1.5. Our Board and Executive Team





# 1.1 Our History



# 1.2

## Our 2020 Highlights

### January

**Colbun and Universidad Central agree to supply renewable energy**  
Signature of agreement to supply 100% renewable energy with the Universidad Central de Chile. The contract has a duration of six years and will cover a demand of approximately 2.5 GWh/year.



**Horizonte wind farm project enters environmental evaluation**  
Colbun submitted the environmental impact study (EIA) for the Horizonte wind farm project to the Environmental Assessment Service of the Antofagasta Region. The project is located approximately 130 kilometers from the town of Taltal. The future wind farm will have an installed capacity of at least 607 MW, through the installation of 140 wind turbines.



### March

**US\$500 million bond placement in international markets**  
Colbun S.A. completed the issuance of a new series of bonds in the international market for US\$500 million, maturing in 2030. The placement had a rate of 3.335%, while the coupon rate was 3.15%.



### April

**Colbun launches web minisite for its stakeholders due to COVID-19.**  
In order to protect the health of the people who work with Colbun, the minisite "Colbun INFORMA: CORONAVIRUS (COVID-19)" with explanatory infographics, recommendations, videos with guidance in case of symptoms, teleworking tips, videos and talks by specialists.

**Reduction in the payment of invoices to suppliers**  
EIn the context of the sanitary emergency, and in order to help mitigate its adverse economic impacts, Colbun decided to shorten from 15 to 7 days the payment terms of invoices to its suppliers, from the moment it receives the document.

### May

**The company officially joined the Chilean Hydrogen Association,**  
H2 Chile, thus joining a group of public, private and academic entities that are promoting the use of hydrogen as an energy vector.

### July

**Agreement signed with Camanchaca for 100% renewable energy**  
Camanchaca S.A. signed an electricity contract with Colbun S.A. for 7 years. The agreement guarantees that the energy sources to be used by Colbun will come from 100% renewable sources, which will reduce CO<sub>2</sub> emissions by 15,000 tons per year.



### June

**Hogar de Cristo receives aid for residences for the elderly**  
Under the auspices of the Covid-19 Private Emergency Fund, formed by businessmen and companies grouped in the Confederation of Production and Commerce (CPC), Colbun S.A. approached Hogar de Cristo to help the homes for the elderly administered by the foundation created 76 years ago by Alberto Hurtado.

**Fenix conducts a virtual Participatory Monitoring Program**  
In order to monitor environmental standards in a transparent manner with its neighbors, Fenix resumed its Participatory Socio-Environmental Monitoring Program (PMSAP), this time virtually. Thus, neighbors can observe the monitoring methodology from their homes, ask questions and corroborate the results of the environmental supervision.



## August

### Colbun's international risk rating upgraded

The rating agency Fitch Ratings has upgraded Colbun's international debt rating from 'BBB' to 'BBB+'.

### Supply to promote the replacement of firewood by electric heating

Colbun was awarded a supply of 10 GWh per year between 2020 and 2024 in the first tender called by the authority to offer a special discount to encourage the use of electric heating, in order to reduce firewood pollution in the central-south zone.



## September

### Colbun acquires energy solutions company Efizity

Colbun S.A. announced the acquisition of 100% of Efizity, a company focused on energy solutions in the domestic market, in order to enhance the company's value proposition by incorporating solutions related to energy management.

### Renewable energy certificates awarded to 46 customers

In a virtual ceremony, Colbun presented 46 clients with EY certification for their renewable energy consumption. The certified consumptions totaled 690,192 MWh during 2019, a volume that avoided the emission of 350 thousand tons of CO<sub>2</sub>.

### Process for partner entry or sale of Colbun Transmisión begins

Colbun S.A. reported the beginning of a process aimed at inviting local and international players to explore their interest and the conditions under which their eventual participation in the subsidiary Colbun Transmisión S.A. could be agreed, either as a strategic partner, acquiring a majority position, or acquiring the totality of the shares of said company.

### New virtual branch office for customers

In order to provide a better experience to its customers, Colbun implemented a new virtual branch that allows its customers to monitor their historical consumption, compare consumption between different injection points of its facilities and review their energy consumption in detail.



## October

### Walmart Chile and Colbun agree to supply renewable energy

The renewable energy supply contract will supply 100% of the energy consumption of the company's unregulated customers for a period of six years, thereby reducing CO<sub>2</sub> emissions by 165 thousand tons. In addition, 9 charging stations for electric cars will be installed in supermarkets.



### First place in the ranking of reports

Colbun S.A.'s 2019 Integrated Annual Report was again recognized by the Informe Reporta ranking, conducted by Deva, achieving for the third consecutive year the first place in the list, as well as the first positions in the categories of Transparency and Commitment.



## November

### Strike by Union No. 3 at Nehuenco Power Plant

Within the framework of a collective bargaining process, and after failing to reach an agreement, workers belonging to Union No. 3 of Nehuenco and Candelaria Thermoelectric Power Plant, located in the municipality of Quillota, began a strike process that lasted a week.

### Inti Pacha solar project approved

The Environmental Evaluation Commission of Antofagasta Region approved the Environmental Impact Statement of Inti Pacha PV project. The project will be developed in different stages and will have a maximum installed capacity of 486 MW.

## December

### Accident in Las Mercedes Canal

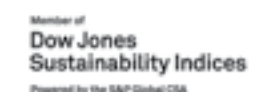
The Patagüilla tunnel of the Las Mercedes Canal, through which Carena Hydroelectric Power Plant is supplied, suffered an accident due to a landslide that suspended the use of the Canal and water flow for about 21 days. The accident was due to a major geological event that included the detachment of some 2,000 tons of material that were impossible to contain. The Company, in charge of maintenance of that part of the canal, had to work day and night to repair the tunnel in the shortest possible time to allow water flow for the irrigation of the valleys of Curacaví and María Pinto.

### Colbun and Ecofibra receive recognition from Britcham

Colbun and Ecofibra received the "2020 Environmental Innovation Award" from the Chilean-British Chamber of Commerce (Britcham) for the project "Reuse of corporate clothing for thermal insulation in social housing".

### Colbun is included for the fourth consecutive year in DJSI Mila Pacific Alliance

Colbun S.A. was selected for the fourth consecutive year to integrate the Dow Jones MILA Pacific Alliance Sustainability Index, an index that includes companies that rank in the top 30% of the best rated in sustainability for each type of industry in Chile, Colombia, Mexico and Peru.





# 1.3

## Our Facilities

102-4, 102-7, EU1, EU6

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

In addition, the Company owns 27 substations, about 899 km of transmission lines, and different concessions and licences, among them the concession for the development of a wind farm in Taltal and concessions for onerous use for solar projects, geothermal, electric, transmission and water rights concessions. All facilities and water rights are owned by Colbun and its subsidiaries.



25

Generation  
Plants in Chile  
and Peru.



899

Kilometers of  
transmission  
lines.



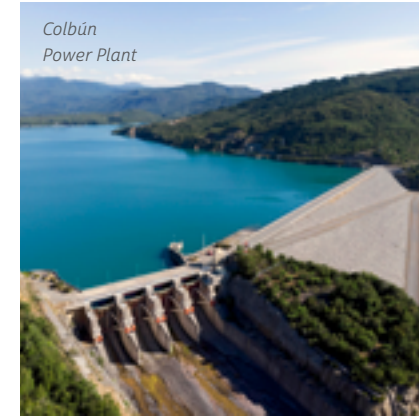
4

Concessions for  
the development of  
solar or wind  
energy projects.



6

Renewable projects  
in advanced stage of  
development: 4  
solar, 1 wind and 1  
hydroelectric.



Colbún  
Power Plant



Canutillar  
Power Plant



Candelaria  
Power Plant



Nahuenco  
Power Plant



Los Quilos  
Power Plant



Santa María  
Power Plant



Angostura  
Power Plant



Rucue  
Power Plant



La Mina  
Power Plant



Machicura  
Power Plant



Aconcagua  
Power Plant



Ovejería  
Power Plant

# MAP OF COLBUN POWER PLANTS AN PROJECTSN<sup>1</sup>

102-6

**18** Renewable Energy Plants (hydraulic and solar)

**1/ ACONCAGUA BASIN**

210.3 MW / Run-of-river  
Plant Los Andes, San Esteban, Valparaiso Region

- Los Quilos (39.9 MW)
- Chacabquito (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**

110 MW / Run-of-river Plant Curacaví, Metrolpolitan Region

**4/ MAULE BASIN**

661.8 MW / Reservoir - Run-of-River Plant, Colbun, Yervas Buenas, San Clemente, Maule Region

- San Clemente (5.9 MW)
- Chiburgo (19.4 MW)
- La Mina (37.2 MW)
- Colbún (467.3 MW)
- Machicura (95 MW)
- San Ignacio (37 MW)

**5/ LAJA BASIN**

248.0 MW /Run-of-River Plan Antuco, Quilleco, Biobio Region

- Rucúe (178.4 MW)
- Quilleco (70.8 MW)

**6/ ANGOSTURA**

323,8 MW / Embalse 323.8 MW / Resvoir Santa Barbara, Quilaco, Biobio Region

**7/ CANUTILLAR**

172 MW / Reservoir. (Lago Chapo), Cochamo, Los Lagos Region.

**7** Thermolectric

**1/ FENIX POWER**

567 MW / Gas Chilca, Lima Department

**2/ NEHUENCO**

887.6 MW / Diesel / Gas Quillota, Valparaiso Region

- Nehuenco I (368.4 MW)
- Nehuenco II (411.2 MW)
- Nehuenco III (108.0 MW)

**3/ CANDELARIA**

256.1 MW / Diesel / Gas Mostazal, Codegua O'Higgins Region

**4/ LOS PINOS**

107.7 MW / Diesel Cabrero, Biobío Region

**5/ SANTA MARÍA**

350 MW / Carbon Coronel, Biobío Region

**6** Renewable Projects

**1/ HORIZONTE**

607 MW / Wind Taltal, Antofagasta Región

**2/ JARDIN SOLAR**

537 MW / Photovoltaic Pozo Almonte, Tarapac Region

**3/ INTI PACHA**

486 MW / Photovoltaic María Elena, Antofagasta Region

**4/ DIEGO DE ALMAGRO SUR**

230 MW / Photovoltaic Diego de Almagro Atacama Region

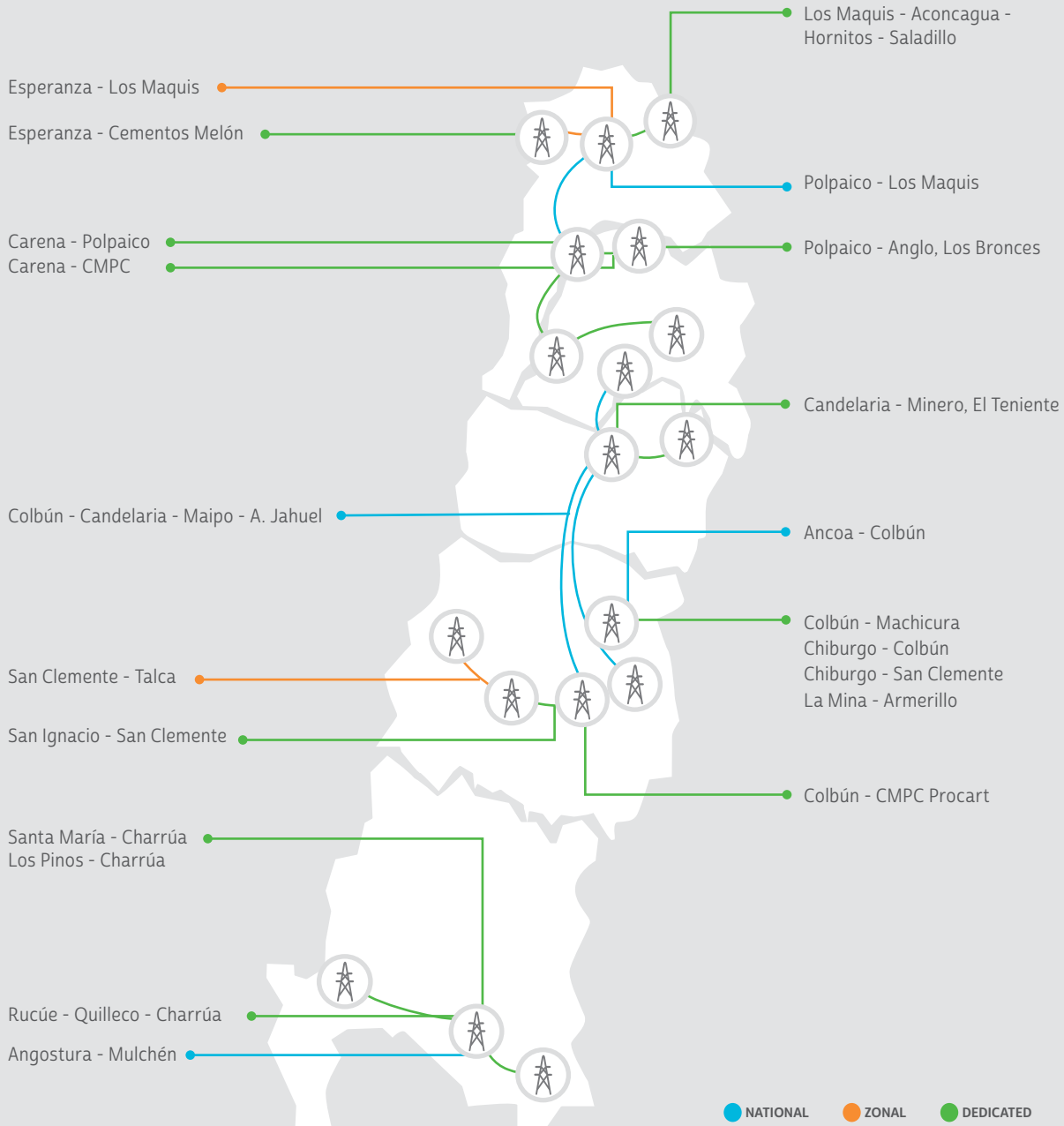
**5/ MACHICURA**

9 MW / Photovoltaic Colbun, Maule Region

**6/ SAN PEDRO**

170 MW / Hydroelectric Los Lagos, Los Lagos Region

# TRANSMISSION LINES COLBUN



<sup>1</sup> Power reported to the National Electric Coordinator and in force as of December 31, 2020.





# Ownership and Corporate Structure

102-1, 102-5

Ten largest stockholders as of December 31, 2020(%) (102-5)	
Name of shareholder	Participation
Minera Valparaiso S.A *	35.17%
Forestal Cominco S.A.*	14.00%
Antarchile S.A.	9.58%
AFP Habitat**	5.31%
AFP Provida**	4.16%
AFP Capital**	4.07%
AFP Cuprum**	3.98%
Banco de Chile on behalf of state street	3.20%
Banco Santander – JP Morgan	3.14%
Banco de Chile on behalf of third parties	2.72%
Other shareholders	14.65%
TOTAL	100%

Note:

As of December 31, 2020, the Company’s share capital consists of 17,536,167,720 single-series, subscribed and paid-in shares, with no par value. The number of shareholders at the closing date is 2,911.

As of December 31, 2020, the Matte Group directly and through other subsidiaries, has control of the Company - 49.96% - through single series shares. The Matte Group has investments in the electricity, financial, forestry, real estate and telecommunications sectors.

AntarChile S.A. (R.U.T. 96.96%). (R.U.T. 96,556,310-5), owns 9.58% of Colbun’s shares, which allows it to appoint a member of the Board of Directors. In addition, the AFPs as a whole have a 19.40% shareholding.

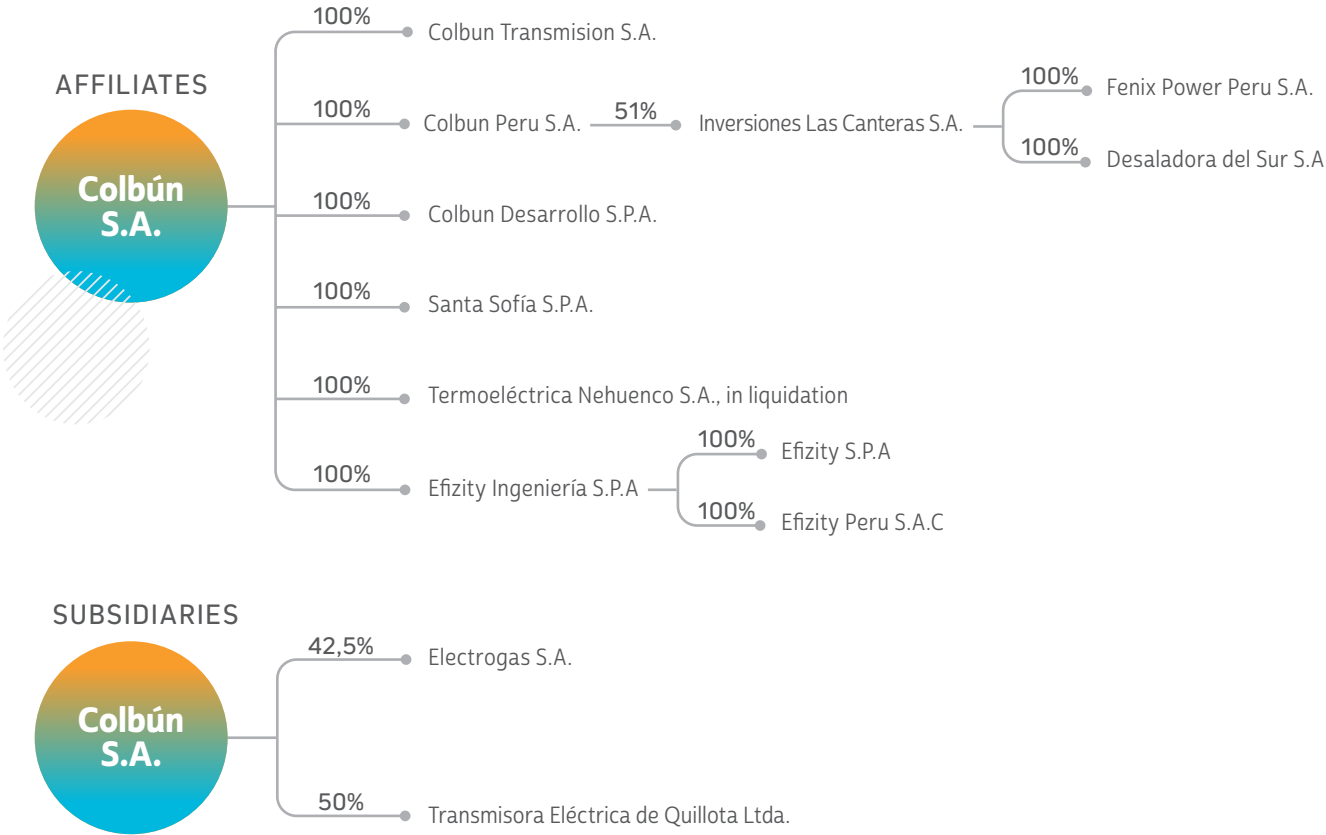
(\*) Companies belonging to the controlling group (Matte group).

(\*\*) Corresponds to the consolidated shareholding of each Pension Fund Administrator.



## OWNERSHIP STRUCTURE

102-10, 102-45







# Board and Executives of Colbun

102-18, 102-19, 102-23

## MEMBERS OF THE BOARD

Colbun’s Board of Directors is the highest governing body of Corporate Governance. It is composed of nine members, who do not hold executive positions, are eligible for re-election indefinitely (with the exception of those representing the AFPs) and may or may not be shareholders.



**Hernan Rodríguez Wilson**  
Chairman  
Civil Industrial Engineer PUC



**Vivianne Blanlot Soza**  
Vice President  
Economist PUC



**Juan Eduardo Correa García**  
Director  
Civil Industrial Engineer PUC



**María Emilia Correa Pérez**  
Independent Director  
Lawer U. de Los Andes en Bogotá



**Rodrigo Donoso Munita**  
Director  
Commercial Engineer U. de Los Andes



**Luz Granier Bulnes**  
Independent Director  
Commercial Engineer U. de Chile



**Bernardo Larraín Matte**  
Director  
Commercial Engineer PUC



**Andrés Lehuedé Bromley**  
Director (\*)  
Commercial Engineer PUC



**Bernardo Matte Larrain**  
Director  
Commercial Engineer U. de Chile

(\*) According to international standards, considered to be an Independent Director

## EXECUTIVE TEAM



### CHILE



**Thomas Keller**  
5.495.282-1  
Chief Executive Officer  
Commercial Engineer,  
Universidad Adolfo Ibáñez



**Juan Eduardo Vásquez**  
7.868.160-8  
Business and Energy  
Division Manager  
Civil Electrical Engineer,  
Universidad de Chile



**Sebastián Moraga**  
12.026.836-8  
Finance and Administration  
Division Manager  
Commercial Engineer,  
Universidad Adolfo Ibáñez



**Eduardo Lauer**  
6.994.492-2  
Engineering and Project Division  
Manager Civil Mechanical Engineer,  
Fach Hochschule de München  
(Alemania)



**Carlos Luna\***  
25.046.079-1  
Generation Division Manager  
Civil Engineer, Escuela  
Colombiana de Ingeniería



**Rodrigo Pérez**  
10.313.675-K  
Legal Manager  
Lawyer, Pontificia Universidad  
Católica de Chile



**Paula Martínez**  
14.449.738-4  
Organization and People Manager  
Psychologist, Universidad Diego  
Portales



**Pedro Vial**  
7.034.342-8  
Public Affairs Manager Lawyer,  
Pontificia Universidad Católica  
de Chile



**Olivia Heuts**  
14.727.025-9  
Development Manager  
Economist, Universidad Católica  
de Lovaina, (Bélgica)



**Daniel Gordon**  
8.866.967-3  
Environment Manager  
Engineer Civil, Pontificia  
Universidad Católica de Chile



**Heraldo Álvarez**  
12.369.371-K  
Internal Auditing Manager  
Certified Public Accountant and  
B.S. in Accounting Universidad  
de Talca



**Luis Le-Fort**  
9.893.455-3  
General Manager  
Colbun Transmisión S.A.  
Industrial Engineer, Pontificia  
Universidad Católica de Chile



**Juan Miguel Cayo**  
DNI:07817313  
General Manager Fenix Power  
Economist  
Universidad Pontificia  
Universidad Católica del Perú

### PERU

\* In March 2021, Carlos Luna resigned from Colbun and was replaced in the Generation Division by Gustavo Gomez Ceron, an Electrical Engineer with more than 30 years of professional experience in the energy sector.





# WHAT WE DO AND HOW WE CREATE VALUE



- 2.1. Our Purpose and Value Creation Model
- 2.2. Our Strategic Agenda
- 2.3. Sustainability Management
- 2.4. Risk Management
- 2.5. Innovation Strategy
- 2.6. Digital Transformation
- 2.7. Summary - Chapter 2





# 2.1

## Purpose and Value Creation Model

103-2, 103-3

### Our Ambition:

**Be a leading power company focused on commercial and industrial clients, providing tailored power solutions, through a competitive, sustainable and reliable 24/7 energy portfolio, while flexibly and selectively entering new growth paths-international expansion and energy-related infrastructure opportunities-creating shared value with our people and our communities.**

### Our mission, WHAT we do:

We generate and commercialize continuous and reliable electrical energy for our customers, at competitive market prices and environmentally sustainable.

### Our purpose, WHY we do it:

We exist to contribute with the best energy to the future of our region.

### Our seal, HOW we do it:

The company's seal of approval can be summarized in four pillars:

We build closeness

We seek to create direct, collaborative and empathic relationships with our stakeholders.

We adjust to the needs of our environment

Since we are in a changing context, we seek innovative solutions to deliver quality service.

We seek to add value to everything we do

We all work to create long-term value for each of our stakeholders.

We provide security

Our goal is to operate with excellence to deliver a reliable and safe service.

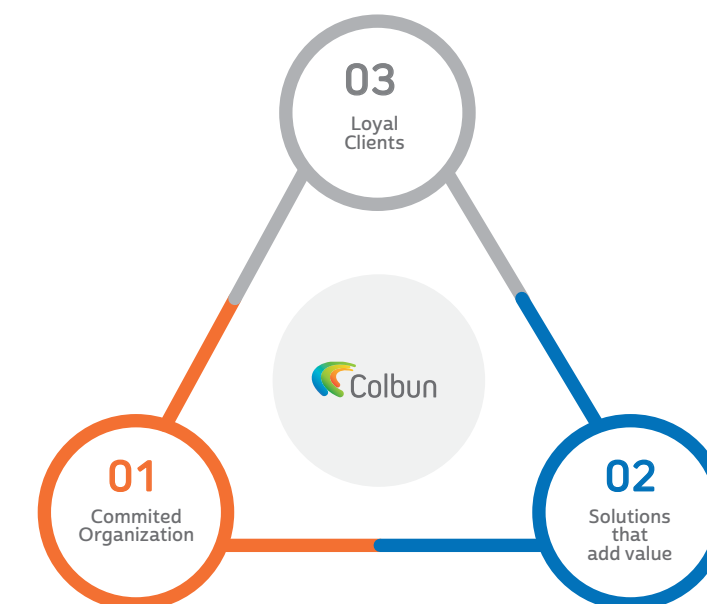






## Strategy to fulfill our purpose

- 01** An organization committed to an entrepreneurial and service-oriented culture; an efficient corporate governance and collaborative structure; and upright, flexible and innovative people.
- 02** Solutions that add value, through efficient processes with robust and digital technologies; a diversified matrix with an emphasis on renewable energy, and new businesses that adapt to customer needs.
- 03** Client loyalty, providing them with a close experience, with reliable, competitive and sustainable energy, and customized products and services.



## Value Creation Model


To carry out its purpose, Colbun has a value creation model. In this model, the Company incorporates certain financial, technical, industrial, social, natural and human inputs, and generates value or output for its shareholders, clients, communities, suppliers, contractors, the environment and society in general.

To create value, the model must be sustainable, capable of identifying, assessing and managing risks that could have an impact on our results and our stakeholders. The following diagram summarizes this model:




# Colbun value creation model


INPUTS

**FINANCIAL CAPITAL**


- US\$6,634 million in assets\*.
- US\$967 million liquid network\*
- US\$3,585 Colbun's network\*
- US\$1,796 gross financial debt\*.

**INDUSTRIAL CAPITAL**


- 25 power plants\*
- 899 Km transmission line
- 27 subestaciones de transmisión
- 6+ renewable energy projects at different stages of development
- Corporate Offices in Santiago
- (Headquarters) and Lima\*.

**INTELLECTUAL CAPITAL**


- 1,217 million in R&D&I in 3 years
- R&D alliances with innovation centers, CORFO and universities\*.
- Cybersecurity\*
- Digitalization
- Acquisition of EFIZITY

**HUMAN CAPITAL**

- 1,086 employees\*
- 3,606 suppliers (including fuel, energy and tolls)\*
- Construction and operating expertise
- US\$65.4 million in salaries, training and employee benefits\*
- US\$876 million in spending on suppliers\*

**SOCIAL CAPITAL**

- 297 unregulated customers (supplied)\*
- US\$ 5.4 million in community investment\*.
- 21 communes with community relations among neighborhood councils, civic organizations, high schools, regants, entrepreneurs, etc\*.
- 42 associations / unions in which we participate\*
- Relations with authorities, media, universities, NGOs at community, regional and national levels\*.

**NATURAL CAPITAL**

- 24.7 billion m3 freshwater turbined for hydro generation
- 4 million m3 freshwater extracted for thermal generation
- 582 million m3 seawater for thermal generation\*
- 1,289 million m3 natural gas\*
- 796 million tons of coal\*
- 23.6 million m3 diesel\*
- Sun
- 900 ha of re-forestation and 6,500 ha of native forest

The diagram illustrates the Colbun value creation model. It features a central core labeled 'CLIENTS' with an icon of two people. Surrounding this core are concentric circles representing different levels of service: 'On-grid', 'Off-grid', and 'NACIONAL TRANSMISSION'. The outermost ring is labeled 'ENERGY GENERATION SOURCE' and 'DEDICATED TRANSMISSION'. Four horizontal bars extend from the right side of the circles, each representing a key business area: 01 GENERATION SOLUTIONS (wind turbine icon), 02 TRANSMISSION SOLUTIONS (power line icon), 03 DISTRIBUTION SOLUTIONS (distribution network icon), and 04 ADDED VALUE SERVICES (thumbs up icon).


## Our Ambition:

Be a leading energy company, focused on commercial and industrial clients, providing tailored power solutions, through competitive, sustainable and reliable 24/7 energy portfolio, while flexibly and selectively entering new growth paths - international expansion and energy-related infrastructure opportunities - creating shared value with our people and our communities.


## Our Purpose:

Contributing with the Best Energy to the Future of Our Region.

OUTCOMES

**FINANCIAL CAPITAL**


- 15,268 GWh of energy sold\*.
- US\$682.5 million in EBITDA\*.
- US\$242 million in dividends paid\*
- US\$141.3 million in taxes paid\*.

**INDUSTRIAL CAPITAL**


- 14,879 GWh of energy generated\*.
- 94%/92% availability hydro/thermal power plants
- 1,800 MW of renewable energies in advanced stage of development
- 6 power plants accredited to issue carbon credits\*.
- Angostura Park, Machicura Reservoir Beach and Chäpo Lake Coastal Walkway
- 23 power plants and head office certified ISO 14001 and OSHAS 18001.

**INTELLECTUAL CAPITAL**

- Innovation in operational and environmental issues\*
- 0 significant cybersecurity incidents\*
- Launch of Virtual Branch for clients
- Telecontrol in Aconcagua Complex
- New services for customers.

**HUMAN CAPITAL**

- 84% work environment satisfaction\*
- 20% women in total workforce\*
- 1.2 Accident Frequency Rate for workers and contractors\*
- 54 average hours of training per worker\*
- 67% of suppliers are SMEs
- ProPYME Seal Certification

**SOCIAL CAPITAL**

- 61 customers with Renewable Energy Certification in their contracts
- NPS Customers > 50 points\*
- 785 entrepreneurs benefited
- 612,000 tourism beneficiaries\*
- 335,000 total community beneficiaries\*
- Colbun included in Dow Jones Sustainability Index MILA and Chile\*
- 22 complaints received and handled on the Ethics Line\*

**NATURAL CAPITAL**

- 5,617 GWh of renewable energy generated (hydro + ERFV)
- 386 thousand m3 desalinated and purified water for the community.
- 310 thousand tons of CO2 reduced in CDM and VCS plants.
- 58% ash valorized
- 430 hectares with Royal Right of Conservation
- Environmental Footprint Reduction Program 2025 and 2030\*.

Contribution to the Sustainable Development Goals

A vertical column of 11 Sustainable Development Goal (SDG) icons. From top to bottom, they are: Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation and Infrastructure), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), Goal 16 (Peace, Justice and Strong Institutions), Goal 17 (Partnerships for the Goals), Goal 6 (Clean Water and Sanitation), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), and Goal 15 (Life on Land).

\*Consolidated figures Chile - Peru

# 2.2

## Strategic Agenda

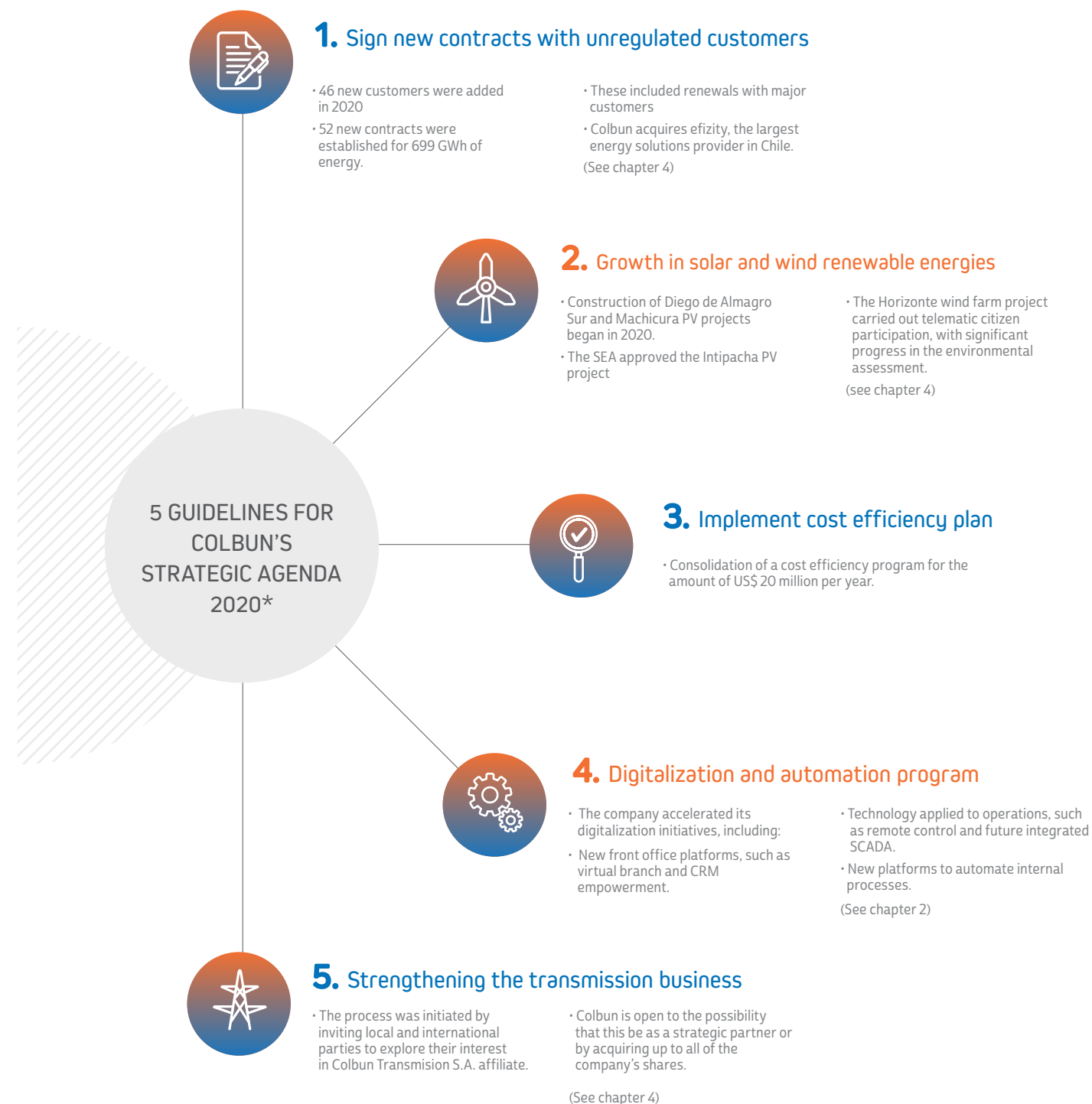
102-15, 103-2, 103-3



Colbun has a Strategic Agenda that defines the medium and long-term guidelines on which the Company focuses to ensure its competitiveness.

This agenda is reviewed periodically by management and the Board of Directors, resulting in updates.

The following diagram shows the Strategic Agenda and the most important advances in 2020:



\*During 2020 Colbun worked on updating its Strategic Agenda, which was approved at the beginning of 2021 and will be reflected in the 2021 Annual Integrated Report.



# 2.3

## Sustainability Management

102-15 , 103-2, 103-3

### Sustainability Policy

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

### Responsibilities

Although sustainability is transversal to the Company, the Public Affairs Management (through the Corporate Sustainability Sub-Management) is responsible for promoting the application of sustainability criteria in all Company activities and for supporting the dissemination and management of sustainability within the organization. To this end, it conducts an annual survey of sustainability gaps in each area of the Company. The responsibility for managing these gaps lies with each of the Company's areas.

In turn, compliance with the Sustainability Policy and the risks faced are discussed and analyzed monthly in the Risk and Sustainability Committee. The most relevant aspects identified during this process are presented by the Chief Executive Officer at the ordinary Board meetings held monthly, and include progress in the Company's social, environmental and safety performance, as well as the main socio-environmental contingencies, possible fines, sanctions or claims, and the main problems associated with the progress of projects and/or operations.

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

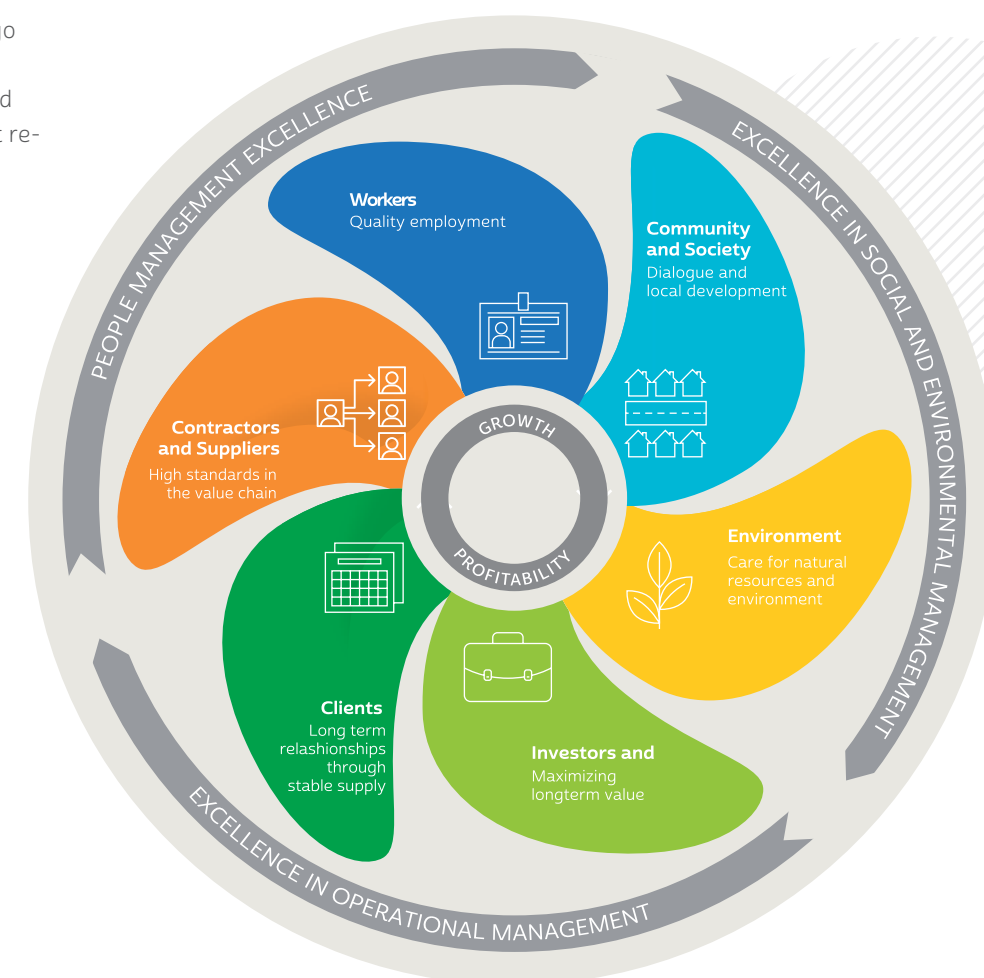


### Our vision of Sustainability

**We believe that it is not possible, in the long term, to generate good results if we do not have an excellent management of our social and environmental performance. It is in this perspective that we believe that Sustainability is not a part of the business, but THE business itself.**

To illustrate this vision, 10 years ago Colbun created the Sustainability Turbine: at the core are growth and profitability, without them, it is not re-

presents a particular stakeholder and the value that the Company can create together with them. In turn, the driving force behind this turbine is excellence in people, socioenvironmental and operational management.





563

Consultation Line  
messages were received in  
2020, 9 were complaints



6

webinars with client  
participation were held in  
2020, includin speakers such  
as political analyst Alvaro  
Vargas Llosa and Harvard  
professor Steven Pinker.

## Communication Channels (Chile and Peru)

102-43, 103-2, 103-3

As Sustainability is transversal to the entire Company, its management and the creation of value with others requires adequate communication channels to listen to their expectations and concerns and to communicate Colbun's concerns.

Communications Management is based on a Communications Policy where the axes are that it should be transparent, promote dialogue, be timely and encourage collaboration.

The following table summarizes the main communication channels by stakeholder group.

Communication Channel	Stakeholder Involved	Description	Periodicity
 <b>Virtual Branch</b>	Clients	This is a new digital platform where customers can access their consumption data, billing, historical account data and contact their account executive, among other features.	Permanent
 <b>Salesforce</b>	Clients	It is an integrated CMR platform to manage Colbun's relationship with its customers.	Permanent
 <b>Polls</b>	Workers, Communities, Authorities and Opinion Leaders, Investors, Clients, Suppliers	For employees there is an Employee Satisfaction Poll; for the other stakeholders a standardized survey is applied to raise perceptions and risks.	Annual
 <b>Hotline/ Contact Line/ Energy Sales</b>	Workers, Communities, Authorities and Opinion Leaders, Investors, Customers, as well as the general public.	Hotline is anonymous and confidential (via web, email or in writing); Contact Line is via web form; Energy Sales is via web form.	Permanent
 <b>SOCIAL NETWORKS: Twitter @Colbunenergia Facebook Colbunenergia Instagram @energiacolbun Linkedin Colbun S.A.</b>	Workers, Communities, Authorities and Opinion Leaders, Investors, Customers, Suppliers and the general public.	Communicates relevant Colbun information and allows to collect feedback.	Permanent
 <b>Newsletter, radio programs and Colbun News mailing.</b>	Workers, Communities, Authorities and Opinion Leaders, Investors, Clients, Suppliers and Providers.	Communicates relevant Colbun information.	The newsletter is quarterly; radio programs are permanent; news is sent occasionally on a case-by-case basis.
 <b>Visits to power plants</b>	Community, Authorities, Clients, Suppliers, Investors.	At four power plants there is an Energy Tour designed to open the plants to the community. In addition, special tours are organized for other interest groups.	Permanent
 <b>Sustainability Week</b>	Workers, Suppliers, Community	They are carried out at all power plants throughout the year, focusing on topics such as safety, commercial scenario, environmental issues, etc.	Annual, quarterly or semi-annual, as appropriate.
 <b>Meetings with Stakeholders</b>	Community, Workers, Investors, Clients, Suppliers	Colbun's power plants hold public accounts or dialogue meetings with the community; Meetings are organized with investors, suppliers and clients; there are regular meetings between senior management, workers and unions.	Annual, quarterly or semi-annual, as appropriate.











## Progress on objectives and goals

Regarding the Company's Sustainability Management in 2020, the main issues addressed last year were, reduction of the environmental footprint, real right to conservation, gender equity, human rights, greater transparency towards Investors, communication with stakeholders, water management with communities, among others.

In this perspective, one of the main advances was to define new indicators and medium and long-term goals in different areas of business sustainability. The following table summarizes the challenges set and the progress achieved to date:

Colbun Public Goals				2020		2021	Medium - Long Term
SDG's	Objective	Indicator/KPI/ Milestone	Baseline	State of progress	Goal or Sub-goal	Goal or Sub-goal	Goal
	Growth in PV and wind renewable energies	To have real options for PV and wind farm projects.	9 MW installed (year 2019)	Construction began on two PV projects for close to 239 MW; environmental approval was obtained for a PV project (486 MW); progress was made in the environmental evaluation of a wind farm and another PV project (~1,100 MW). Overall, there was significant progress for a portfolio at an advanced stage of development that reaches nearly 1,800 MW.	1,600 MW in projects at feasibility stage (environmentally approved or in the process of approval) and 1,000 MW in projects at early stages.	Implementable options for additional 500 MW of PV or wind farm projects	4,000 MW by 2030
	Carbon Footprint	% reduction of the net GHG transmission factor relative to 2018 baseline in Chile**.	0.286 ton CO <sub>2</sub> e/MWh (year 2018)	-	-	-	0.200 ton CO <sub>2</sub> e/ MWh (30% net reduction) by 2025; 0.172 ton CO <sub>2</sub> e/ MWh (40% net reduction) by 2030; 0 ton CO <sub>2</sub> e/ MWh (100% net reduction) by 2050
	Operational Water Footprint	% reduction in freshwater withdrawal intensity for operation, compared to baseline 2018**.	0.4 m <sup>3</sup> water /MWh (year 2018)	-	-	-	0.24 m <sup>3</sup> water/ MWh (40% reduction) by 2025; 0.22m <sup>3</sup> water/MWh (45% reduction) by 2030
	Non -operational Water Footprint	% reduction in freshwater withdrawal intensity for nonoperating consumptions, compared to baseline 2018**.	246 thou m <sup>3</sup> water (year 2018)	-	-	219 thou m3 water (11% reduction)	146 thou m3 water (40% reduction) by 2025
	Waste Footprint (Ash)	% ash recovery	61% (average 2017-2020)	58%	-	-	98% by 2025
	Environment: Zero relevant environmental incidents*	Number of significant environmental incidents	0	0	0	0	0
	Occupational Safety and Health: safety management excellence and zero fatalities	Worker and contractor accident frequency rate (FR); and Number of fatalities.	FR 0.8; 0 fatalities	IF 1.2; 0 fatalities	IF 1.4; 0 fatalities	IF 1.2; 0 fatalities	-
	Net Unregulated Clients Referral Ratio	Net Promoter Score (NPS) of Unregulated Clients	66 points (year 2020)	-	-	> 50 points	> 50 points by 2025
	Colbun Workers Referral Ratio	% favorability	88% (year 2019)	91%	-	> 88%	> 88%
	Diversity: Increase the number of female employees in the Company	% of women in Colbun's workforce with focus on maledominated areas	18% (year 2018)	19,8%	20%	21%	25% to 2025

Notes: \* Consolidated figures for Chile and Peru; numbers include contractors / \*\* Subject to development of renewables growth plan.

Contribution to the Sustainable Development Goals (SDGs)

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

SDG's	Goal description	Target	Colbun S.A. Contribution
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	2.1	Delivery of food boxes to vulnerable families in neighboring communities
	Ensure healthy lives and promote well-being for all at all ages.	3.4 / 3.8	Las Salinas Policlinic (Peru); Zero Anemia Program (Peru); Breast Cancer Prevention Program with FALP in Coronel; Community Support Initiatives in the Pandemic
	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); Cuido Mi Planeta Program; Protagonistas Corporate Volunteer Program
	Achieve gender equality and empower all women and girls.	5.1 / 5.5	Colbun Gender Equity Plan; Women's Leadership Program; Women's Staffing Goal; Inter-company Mentoring Program; "Energy for Women's Development" Program with the community in Fenix.
	Ensure availability and sustainable management of water and sanitation for all.	6.1 / 6.3 / 6.4 / 6.6	Drinking water Chilca (Peru); Nehuenco Reverse Osmosis Plant; Efficient water use agreements with irrigators in Maule; Efficiency projects in hydroelectric power plants; Colbun reservoir and Chapo Lake; Water Footprint reduction goals;
	Ensure access to affordable, reliable, sustainable and modern energy for all.	7.1 / 7.2 / 7.b	Stabilization of electricity tariffs; Hydro, PV generation and growth with ERFV; LED luminaires in Los Andes and Quillota.
	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 for permanent contractors; Entrepreneurship Centers; Gender Equity Plan; Initiatives for the Inclusion of People with Disabilities; SOFOFA Protagonists Volunteers; Colbun Internship Program; Angostura Park, Machicura Reservoir Beach and Chapo Lake Coastal Walk; Colbun SSO Standards; Leadership and Safety Build resilient infrastructure, Program.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.4 / 9.5 / 9.a / 9.b	Safety Leadership; Decarbonization Program; Open Innovation Programs in 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; Improvement of salaries of permanent contractors.
	Make cities and human settlements inclusive, safe, resilient and sustainable.	11.3 / 11.4 / 11.5 / 11.7	Birdwatching Center in Angostura; Safety programs for neighbors in central areas (Aconcagua, Maule, Angostura); Angostura Park, Machicura Reservoir Beach and Chapo Lake Coastal Walkway.



SDG's	Goal description	Target	Colbun S.A. Contribution
	Ensure sustainable consumption and production patterns	12.2 / 12.5 / 12.6 / 12.8 / 12.b	Ash valorization with cement companies; Waste Footprint reduction goal; Open innovation challenges for waste valorization; Cuido Mi Planeta program; Recycling in Colbun's plants and offices; Colbun Integrated Annual Memory; Angostura Park, Machicura Reservoir Beach and Chapo Lake Coastal Walkway.
	Take urgent action to combat climate change and its impacts.	13.2	CO <sub>2</sub> emission factor reduction target; Active participation in CLG and other organizations that promote strategies against climate change; Annual measurement of the Carbon Footprint; Annual report to the Carbon Disclosure Project (CDP).
	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	Derecho Real de Conservación (DRC) at Lago Chapo; Yumbel Community Beekeeping Project; Reforestation projects.
	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	LED Luminaires Los Andes and Quillota; Integrity Plan (Gender Equality, Human Rights); Crime Prevention Model (Law 20,393), PEP Policy, Donations Policy, among others, extended some extended to contractors; Transparency of memberships on the web; Transparency of meetings by Lobby Law; Citizen Participation in Horizonte Wind Farm Project; Local infrastructure projects and social programs developed in a participatory manner; 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 associations that promote sustainable development (Global Compact, Acción Empresas, SOFOFA, ICARE, AMCHAM, etc.) with public-private alliances; Colbun community investment, managed in alliance with municipalities, NGOs, etc.; Leveraging government funds for local sustainable development projects; Participation in Global Compact Committee and Human Rights Group and other SDGs.



# Integrity and due diligence human rights plan

412-1

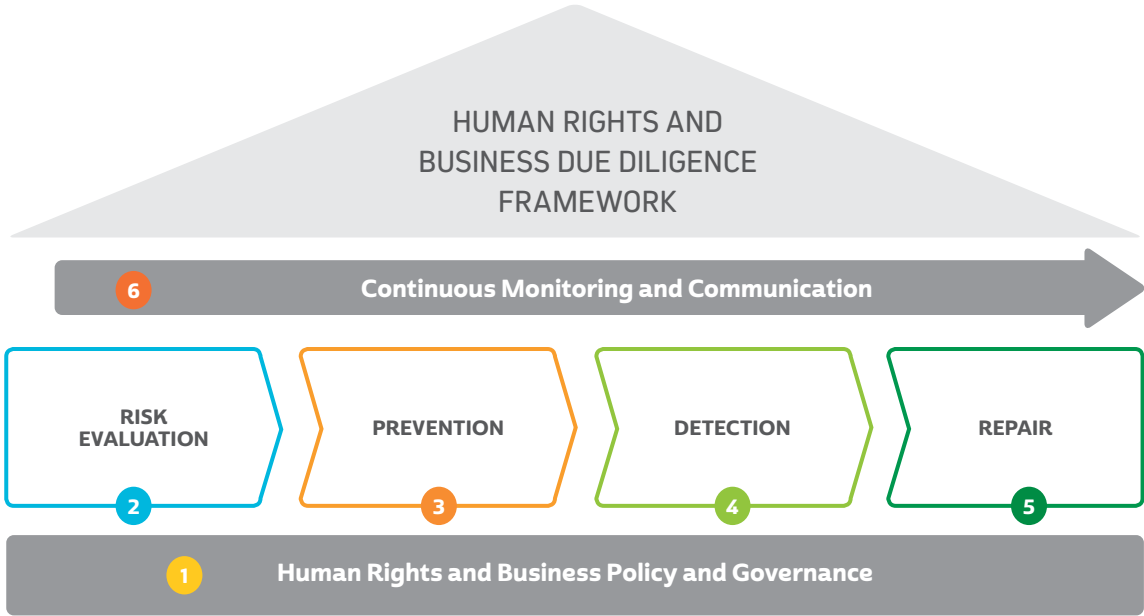
**Axes 2020:** One of the axes of Colbun’s Integrity Plan, presented to the Company’s Board of Directors, was Human Rights and Business. In Colbun we are aware that companies are also a social actor, as they are part of the intermediate organizations between people and the State, and that they play a role in the quality of life and wellbeing of people, and that, in order to contribute to the development of our country, we must put people at the center. For this reason, we ratify our commitment to the “Guiding Principles on Business and Human Rights” of the United Nations, seeking respect for human rights in the relationship with our workers and each of our stakeholders.

With a focus on risk prevention, we have conducted due diligence processes that allow us to pro-actively and systematically identify potential impacts and where they could occur.

**With a focus on risk prevention, we have conducted due diligence processes that allow us to pro-actively and systematically identify potential impacts and where they could occur.**

Alliances and partnerships: Regarding associative work with external organizations and other companies,

after two years of operation, the “Human Rights and Extractive Company Laboratory” program ended, it was developed by Acción Empresas and the Vincular Center, receiving each of them, at the closure, a detailed report on the stage of progress and the main challenges of the company in terms of human rights. Additionally, during 2020 Colbun continued to lead the Global Compact’s Human Rights and Business Group, whose focus was to develop a human rights risk matrix and disseminate the main lessons learned from the Due Diligence processes of the participating companies.



## 1 Human Rights and Business Policy and Governance

412-2

Colbun’s Human Rights and Corporate Policy - publicly available on our website - was approved by the Board of Directors in April 2018. It compiles and synthesizes the human rights principles and values that guide the management of our company and that are sanctioned in the Code of Ethics, the Sustainability Policy and the People Management Policy, among others. It applies to all employees of the Company and subsidiaries in Chile and Peru, and also considers the relationships we establish with our

contractors, suppliers, communities and all our stakeholders. In the case of contractors, this policy is part of the set of internal regulations to which they must adhere.

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

### HUMAN RIGHTS GOVERNANCE

**Senior Management:** Board of Directors

**Supervision:** Corporate Risk Management and Public Affairs Management

**Implementation:** All Colbun managements areas.

**Review:** Internal Audit Management

RISKS EVALUATION

102-11

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

2016 - 2017

- First Diagnosis of Human Rights in Chile and Peru: internal focus group, ESG surveys of interest groups, meetings with communities and contractors, ethical line, security matrix with communities, among others.
- 9 potential risks were identified in our operations and value chain.
- In 2017, special emphasis was given to the safety matrix associated with communities.

2018 - 2019

- Human Rights Due Diligence in Chile and Peru: included focus groups associated with the Human Rights and Business Laboratory, ESG surveys to stakeholders, conversations with workers, meetings with communities and contractors, ethics line, among others.
- In 2018, the topic of diversity and gender was surveyed.
- In 2019, human rights risks were incorporated into the Company's Corporate Risk Matrix.
- In 2019, the topics of access to water and treatment were surveyed, and personal data protection emerged as a topic.

2020

- As part of the closing of the Human Rights and Business Laboratory, Acción Empresas conducted a focus group on human rights with corporate and head office employees.
- The Internal Audit Management conducted an analysis of the practical application of the principles of Colbun's Human Rights Policy.
- In addition, discussions were held with employees at all facilities and ESG polls were conducted with stakeholders, including topics associated with human rights.
- In the context of the pandemic, special emphasis was placed on safeguarding the health of our workers and their families, as well as that of our contractors.
- In the context of teleworking, the right to privacy was highlighted.
- The issues of treatment and nondiscrimination were strongly visibilized.

HUMAN RIGHTS: POTENTIAL RISKS IDENTIFIED IN OUR VALUE CHAIN

Occupational Health and Safety	No Labor Discrimination	Freedom of association	No forced labor, No Child labor	Right to be heard and informed
Community safety	Water and Environment	Anti-corruption and Ethics	Land Rights	

As for the groups covered in our ongoing human rights risk analysis, these are:



**Our own workers at all our facilities in Chile and Peru.** In 2020 there was a special focus on the elderly and people with chronic diseases due to the pandemic.



**Local communities neighboring our power plants.** In the midst of the health and economic crisis, Colbun sought to support the community with support measures for health centers, delivery of sanitary protection implements (made by local entrepreneurs) and food for the most vulnerable families.



**Contractors from all our facilities in Chile and Peru.** There was also special emphasis on the elderly and people with chronic illnesses.



**Colbun's female employees.** As part of the Company's Gender Equity Plan, at the end of 2020, an analysis of the data and internal procedures associated with selection, internal mobility, promotions, training, salary equity, was initiated in order to ensure nondiscrimination in them.







3

## Prevention

410-1

During 2020, among the measures implemented by Colbun to prevent incidents or materialization of risks associated with human rights in our operations and value chain, the following are highlighted:

### Human Rights Training

During 2020, 8 executives and 4 professionals from different areas of Colbun were trained in human rights through the Human Rights Group of the Global Compact, the Human Rights Laboratory of Acción Empresas, Generadoras de Chile and/or other specialized consultants. In addition, in 2020, a workshop was held “Meeting for a respectful and inclusive coexistence in Colbun”, where about 300 people participated and whose focus was on treatment. As for private security guards and security guards at our facilities, in the case of Chile, the supervisory authority requires them to attend security retraining courses. In the case of Peru, the 6 security guards were trained in the Occupational Health and Safety Policy (more details in Chapter 5).

### Occupational Safety and Health: Health in Context COVID-19

Facing the COVID-19 pandemic was the Company's main health focus in 2020. A series of protocols and measures were adopted to avoid contagion, including the preparation of a health registry of Colbun workers, with special emphasis on identifying the elderly and those with chronic illnesses; home - office was implemented for all those positions where it was not necessary to go to the office; various measures were taken at the power plants and work sites; talks were held and protection kits were periodically provided to workers and their families. In addition, the Company gave presentations on mental health care, emotional management and resilience (see more in Chapter 5).

### Non-Discrimination: Diversity and Inclusion

In 2020, three focus groups were conducted with employees to raise perceptions about behavior and treatment within Colbun, and based on the results, mandatory workshops were held, seeking to raise awareness and promote nondiscrimination. Progress continued to be made in the implementation of the Gender Equity Plan, and at the end of 2020, an analysis of the internal data and procedures associated with selection, internal mobility, promotions, training, salary equity, etc., was initiated. (See more details in Chapter 5).

### Ethics and Anticorruption: Crime Prevention Model (MPD, Law 20.393), Anticorruption and Free Competition.

In 2020, 100% of Colbun's employees were informed about anti-corruption procedures, including the entire Board of Directors, while in the case of Fenix, new offenses were included in the Crime Prevention Model and due diligence continued to be carried out on the hiring of employees, suppliers and other stakeholders. In both Chile and Peru, Colbun incorporates provisions in its contracts with contractors and suppliers to ensure compliance with the law in this area. Regarding the Antitrust Law, the Company conducted annual training for its main executives (more details in Chapter 4).

### Contractors and Human Rights: freedom of association, no child labor, no forced labor, occupational safety and health

Both the Special Regulations for Contractors and Subcontractors (REECS) and Colbun's Code of Ethics, which contain topics associated with human rights, are delivered and disseminated among contractors as part of the purchasing and general services procedures. On the other hand, all contractors must present the employment contracts of all personnel working at any of our facilities, as well as the work and shift modalities, in order to ensure compliance with their labor rights (more details in Chapter 5).

### Ethics and Anti-Corruption: Code of Ethics

During 2020, the Code of Ethics was updated and disseminated to all employees in Chile and Peru through an email and video. In addition, a survey was applied for the third time to the entire organization to identify potential risks due to conflicts of interest, with a response rate of 92% (more details in Chapter 4).

### Community Safety

In 2020, communication campaigns were carried out to promote self-care in the community and prevent risk situations in their relationship with the Company's infrastructure, particularly at the Colbun Complex and the Angostura Power Plant. Additionally, in the case of the latter plant, a project was developed to create an alarm system in the closest part of Biobío River to the power plant, which will be implemented in 2021 (more details in Chapter 5).

### Right to Be Heard and Informed: Online Citizen Participation

Given that the health crisis did not allow for massive face-to-face activities, the Environmental Evaluation Service (SEA) of the Antofagasta Region and Colbun carried out one of the first citizen participation processes in virtual format, within the framework of the environmental evaluation process of the Horizonte Wind Farm project (more details in Chapter 5).







4 5

Detection and Repair

103-2, 403-1, 406-1, 407-1, 408-1, 409-1, 411-1, 412-1, 414-1, 414-2

To detect whether there are situations in our operations or value chain that could eventually affect human rights, Colbun has continued to use the following tools:

Detection instruments in Colbun			
Instrument	Who applies it	Stakeholders	Operation
Hotline	Internal	Workers, Communities, Contractors, Customers and Investors	All operations in Chile and Peru
Contact Line	Internal	Communities, Contractors, Customers	All operations in Chile
ESG Survey including human rights variables	External	Communities, Contractors, Customers, 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
Human Rights focus groups with workers.	External	Workers	Central Zone - Chile
Follow-up of contracts with contractors (compliance with payment of labor obligations)	External	Contractors	All contractors under the Subcontracting Law in Chile
Clever platform for accreditation and monitoring of contractor companies	Internal	Contractors	All contractors under the Subcontracting Law in Chile
Field visits to identify security risks	Internal	Workers, Contractors, Communities	All operations in Chile and Peru

Supply chain detection instruments			
Instrument	Who applies it	Stakeholders	Operation
ESG survey, with contractor self evaluation	External	Contractors	All operations in Chile and Peru

Based on the information reviewed, during 2020 no situations were identified related with our operations where Colbun has violated human rights. Specifically:



Regarding our employees:

· There are no risks related to freedom of association and the right to join collective bargaining agreements; the Company respects the free decision of employees to form the organizations they consider necessary to achieve their objectives, well-being of employees and their families. It should be noted, however, that there are no unionized employees at Fenix.

· No child labor risks are visualized or forced labor in our operations, and it is explicit company policy to reject both practices. The recruitment and selection processes include rigorous criteria that, in addition to validating that technical competencies are met, also ensure compliance with legal requirements, one of them being age for work.

· Regarding forced labor, Colbun complies with current legislation in the sense of respecting workers' rest and compliance with agreed working hours. In cases where, due to necessity and/or force major, work must be performed on days that are rest days for ordinary workers, these days are paid with a surcharge higher than that established in the labor legislation.



Regarding the Community:

406-1, 411-1

· There were no cases of violation of the rights of indigenous peoples. We did not receive any complaints on the Ethics Line related to discrimination or human rights violations from neighboring communities in Chile or Peru.



Regarding the Environment:

· During 2020 there were no environmental sanctions applicable to the company; however, the Company has ongoing administrative and legal proceedings related to environment.



Regarding our supply chain:

· Based on the information that Colbun has been able to gather in Chile and Peru, there is no verifiable information that would 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 contractor workers to associate freely or bargain collectively may be threatened.





6

Monitoring and communication

Colbun monitors the different risks through the Corporate Risk Matrix, as well as through the direct link 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	Stakeholder	Operation
Annual Integrated Report	Workers, Communities, Contractors, Customers and Investors	All operations in Chile and Peru
Colloquium with communities	Communities	All operations in Chile and Peru
Meetings with contractors	Contractors	All operations in Chile and Peru
Extended meetings with workers	Workers	All operations in Chile and Peru
Workshops with Union Leaders	Workers	All operations in Chile





# 2.4

## Risk Management

103-3



### Model

Colbun has a model to systematically recognize developments and events that may represent risks to its objectives.

The Management Control and Corporate Risk Management Department is responsible for the design and methodological implementation of the model, which is based on the ISO 31,000 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 Chief Executive Officer reports on this matter to the Board of Directors.

### Responsibilities

Management is responsible for developing and implementing 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 performed at every level of the organization, both top-down and bottom-up, and is reviewed periodically, as risks change over time.

### Policies

The Company has a Control and Management Risk Policy that establishes the principles and general framework for controlling and managing the risks faced by the Company. In addition, the Company's policies allow to identify and control risks, information that is available on Colbun's website. These include the Sustainability Policy, Financing Policy, Investment Policy, among others.

### Risk and Sustainability Committee

102-29, 102-30, 102-31

The Risk and Sustainability Committee monitors the Company's strategic risks and ensures that Colbun has effective risk management. The Committee meets bimonthly and is composed by the Chief Executive Officer and senior executives, and its meetings are attended by representatives of the Board of Directors. Other directors may also attend.

In addition, Technical Committees are held bimonthly to go deeper into a specific risk and evaluate it at a more tactical level.







### Main guidelines for risk management

1

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

2

Integrate risks vision into corporate management in each business area.

3

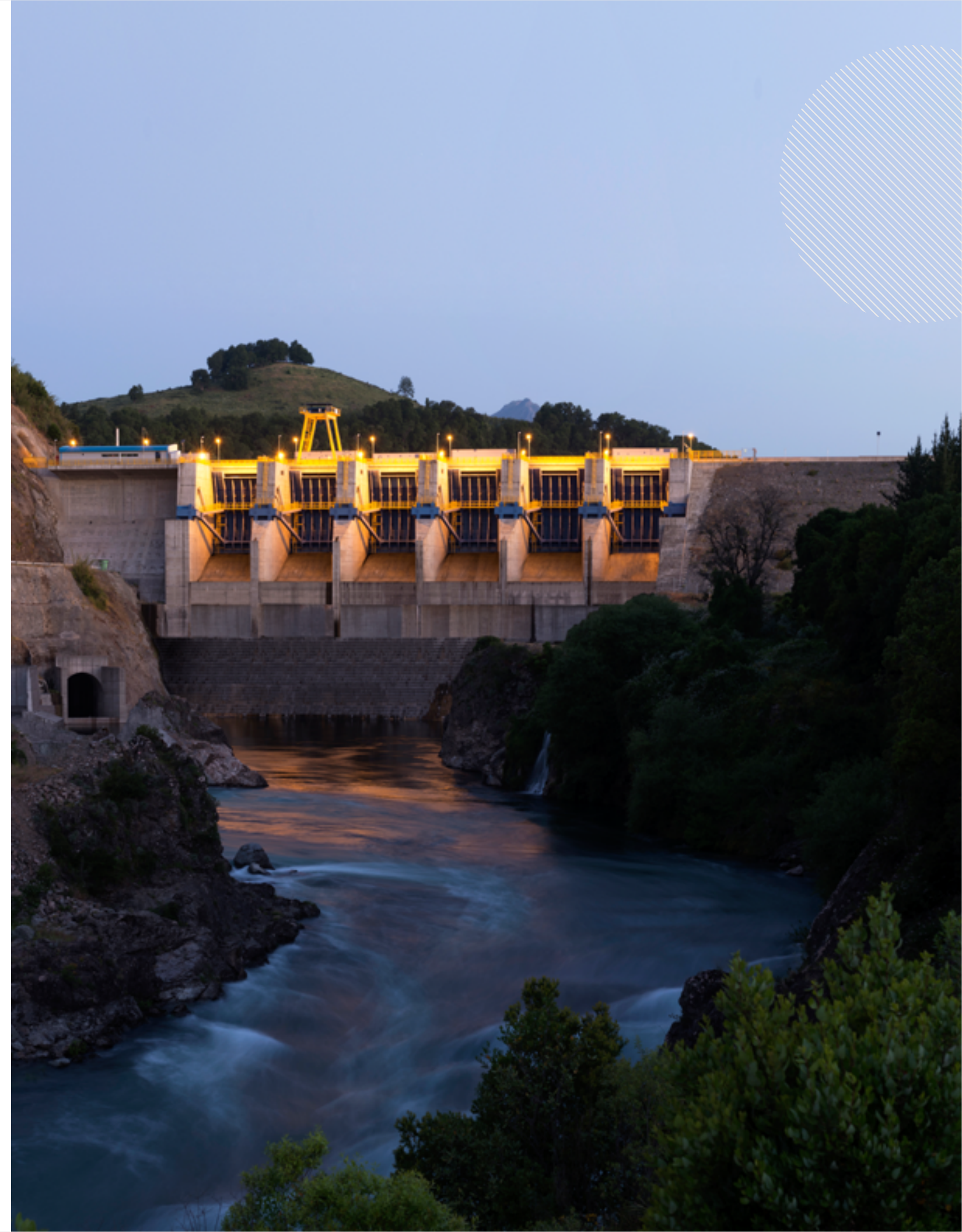
Generate an organizational structure and a management methodology that allows managing the Company's risks.

4

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

5

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



Associated risks

102-15



Energy Industry 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 attrition due to plant cycling

Financial Risks

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

Ethic 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 non-compliance
- Environmental incidents
- Reputation damage

Emerging Risks

Risk	Description	Potential impact on the business	Mitigation Actions
Tecnological changes	Technological changes such as Distributed Generation and Storage, can be disruptive but also generate new business opportunities.	A potential 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.
Increased future cycling of combined cycle plants	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.
Organization and cultural change	Changes in the energy industry 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 Colbun's purpose and strategy, highlighting the need to change and adapt to new challenges. Training and internal reorganization.
Cybersecurity	The industry trend towards a digital transformation of our assets (telecontrol, telemaintenance, integrated SCADAs, etc.) implies interconnecting our facilities and control centers at all levels.	The greater interconnection of our assets will increase our exposure to potential cybersecurity attacks both our infrastructure and safeguarding of our confidential information. In a scenario with high penetration of digitalization and remote control, an attack could affect the operational continuity of our assets.	The Company has systematically worked to increase its level of security against potential attacks attacks. (i) Implementation of a 24/7 SOC; (ii) Installation of specialized hardware in the plants to detect potential attacks; (iii) Installation of specific hardware to control remote access to our facilities by external providers.







## Information Security and Cybersecurity



Management of Information Security and Cybersecurity during 2020 was focused on strengthening controls recommended by cybersecurity assessments conducted in the company's critical infrastructure at the end of 2019 and beginning of 2020. In turn, given the home office scenario, important projects and activities were also carried out to strengthen cybersecurity in home office mode. Considering this background and keeping as a reference framework the international standard NIST Cybersecurity Framework adopted by the Company (see diagram), the following initiatives were carried out in the 2020 period:

- 1. In the area of identification, and as part of digital security compliance, we highlight the following:**
  - Progress was made in identifying needs and implementing action plans to comply with the NERC-CIP cybersecurity regulatory framework provided by the National Electricity Coordinator.
  - Cybersecurity assessment activities, which began at the end of 2019, were completed for critical infrastructure (power plants and substations).
  - Periodic and focused social engineering exercises (phishing test) were carried out to raise awareness and identify gaps in malicious or fraudulent e-mails.
- 2. In the area of protection, as part of defensive security, several improvements were made to the existing platforms, including the following:**
  - The implementation of additional controls to strengthen the cybersecurity of equipment connected outside the network (Home-office).
  - The VPN remote connection service was strengthened by improving and updating these technologies in the areas of capacity, availability and security.
  - We began deploying technologies to protect suppliers' remote connections to critical infrastructure (power plants and substations).
  - New platforms were incorporated to strengthen access control management in the main administrative systems.
  - As part of awareness and culture, dissemination and awareness plans continued, highlighting webinars focused on strengthening basic day-to-day concepts and care in information security and cybersecurity.



- 3. In the area of detection, and as part of offensive security, the following activities were carried out:**
  - We began to deploy technologies to detect anomalies and cybersecurity events in the systems that support the operation of critical infrastructure (power plants and substations).
  - Security controls were continuously maintained for any incorporation of new technologies or systems (ethical hacking, pentesting, etc.) prior to their entry into service.
  - A joint agreement was signed between the transmitters' association and the governmental CSIRT to incorporate complementary cybersecurity monitoring in the event of cyberattacks affecting the company and the industry.
- 4. In the area of Response and Recovery, as part of continuity and resilience, the following actions were carried out:**
  - A multidisciplinary committee was formed to manage cybersecurity crisis events, which considers the development of a documented management plan and later simulated exercises to identify opportunities in the area.

2.5

# Innovation Strategy

EU8, 103-2, 103-3



After defining the Innovation Strategy for the next 5 years in 2019, in 2020 the Company advanced in the execution of this plan, with the objective of being a protagonist of the transformational changes in the energy industry, with high-value and sustainable solutions.

Under the definition of “providing unique or radically superior solutions to the existing ones, which provide tangible value to customers or processes and make strategic objectives feasible”, four work focuses were defined in 2020:

## Enhancing the current operation

Environmental footprint reduction (water, emissions and waste), operation optimization and advanced data analytics.

## Growth in renewable energies

Optimization in construction and operation, search for new energy sources.

## Added value to clients

Search for solutions beyond to the existing ones.

## Development of new adjoining business

Green hydrogen, energy storage, desalination, among others.



## 1. GREEN HYDROGEN

Colbun sees green hydrogen as a way to aggregate additional value to the portfolio of renewable energy projects that it is developing for about 1,800 MW.

In 2020, the company worked on promoting a corporate strategy to take advantage of Chile’s potential to produce this emission-free fuel, generating a positive impact for customers and society in general. Colbun was one of the first companies to join as a partner of the Chilean Hydrogen Association (H2 Chile), and has participated in the various working groups organized by the Ministry of Energy.

The Company wants to position itself as a relevant player in this new industry, for which it plans to sign development agreements with technology suppliers, partners and customers.

## 2. CLEAN TECHNOLOGY INSTITUTE

In 2020 Colbun applied to be part of the Institute of Clean Technologies (ITL), which will have the objective of creating technology to increase productivity and sustainability in the north of the country.

Colbun sees a unique and great opportunity to develop R&D&I in zero-emission technologies, working collaboratively with mining companies, research centers and universities, in order to contribute to the country to achieve carbon neutrality by 2050.

## 3. EXPERT REMOTE ASSISTANCE

This tool, which was developed in 2019, allows real-time interaction between the field operator through an intelligent lens and a remote expert.

In the COVID context, it was of great relevance, since it allowed supporting critical activities of the operation under conditions in which specialists (internal and external) were unable to travel to the facilities (see the case of Central Carena in the same section).

Different remote assistance technologies are currently being piloted in the plants.

**Provide unique or radically superior solutions that bring tangible value to customers or processes and make strategic objectives feasible.**





**\$1,217**  
million have been invested in the past 3 years for the development of research, development and innovation projects.

#### 5. ALLIANCES WITH THE INNOVATION ECOSYSTEM

Among the Company's main alliances with the innovation ecosystem are the Innovation Club and Imagine Lab.

In order to work systematically in the search for startups with disruptive solutions, there was a technology watch consultancy with the Innspiral Radar service. Thus, the Company has developed a Technology Observatory and in 2021 will implement a program of Innovation leaders in each Division and/ or Management to support the innovation process.

In the last 3 years, we have encouraged the development of Research, Development and Innovation projects, taking advantage of the tax benefit of the R&D Law. Between 2018 and 2019, three projects have been awarded, crediting a total expenditure of \$1,217 million.

#### 4. ASH REUSE

In order to reduce its environmental footprint, Colbun seeks to reuse almost all of the ash generated by its only coal-fired power plant, Santa María.

In 2020, Colbun worked with universities and circular economy consultants to explore different applications for the ash. As a result, solutions for road stabilization, prefabrication, ceramics, bricks, among others, were technically and economically validated.

We are currently working on the permits to be able to deliver this waste to new users.

#### 6. OPEN INNOVATION CHALLENGES: CIRCULAR ECONOMY

During 2020, an agreement was signed with CORFO Innovation (Corfo Conecta) in its pilot program of alliances with large companies. Two open innovation challenges were completed:

- **Reuse of corporate clothing:** ¿What do we do with unused corporate clothing so that it does not become another waste product?

- **Reuse filters Reverse Osmosis Plant (POI) of Central Nehuenco:** What do we do with the 11 tons of filters considered waste that we have accumulated from the POI?

A public call for bids was made at the national level, and 16 companies participated in the call. Two companies were awarded the contract.

- **Ecofibra** will build thermal insulation panels with the unused clothing collected by the company, which will be delivered to the communities where Colbun has influence.

- **Patagonian** offers recycling of osmosis membranes, using oxidizing agents to degrade the top layer of polyamides. This results in a new ultrafiltration membrane that can be applied to treat different types of contaminated water.

Pilot projects lasting 6 months are being carried out with these companies. The lessons learned from these open innovation processes can be summarized as follows:

- **Transparency** of internal company problems that can be addressed by open innovation processes;

- **Promote** transversal participation of personnel in these projects.

- **To highlight** that company-statesupplier collaborative work drives triple impact innovation (social, environmental and economic).

- **Support** the linkage of the ecosystem of entrepreneurs and innovators with large companies.

**The British-Chilean Chamber of Commerce distinguished Ecofibra's project with the "2020 Environmental Innovation Award".**



#### 7. JOINT OPERATION

In recent years, we have worked on optimizing energy generation, particularly in hydroelectric power plants, where the correct distribution of water in the generating units allows maximizing generation with the same amount of turbined water.

In 2018, a pilot water distribution model called "Joint Operation" (joint work of the Innovation, Generation, and IT Managements) was developed and tested at the Aconcagua Hydroelectric Complex, with an increase in generation of 1.4%. Thanks to an information platform that will allow this management to be carried out in real time in different plants, an increase in generation of 35,800 MWh per year is projected.

#### 8. SEDIMENTS

Following the development in 2019 of a sediment control mechanism for the Aconcagua Hydroelectric Complex, in 2020 - and under R&D Law - a scale model was built to validate the initiative in the Hornitos Reservoir, achieving settling efficiencies of between 85% and 92% of fine suspended solids.

## Cases of Innovation

### RPA, Robotic Process Automation (IT)

Led by the IT Management, in 2020 pilot projects were completed in 2019 and a call for bids was made to award two partners (SISUA and EDSA) the support for the development and operation of the established RPA platform, which covers the 'robotization' of business processes with a focus on reducing the man-hours dedicated to repetitive and mechanical work. It will also allow optimizing time and associated costs.

### Advanced Analytics Models (Business Division)

The Commercial Products and Services Management of the Business Division developed a customer segmentation and pricing model, which through a digital platform analyzes and detects the best pricing conditions for certain customer categories.

Advanced data analytics was also used to optimize the mix of the operation (generation), according to the characteristics of certain contracts (driven by the Energy Business Management Department), and to automate the execution of planning, which is done through the PLP (Long Term Programming), achieving an 80% reduction in the interaction time with the tool.

### Tele-maintenance (Engineering and Projects Division)

Thanks to tele-maintenance work, the Engineering and Projects Division (DIP), with the support of the IT and Innovation Divisions, was able to commission the speed controllers of the Carena power plant using intelligent lenses and video calls to the supplier in Brazil.

### Embankment Repair (Engineering and Projects Division)

In order to repair the scour in an embankment of tower 121, which belongs to the Santa María Charrúa line, it was necessary to make viable the access to the Yumbel hills, where the towers of the electric line are located, with heavy material to build drains of gabions of stone boulders and prefabricated concrete gutters.

- The installation of polymer cells instead of heavy gabions made of stone boulders, which are assembled like a Meccano, easy to assemble, of transport volume and lightweight, was an innovation.

- To replace the heavy precast concrete gutters, we innovated with the use of cement-impregnated blankets, handled in rolls, which, when wetted, react with the cement and harden.



### Wind Performance Analysis and Monitoring (Generation Division)

In the context of the preparation for the commissioning of wind farms, the Research and Renewable Energies Division developed a pilot performance monitoring tool for a wind farm, with the objective of identifying inefficiencies and opportunities for improvement in its performance.

### Drones (Generation Division)

During 2020, and following the development plan of this practice within the company, other pilot activities were carried out:

- Support to Colbun power plant in inspection of channels, S/E, and other facilities.
- Support to Sgcia. Gestión Hidrica in Aconcagua, validating the authorized use of the river flow.
- Inspection and videos of metering tower at El Naranjo EP.
- Support to PE Horizonte in inspection of nearby wind prospecting area.
- Visit to La Mina power plant to clean up case of site installation.
- Visual inspection of project site in Taltal.

The use of drones as a useful tool for inspections and observations was formalized. Three drones with ideal characteristics for these inspections were acquired and will be operated by a group of 28 employees who are being trained and certified by the DGAC in this practice.



# 2.6

## Digital Transformation

103-2, 103-3

### Objetives

The Digital Transformation program aims to settle the company's strategy by taking advantage of new technologies, best market practices and collaborative work.

### Governance Model

In 2020, the governance model for digital transformation initiatives implemented in 2019 was consolidated, where the different initiatives are grouped on the basis of multidisciplinary committees and working groups with representation from all company management, coordinated by an integration committee, which reports periodically to the Company's Technology Committee led by the Chief Executive Officer. Thus, the work was organized in three areas.

In December we completed the enhancement of our Customer Relationship Management (CRM) based on the Salesforce platform



#### 1. FRONT OFFICE PROCESS

**Virtual Branch:** In September we launched the Virtual Branch for clients, the first digital point of contact with clients, which provides complete information on the billing process.

**CRM:** In December we also completed the enhancement of our Customer Relationship Management (CRM) based on the Salesforce platform.

**Collaborative Tools:** We also developed an improvement in the collaborative tools for sales executives, seeking to introduce improvements in Customer Segmentation and Offer Automation activities.



#### 2. OPERATIONAL PROCESSES

**Telecontrol:** In this area, efforts were focused on the telecontrol of generating units of the Aconcagua Complex.

**Integrated SCADA:** We worked on the development of the technical specifications and international bidding to evaluate the installation of an integrated SCADA system, which will allow the supervision and remote control of all our generation facilities, interconnection with the CEN and tools for real-time analysis and management of the energy system and the market.

**Telecommunications:** To leverage the telecontrol strategy, during 2020 fiscal year, we initiated activities to develop a Telecommunications master plan, which will deliver guidelines and enabling technologies to develop telecontrol of power plants, the implementation of an integrated SCADA, continue with the deployment of technological surveillance systems and the implementation of new services and operational systems.

In this same area, during the year, we carried out the bidding process for all the company's communications links, with important improvements in availability, capacity and security of the links to the power plants and substations.







### 3. BACK OFFICE PROCESSES

**SAP S4 HANA:** During the year 2020 and seeking both the generation of timely and quality information and to introduce efficiencies in administrative and management tasks supported by the corporate ERP, a project was developed to reimplement the Company's ERP system by migrating the key processes of Colbun's Back Office to the SAP S4 HANA version. Greater agility and flexibility of processes and the availability of relevant information for management decision-making are part of the benefits.

**CONCUR:** In 2020, the new CONCUR Travel Management and Expense Claims tool was deployed. Taking advantage of the knowledge acquired in the first half of the year, improvements were made to the process and the decision was made to massively incorporate the tool in all power plants in Chile and our operating affiliate in Peru (Fenix).

**SAP Success Factor:** In 2020 we implemented the SAP Success Factor Platform, a tool that enables us to configure employee payroll processes, organizational management, employee data management, performance management, and training management, among other functionalities.

**Digital Signatuer:** A technology for digitalization and electronic signature of labor documents (contracts, certificates and others) was incorporated. This has led to significant improvements in response times, efficiency and traceability in the issuance and consultation of these documents.

**Technology (IT):** In this area, the definition of the strategy for the migration of infrastructure services to public clouds, private clouds or external datacenters stands out. During the year a corporate RPA platform was also implemented (see previous section).





# 2.7

SUMMARY - CHAPTER 2

## Relevant issues, associated risks and management

Chapter 2 addresses a topic that was identified in the Materiality Study as relevant for our stakeholders to address: **New Business and Innovation.**



MATERIAL ISSUE:  
**New Business and Innovation**

### Why it is relevant to Colbun:

Innovation has been one of the major factors behind the transformations the energy industry is facing. Solar and wind energy have seen a drastic decrease in costs, which is changing the business with new competitive parameters. Moving forward, it is possible that new technological disruptions, associated with the need to face Climate Change, may bring additional changes in this industry.

### Associated risks

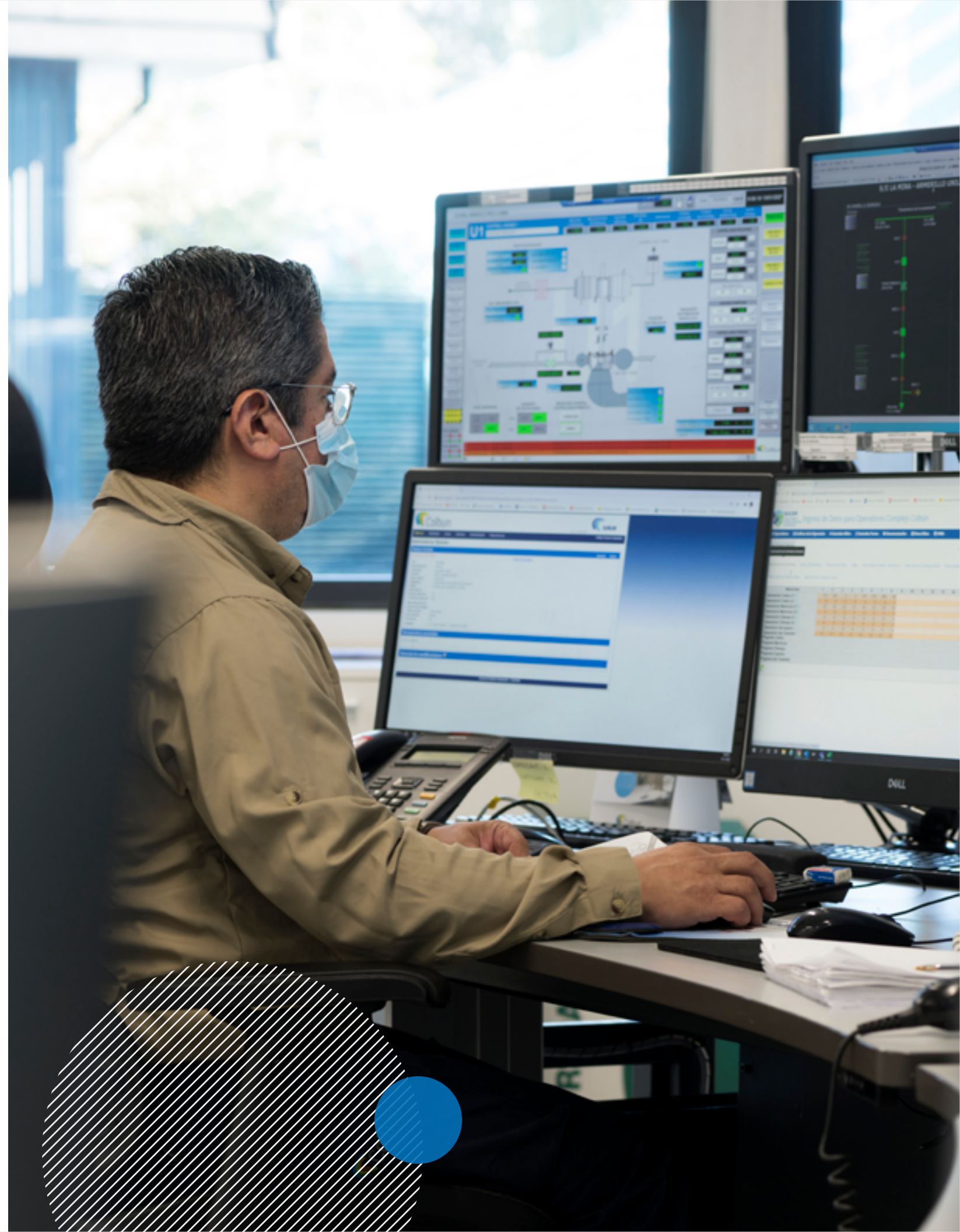
- New competitors
- Technological obsolescence
- Loss of competitiveness

### SDGs related:



### How we manage it:

The Company has strengthened its Innovation and Strategy team in recent years under the definition - "provide unique or radically superior solutions that bring tangible value to customers or processes and make strategic objectives feasible.". This translates into focusing on strengthening the current operation; supporting the growth strategy in renewable energy; seeking solutions that provide added value to customers, and developing new adjacent businesses, where the Company can leverage its significant portfolio of renewable energy projects. Additionally, the year 2020 highlights the acquisition of Efizity, which allows us to put more focus on areas such as electro-mobility, storage and distributed energy.





# COUNTRY CONTEXT AND THE ENERGY INDUSTRY



- 3.1. General Context
- 3.2. Regulatory Framework  
Evolution
- 3.3. How the Power System  
Operates (Chile and Peru)
- 3.4. Summary - Chapter 3





# 3.1

## General Context

103-2, 103-3, Colbún-7.EC

### CHILE

#### SANITARY CRISIS AND CONSTITUTIONAL PROCESS

##### Impact of Covid:

In March 2020, the WHO categorized COVID-19 as a global pandemic. On the 18th of that month, the Chilean government decreed a State of Catastrophe Constitutional Exception - which was extended for the whole year-, deploying a plan based on two pillars: mobile quarantines and preparation of hospital infrastructure. Schools and shopping centers were closed, many companies started a home-office model, and sporting events and shows were banned. In 2020, almost 16,500 people died of this disease in Chile, and just over 600,000 were infected<sup>1</sup>.

A healthy fiscal position allowed Chile to be the country that most increased aid to households in Latin America, according to a World Bank study,

although controversy regarding the timing of aid was a recurring theme during the year.

##### Constitutional Process:

The pandemic also affected the constitutional process, forcing the delay of the referendum to decide on a new constitution, from April to October. In the consultation, carried out in complete normality despite the pandemic, the "I approve" option won, by 78% of the votes, and the mechanism of a Constitutional Convention to draft the new Text. On April 11, 2021, 155 constituents in charge of drafting the new constitution, must be elected and the text must be submitted to a new referendum in 2022. The constitutional process may result in changes to the institutional framework applicable to business activity in the country.

#### ECONOMY PERFORMANCE

##### Impact on GDP:

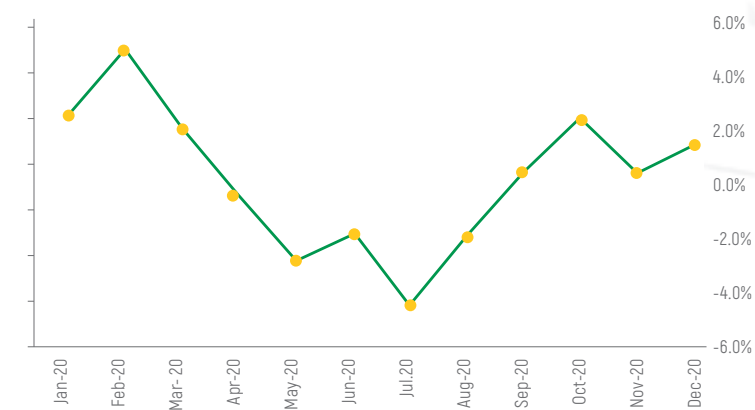
Chilean economic activity suffered a sharp contraction between the months of April and August, beginning in September with a slight rebound, but always in negative territory. Thus, the year 2020 ended with a 5.8% drop in activity, the largest drop in GDP since the 1982 crisis.

The services sector was particularly affected, leading the decline with a drop of 8% in 2020. Only mining showed a slight rebound in the year, with a growth of 0.5%<sup>3</sup>. Although everything indicates that 2021 will be a year of recovery, further encouraged by the new commodities boom, uncertainty persists as to when the pandemic will be brought under control.

##### Evolution of the power sector:

The first 2 months of 2020 showed an energy demand that grew close to 4% regarding the previous year, marked by an increase in consumption by unregulated clients. However, in mid-March, as a result of the pandemic and restrictions, demand began to decrease: in April, demand fell 0.2% compared to the same month of the previous year, a drop that was subsequently accentuated until reaching a maximum drop of 4.4% in July. Only in the last 4 months of the year did energy consumption grow.

Monthly Energy Demand Chile ((% Variation)



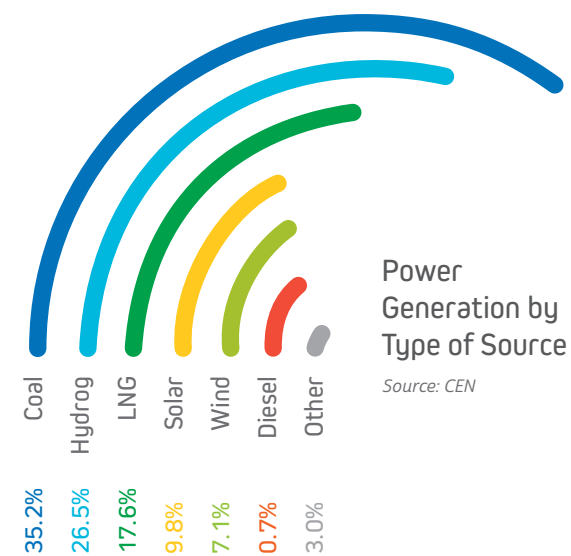
Source: CEN



The constitutional process may result in changes to the institutional framework applicable to business activity in the country.

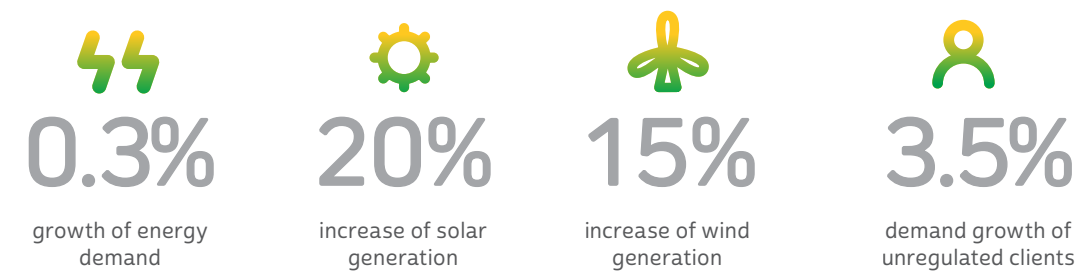
<sup>1</sup> Data from the Ministry of Health.





As a whole, annual demand in 2020 registered a growth of 0.3%, a value not very different from the 0.8% of 2019. Disaggregating this figure, there was a 3.5% growth in unregulated clients, while the regulated customer segment showed a decrease of -4.3%. This is mainly explained by the transfer of customers from the regulated to the unregulated sector due to more convenient prices. At the generation matrix level, in 2020 the characteristics of a dry year were maintained, with hydraulic generation decreasing -0.9% compared to the previous year. On the other hand, the entry of new wind (370 MW) and PV (544 MW) projects allowed for an increase in this type of generation of 15% and 20%, respectively, compared to 2019.

#### Figures of the Chilean Energy Market in 2020



Ovejería PV Plant



# PERU

## CORONAVIRUS AND POLITICAL CRISIS

### Impact of Covid:

On March 15, 2020, the Government of Peru decreed a state of emergency and mandatory nationwide social isolation due to Covid-19. In the first part of the year, the Andean country implemented one of the most restrictive quarantines in the world, which meant a 29.8% drop in GDP in the second quarter of last year.

Even so, the number of deaths increased by almost 80% compared to 2019. Starting the second semester, the government began to apply targeted quarantines, which alleviated the economic situation. The country's macro-

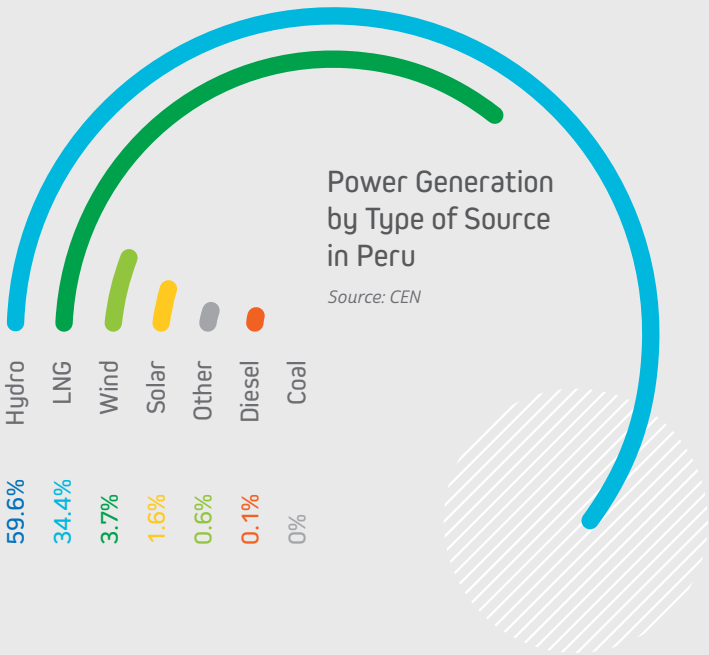
economic and During the first part of the year, Peru implemented one of the most restrictive quarantines in the world. fiscal soundness allowed it to implement one of the largest relief packages in the region, which managed to mitigate the impact on families and avoid the massive bankruptcy of companies.

### Political Crisis:

At the same time as the health crisis, the country experienced the worst political crisis in 20 years, triggered by the confrontation of the Executive Branch with the Congress of the Republic, which proposed a record

number of measures, many of them considered populist by analysts. In the height of the crisis, and in a measure that generated much controversy, Congress approved the impeachment of President Martin Vizcaya, appointed Manuel Merino (President of Congress) as president and then removed him to appoint Francisco Sagasti in the presidency, in response to the strength and breadth of the protests of the people. All this in a process that took little more than a week.

During the first part of the year, Peru implemented one of the most restrictive quarantines in the world.



## ECONOMIC PERFORMANCE

### Impact on GDP:

The restrictions on productive activities in Peru were so severe that they caused the drop in Peruvian GDP in 2020 to be one of the most severe worldwide (about an 11.2%<sup>4</sup>). However, it is important to note that the economy began to recover rapidly towards the last quarter. This was mainly a consequence of the broad package of measures approved by the government and the Central Bank to prevent corporate bankruptcies and boost aggregated demands. The Peruvian government deployed one of the most ambitious monetary and fiscal packages in the region, amounting to approximately US\$40 billion (public spending and liquidity injection me-

asures amounted to 17% of GDP, and tax relief and private savings release policies amounted to 4.7% of GDP).

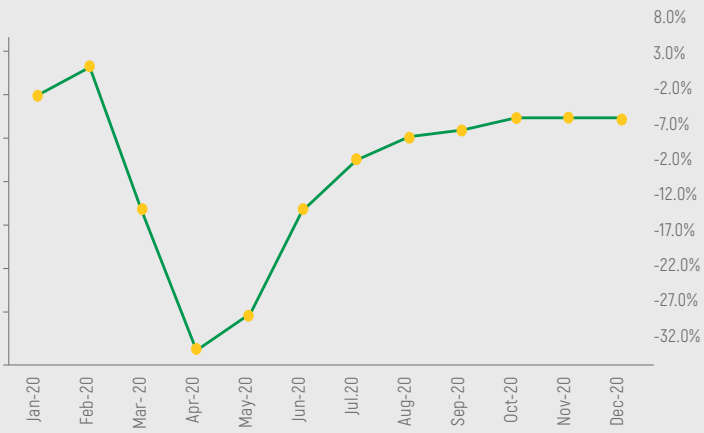
### Evolution of the energy market:

The lower output growth had its correlate in the power market. Demand in the National Interconnected Electricity System (SEIN) fell 7.0% in 2020. Marginal costs grew 6%<sup>5</sup> compared to 2019, due to the natural gas variable cost declaration scheme for priority in energy dispatch, the maintenance of the Transportadora de Gas del Perú (TGP) Camisea pipeline and the lower hydraulic availability during October and November.

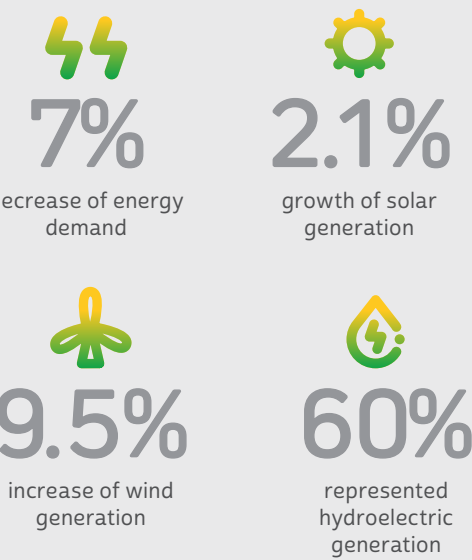
In terms of generation by energy source, as of December 2020, PV had an annual increase of 2.1% and wind power 9.5%.

However, their proportion in the matrix continues to be modest, together accounting for 5% of the total. Hydraulic generation maintains its position as the most relevant in Peru, with 60% of the total, followed by natural gas, which contributes close to 35%.

Monthly Energy Demand Peru (% Variation)



## Figures of the Peruvian Energy Market in 2020



<sup>4</sup>Figures from the National Institute of Statistics and Informatics / <sup>5</sup> Figures from the Ministry of Energy and Mines.

# 3.2

## Regulatory Framework Evolution

103-2, 103-3, Colbún-7.EC

### CHILE

The regulatory framework of the Chilean power sector is comprised of the General Law of Electrical Services, the General Law of the Environment and the Water Code. Seven entities oversee the application and enforcement of the sector's laws and regulations.

#### Entities with competencies in the energy sector in Chile



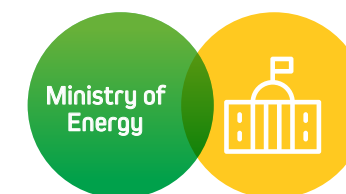
- Water rights/ Project approval
- Control
- Measurement and control of water resources
- Surveillance of the performance of water Users' organizations



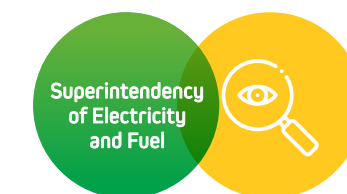
- Design and implementation of public and sectoral policies
- Advisory to the Government
- SEA: Environmental Approval
- SMA: Oversee Legal Compliance



- Conflict Resolution



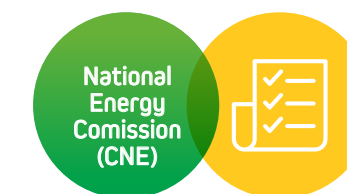
- Public and sectoral policies
- Advisory to the Government
- Long-term planning



- Legal compliance surveillance



- Coordination of system operation
- Economy dispatch
- Competition monitoring



- Tariffs
- Regulatory function
- Expansion plans



## Response to COVID-19

### Basic Services Law:

On August 5, 2020, Law No. 21,249 was enacted, which establishes that end users of sanitary services, electricity and gas network will not be cut off during the state of catastrophe generated by COVID-19, establishing also the possibility of postponing debts incurred up to 90 days after the publication of the law. Then, on January 5, 2021, its effects were extended for 180 days:

### Changes in peak hours:

The CNE pushed for an exceptional exclusion of the months of April, May, August and September from the 2020 Peak Control Period, mainly in order to avoid additional charges for exceeding the “winter limit” for residential customers in the months that were excluded.

## Regulatory Agenda

### Flexibility Strategy:

In order to address the systemic and market consequences that will arise from the massive incorporation of renewable from variable sources, the Ministry of Energy unveiled in September 2020 the Flexibility Strategy, which consists of 3 axes and 12 measures.

- **Axis 1:** Market design for the development of a flexible system: includes improving sufficiency remuneration; incentives for long-term investments in flexibility; complementary services.

- **Axis 2:** Regulatory framework for storage systems: includes recognizing storage for sufficiency facilities; improving its treatment in transmission planning; allowing pilot projects.

- **Axis 3:** Flexible operation of the system: considers improving the marginal cost signal; improving realtime operation; generation and demand deviations, etc.

The Flexibility Strategy will not imply legal changes, but will be addressed through regulatory and technical standard modifications. Based on this proposal, working groups are being formed with industry representatives.

### Hydrogen Strategy:

In November 2020, the government launched the National Hydrogen Strategy, with three major objectives:

- (i) Produce the cheapest green hydrogen on the planet by 2030;
- (ii) To be among the top three exporters by 2040; and
- (iii) Have 5 GW of electrolysis capacity under development by 2025.

To this end, an action plan was drawn up to accelerate the deployment of green hydrogen in key national applications by 2025 and enter the export market by 2030. It considers establishing an operational team to accompany the processing of permits and development of pilots of green hydrogen and its derivatives, and creating a working group with state companies to accelerate the adoption of green hydrogen among them and their suppliers, amongst other matters.

The action plan associated with this Strategy will involve, according to estimates, the creation of some 100,000 jobs and US\$200 billion in investment over the next 20 years (for Colbun’s strategy in this area, see Chapter 2).

### Residential energy transition strategy:

Promoted by the Ministry of Energy, it seeks to move towards a heating matrix with cleaner and more accessible alternatives for households. In this context, the National Energy Commission made regulatory changes to establish a mechanism that would allow generators to offer, through distribution companies, a special discount on electricity rates for home heating, in order to replace firewood and tackle pollution in the center-south zone of the country.

In August 2020, a bidding process was carried out that considered a total of 122 GWh/year of energy, covering a period from August 2020 to December 2024. Among the successful bidders were Colbun, as well as Enel Generación Chile S.A., Acciona Energía Chile, Atacama Generación and ERNC-I.

**The action plan associated with this Strategy will involve, according to estimates, the creation of some 100,000 jobs and US\$200 billion in investment over the next 20 years.**



Legislative Agenda

Power Supply Portability:

In September 2020, the Executive submitted to Congress the Power Supply Portability Bill, the first of three legal initiatives to address the modernization of the Distribution segment. This bill creates the figure of the marketer as a new market agent, in addition to considering the modernization of the supply bidding mechanism and the introduction of the role of the information manager to reduce information asymmetries and protect customers’ consumption data. The proposal considers that gradually more consumers will be able to choose their power supplier.

This bill is currently in its first constitutional procedure and is being discussed in the Mining and Energy Committee of the Chamber of Deputies.

Climate Change:

In January 2020, the Executive introduced the Climate Change Framework Bill to the Senate. Its objective is to create a legal framework that allows assigning specific responsibilities for the implementation of mitigation and adaptation measures to climate change, establishing as a goal to achieve neutrality of greenhouse gas emissions.

During 2020, the bill was analyzed by the Senate Environment and National Assets Committee. In August 2020, the Senate chamber unanimously approved the idea of legislating on this matter. Subsequently, a deadline was established for the submission of indications, initiating its discussion in particular.

Water certainty:

On November 16, the processing of a parliamentary motion that entered the Senate began, it seeks to “ensure water certainty for the different productive uses of water” and whose main provisions establish amendments to the Water Code and the General Law of Electric Services, which aim to limit the exercise of water rights for hydroelectric generation in certain circumstances affecting other rights.

This initiative is currently before the Senate Special Committee on Water Resources, Desertification and Drought, receiving the opinion of different industry players.

In September 2020, the Executive submitted to Congress the Power Supply Portability Bill, the first of three legal initiatives to address the modernization of the Distribution segment.

Early closure of coal-fired power plants:

In 2020, a Bill was introduced through a parliamentary motion that seeks to prohibit the installation of coal-fired power plants in the country and the early decomission of existing coal-fired power plants by December 31, 2025. This initiative was approved in general by the Chamber of Deputies and is being discussed in the Environment and Natural Resources Committee.

The National Electricity Coordinator and the CNE warned of the risks of this project, among them the increasing system costs, affecting the safety of operation and increase emissions by having to bring in inefficient and polluting power plants. To date, indications that have been presented are being reviewed and the vote in particular is pending, before being sent to the Senate.

It should be recalled that in 2019 the Ministry of Energy and the companies AES Gener, Colbun, Enel and Engie agreed on a plan to phase-out coal-fired which considered the systemic

conditions that would allow a safe decomission without additional costs for the country. Pursuant to this agreement, the early phase-out of some plants was carried out or announced in 2020, generally corresponding to the oldest plants in the system. As part of this process, the Strategic Reserve Status (ERE) was created, which allows coal-fired plants that are retired to remain for a

period in a reserve condition to be required for operation if the Coordinator deems it necessary for the safety of the system.

Colbun operates only one coal-fired plant in the country, one of the newest and most efficient in the system. The Company is part of the Decarbonization Plan approved in 2019, and is

committed to its objectives and goals, established based on technical criteria, and which also allows periodic reviews to define if there are conditions to review the closure schedule. As part of the plan, Colbun agreed to an early phase-out of the Santa María power plant subject to the current long-term contractual commitments associated with that unit.

OTHER RELEVANT 2020 REGULATORY ISSUES:



Complementary Services

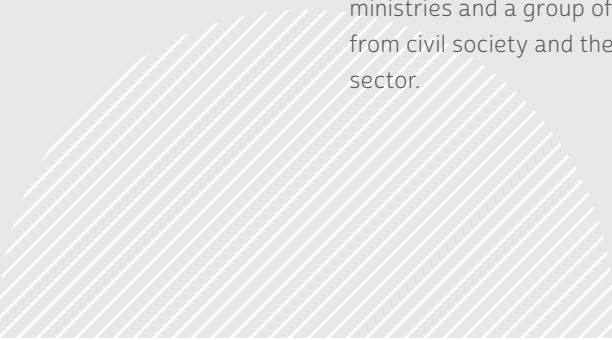
In January 2020, the new regime of Complementary Services (SSCC) began, covering the technical requirements needed by the system to maintain operational security in the face of the increased presence of variable source renewable energies. Initially, part of these services were awarded through the auction mechanism until September 21, 2020. Although the Coordinator decided to suspend them, following discrepancies raised with the Panel of Experts, the auctions were resumed towards the end of the year.

LNG Technical Standard

In late August 2020, the CNE initiated the procedure to modify the Technical Standard for the scheduling and coordination of the operation of units that use Regasification - Natural Gas, in accordance with the provisions of the CNE’s Annual Regulatory Plan 2020.

Energy Policy 2050 Update

Chile has had a Long Term Energy Policy 2050 since 2015. In the context of the changes that the sector is undergoing, in August 2020 the Ministry of Energy initiated the process of Updating the Energy Policy 2050 to be developed by a Consultative Committee composed of six ministries and a group of experts from civil society and the private sector.

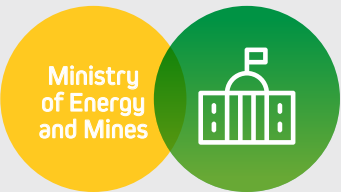




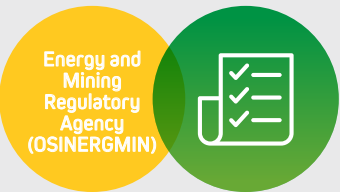
# PERU

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

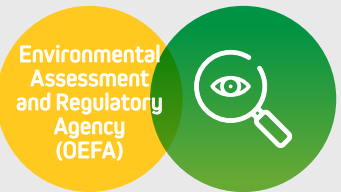
## Entities with competences in the energy sector in Peru.



- Sectorial Policies
- Housing Titles
- Regulations



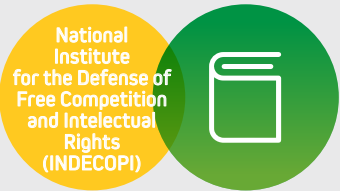
- Rates
- Regulatory function, control
- Dispute resolution
- Complaint handling



- Compliance with legislation
- Supervision



- Transmission plan and SEIN procedures
- Coordination of SEIN operation



- Free and fair competition
- Ex-ante control of concentration

## Response to COVID-19

### Fractioning of electricity consumption bills:

Two decrees issued during the year allowed splitting in up to 24 months the payment of bills for power service to residential households with consumption of up to 300 kWh per month, within which families in socioeconomic sectors C, D and E are included.

### Electricity Bonus Measure:

DU Decree N° 074-2020 delivered 160 soles one-time to users with consumptions less than 150 kWh/month and to residential users of non-conventional rural electricity systems supplied with autonomous photovoltaic supply in order to cover pending payments for electricity consumptions corresponding to March - December 2020.

## Regulatory and Legislative Agenda

### Gas price statement:

In September 2020, the Judiciary issued a ruling ordering the State to regulate the gas price statement, specifying the meaning that this new regulation should have (total audited costs). In October 2020, the Ministry of Energy and Mines published a Draft Supreme Decree that delegated COES (which coordinates the operation of the system) and Osinergmin (with regulatory and supervisory function) to regulate this aspect. In December 2020 the Supreme Decree (N° 031-2020-EM) by which it is established that the COES must submit to Osinergmin within a maximum period of 30 working days, the proposal to modify the technical procedures related to:

1. The delivery of fuel quality information quality of fuel and the costs of supply, transportation and distribution of natural gas, accompanied by a complementary report
2. The review and evaluation by COES of the information submitted by the power generation companies.
3. The determination of the variable costs of the thermoelectric generation units that use natural gas.

4. Other technical procedures that correspond to the application of the above provisions.

In addition, Osinergmin was required to approve the technical procedures, within a maximum term of 60 working days, counted from the receipt of the COES proposals.

### Secondary natural gas market:

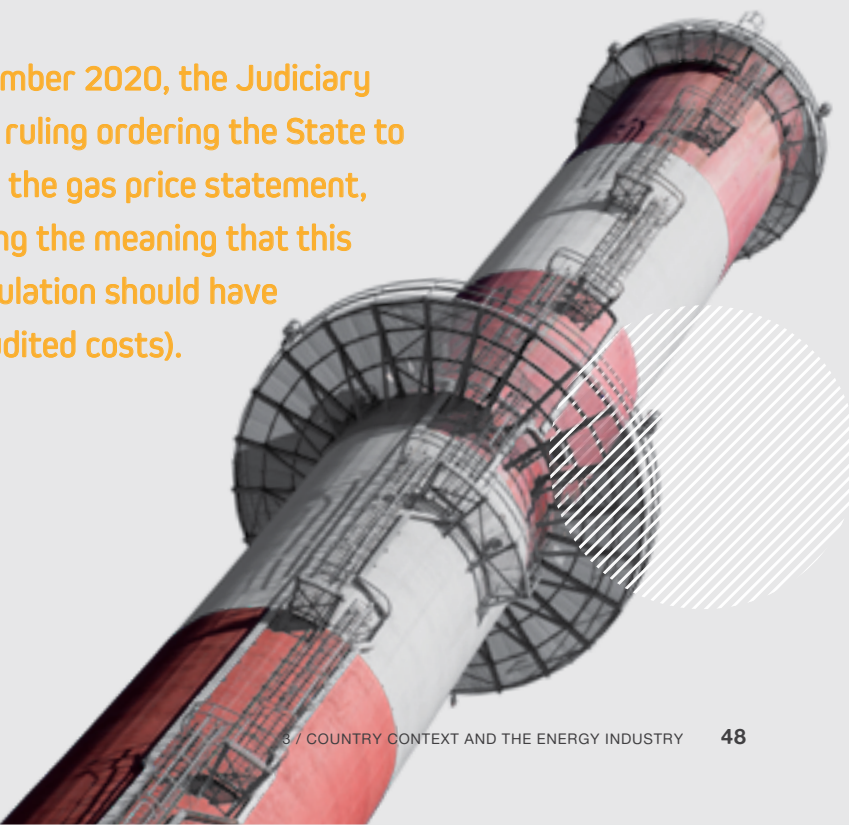
EIn December 2020, a draft bill was disclosed that sought the efficient use of natural gas, for which it established that thermal generators could trade the surplus supply and transportation

of natural gas in a secondary market whose maximum transaction price would be the price actually paid by the bidder. In addition, it proposed an auction mechanism and an entity in charge of operating the auctions.

### Lowering the threshold to become an unregulated customer:

SA project was presented that seeks to lower the threshold to become an unregulated customer, setting it at 50 kW upwards (today the limit is 200 kW). Thus, users with higher ranges could choose to be regulated or regulated user.

**In September 2020, the Judiciary issued a ruling ordering the State to regulate the gas price statement, specifying the meaning that this new regulation should have (total audited costs).**





## Power Undersector Reform Commission (CRSE)

In June 2019, the Multisectoral Commission of a temporary nature for the reform of the Power Undersector was created, under the Ministry of Energy and Mines, whose objective is to formulate proposals aimed at the adoption of measures to ensure the sustainability and development of the Electricity Subsector.

On December 16, 2020 the CRSE presented the Terms of Reference to hire a consulting group to carry out the analysis of the limitations and problems presented by the current regulatory and market structure and to propose the changes and improvements needed to modernize the sector. The consulting group will prepare a White Paper, based on 4 thematic axes:

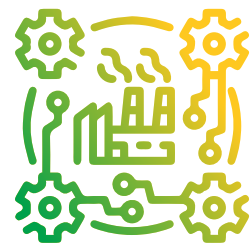
- (1) Strengthening the Institutional Framework,
- (2) Transformation of the Wholesale Market,
- (3) Innovation of the Distribution and Retail Marketing, and
- (4) Simplification of Regulation and Transmission Management.





# 3.3

## How the Power System Operates (Chile - Peru)



### Principle and institutional:

The operation of the system 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, efficiency and security criteria in the allocation of resources.

In order to comply with the “efficiency objective”, the generating companies coordinate their operations, in the case of Chile, through the CEN (National Electric Coordinator) and, in the case of Peru, through the COES (Economic Operation Committee of the National Interconnected System). Both entities must seek to minimize the operating and failure costs of the system, in addition to ensuring the quality and safety of the service provided by the

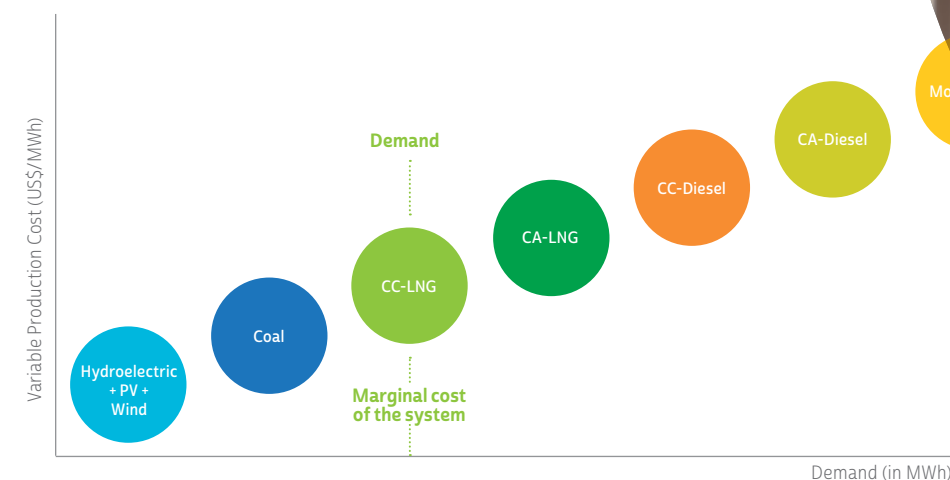
generation and transmission companies.

The main objective of the dispatch system is to ensure that the power demand is served by the most efficient units available at each instant.

### Role of marginal cost:

The coordinating entity dispatches the power plants in ascending order regarding their respective declared variable costs of production, starting with the power plants with the lowest declared cost. The declared variable cost of the most expensive unit in operation represents the marginal cost of the system and determines the price of energy in the spot market moment and is measured in US\$/MWh.

Energy dispatch scheme in Chile



In Chile, costs declared by each company owning a power plant are subject to audit and are audited on a weekly basis. In Peru, costs declared by thermal units that operate with liquid (oil) or solid (coal) fuels are audited monthly; units that operate with natural gas, on the other hand, are free to under-declare their operating costs, having as a maximum limit their actual operating cost and as a minimum limit a price related to the *take or pay* of gas supply.

### Safety and the power charge:

In order to comply with the objective of “safety and continuity of energy supply”, the model also contemplates a “power charge”, which is an additional remuneration for generators that keep their plants available and seeks to provide incentives to have backup capacity. In Chile, the recognition of

the contribution of each generating unit is known as Sufficiency Power and is measured in US\$/KW-month.

### Complementary Services Market:

The third market existing in Chile is the Complementary Services (CC.SS.) market, oriented to have resources available to carry out the coordination of the system operation and thus provide continuity of supply or restore it quickly in case of blackouts. Three categories can be distinguished:

- Balancing Services, which make it possible to maintain the balance between supply and demand at all times;
- Voltage Control Services, which maintain the operating voltage of the system’s busbars;

- Recovery Services, which make it possible to restore the power supply in the event of a blackout.

Considering the massive entry of energy from variable sources that is projected, it is expected that the CC.SS. market will become more relevant, as it is key for a harmonic and safe development of the system under the expected future scenario. In this regard, a cost-efficient approach is key to progressing towards greater competition. The main challenge for the authority will be to monitor its operation, ensuring that it can coexist correctly with the energy and power markets and that the correct investment signals are given.





### Cost Evolution in 2020

Based on the conceptual definitions described previously, the following was the evolution of the system's costs last year.

Marginal costs remained above 40 US\$/MWh during the first half of the year, marked by very depressed flows in the main hydroelectric generation basins of the system as a result of weak thawing. This was particularly intense in March, when there were also failures in the system's base power plants, which forced the dispatch of units with higher variable costs.

From July onwards, rainfall and increased flows allowed an increase in the economic supply, reducing energy prices to around US\$30/MWh. However, and in a context where the forecasts of thawing initially foreseen did not materialize, the flow rates dropped again in December, raising the marginal cost.

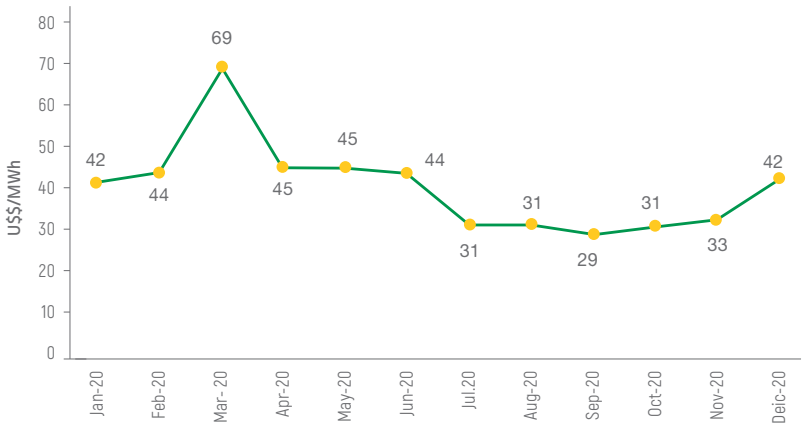
Complementary Services Costs: A new Complementary Services regime (CCSS) began operating in 2020. At the beginning, the market participants that awarded services did so at particularly low prices, attributable, among others, to the

following reasons - to a learning process. As the year progressed, these costs rose, in line with the empirical evidence of a lower availability of resources to provide such services (mainly hydroelectricity), a trend that has been reversed since August. However, structural elements in the market design kept these costs at values above 1.9 USD/MWh.

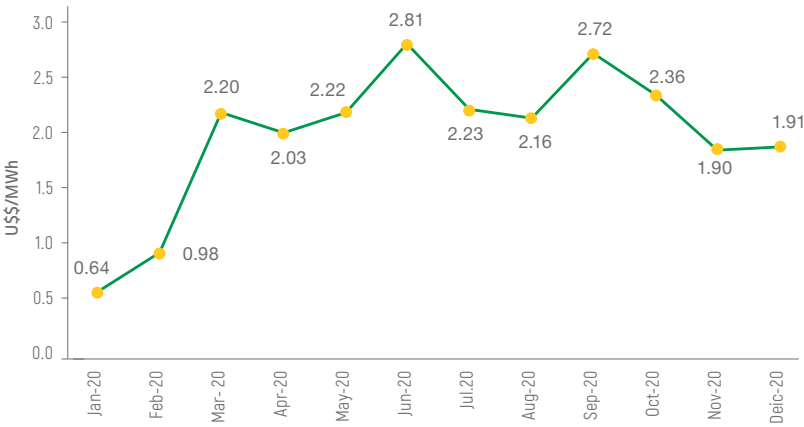
The remuneration of these services depends mainly on the opportunity costs and cost overruns of the units that provide them in the energy market while they are delivering the reserve that the system needs to operate safely and efficiently.

In September, the auction mechanism that had initially been used was suspended, but there was no significant decrease in the total cost of the frequency control service compared to previous months. Finally, in annual terms, the cost for the provision of complementary services per unit of demand reached US\$2/MWh.

Marginal Cost Alto Jahuel 220kV



Complementary Services Cost per unit of demand





# 3.4

## SUMMARY - CHAPTER 3

# Relevant issues, associated risks and management

Chapter 3 addresses a topic that was identified in the Materiality Assessment as relevant for our stakeholders to address: **Regulation and Change in the Energy Industry.**



### MATERIAL ISSUE:

## Regulation and change of the Energy Industry

### Why it is relevant for Colbun:

The change in the energy industry associated with the energy transition also demands regulatory changes. In Chile this has focused on changes to the distribution segment, a strategy to provide more flexibility to the power system and a bill to bring forward the closure of coal-fired power plants. In Peru, the focus is on subsidies for renewables and the price of gas. All of this may have an impact on the safety and competitiveness with which the power system operates and the development of the industry, where the technical component of regulation is very relevant.

### Related risks

Regulatory changes

### How we manage it:

Colbun actively participates in trade associations related to the industry, and through them the Company's vision on regulatory changes is presented.

Additionally, the Company has a Regulatory Committee that monitors and follows up on regulatory changes.

### SDGs related:







# ECONOMIC PERFORMANCE AND GOVERNANCE



- 4.1. Consolidated Financial Management
- 4.2. Investors Relations
- 4.3. Clients Relationship and Experience
- 4.4. Energy Management and Commercialization
- 4.5. The Transmission Business
- 4.6. Growth Prospects: Renewables
- 4.7. International Expansion
- 4.8. Our Corporate Governance
- 4.9. Summary - Chapter 4





# 4.1

## Consolidated Financial Management

103-2, 103-3

### 2020 Results

#### Income:

Income from ordinary activities in the year amounted to US\$1,349 million, decreasing 9% compared to 2019, which is mainly explained by lower physical sales to regulated customers, as a result of the termination of the contract with SAESA in December 2019. Such effect was partially offset by higher sales to unregulated customers and in the spot market in Chile as a result of the higher generation recorded during the period.

#### Costs:

Raw materials and consumables costs as of December 2020 amounted to US \$576 million, decreasing 17% compared to the previous year, mainly due to: (1) lower gas consumption, given by lower generation with such fuel, (2) lower toll costs resulting from the adoption of the CET or equivalent transmission charge, and (3) lower energy purchases in the spot market.

#### EBITDA:

Colbun's 2020 results showed EBITDA of US\$683 million, 2% lower than in 2019, mainly due to lower revenues recorded during the period.

#### Controller attributable profit:

The profit attributable to the controller reached US\$163 million in the year, 20% lower than the profit of US\$203 million in the previous year, mostly explained by the accounting recording of a provision for impairment of the investment in the subsidiary Fenix in Peru, for an amount net of deferred taxes of US\$127 million.

This provision seeks to reflect the lower recoverable amount with respect to the book value of the assets as a result of the lower marginal costs and energy prices observed in recent years in Peru, which in turn is due to lower than expected growth rates due to a lower dynamism of economic activity, delays in the processing of

**Raw materials and consumables costs as of December 2020 amounted to US\$576 million, decreasing 17% compared to the previous year, mainly due to lower gas consumption, given by lower generation with such fuel.**

regulatory issues and exogenous events (political, natural disasters).

This last condition worsened during 2020 as a consequence of the impact of the COVID-19 pandemic, with a 7% decrease in power demand compared to the end of 2019<sup>1</sup>. This has contributed to deepen a situation of oversupply in the power generation market and it is likely that the reestablishment of the balance between supply and demand will take somewhat longer than previously estimated. It is worth mentioning that, taking into consideration the participation that Colbún S.A. holds in Fenix (51%), the impact of this provision on the profit attributable to the owners of the controlling company amounts to US\$65 million.

<sup>1</sup> According to figures from the Peruvian Ministry of Mining and Energy.



# 2%

increase in sales to unregulated clients in Chile in 2020





**STATEMENT OF COMPREHENSIVE INCOME BY NATURE**  
(January-December, Million of US \$)

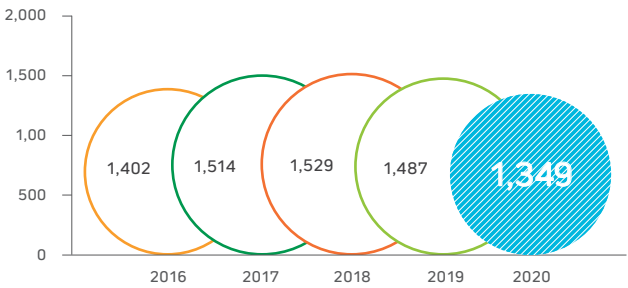
	CONSOLIDATED FIGURES		VAR% Ac/Ac
	2019	2020	
<b>INCOME FROM ORDINARY ACTIVITIES</b>	1,487.4	1,348.9	(9%)
Sales to Regulated Clients	580.7	438.4	(25%)
Sales to Unregulated Clients	687.3	697.9	2%
Sales of Energy and Power	121.6	131.6	8%
Tolls	61.2	55.3	(10%)
Other Income	36.6	25.6	(30%)
<b>RAW MATERIAL AND CONSUMABLES USED</b>	(692.0)	(575.8)	(17%)
Tolls	(120.1)	(112.8)	(6%)
Energy and Power Purchases	(64.8)	(54.1)	(17%)
Gas Consumption	(337.3)	(245.4)	(27%)
Diesel Consumption	(12.7)	(9.5)	(25%)
Coal Consumption	(73.6)	(70.4)	(4%)
Other	(83.4)	(83.7)	0%
<b>GROSS MARGIN</b>	795.4	773.1	(3%)
Workers Benefit Expenses	(74.4)	(65.4)	(12%)
Other Expenses, by Nature	(24.0)	(25.2)	5%
Depreciation and Amortization Expenses	(250.5)	(246.6)	(2%)
<b>INCOME FROM OPERATING ACTIVITIES (*)</b>	446.6	435.9	(2%)
<b>EBITDA</b>	697.1	682.5	(2%)
Financial Income	22.1	11.2	(49%)
Financial Expenses	(91.1)	(90.5)	(1%)
Exchange Rate	(7.2)	5.7	-
Results of Companies Accounted by the Share Method	9.1	9.9	9%
Other Income (Loss)	(109.3)	(240.2)	120%
<b>NON-OPERATING RESULTS</b>	(176.4)	(303.7)	72%
<b>PROFIT (LOSS) BEFORE TAXES</b>	270.2	132.2	(51%)
Income Tax Expense	(68.2)	(42.8)	(37%)
<b>PROFIT (LOSS)</b>	202.0	89.5	(56%)
<b>CONTROLLED ATTRIBUTABLE PROFIT (LOSS)</b>	203.0	162.9	(20%)
<b>PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDINGS</b>	(1.1)	(73.4)	-

Note: The subtotal of "INCOME FROM OPERATING ACTIVITIES" presented here excludes the line "Other income (loss)" presented in the Financial Statements. This is explained by a change in taxonomy dictated by CMF ( former SVS), with which the concept of "Other gains (losses)", which in the case of Colbun are only non-operating items, was incorporated as an operating item in the Financial Statements.

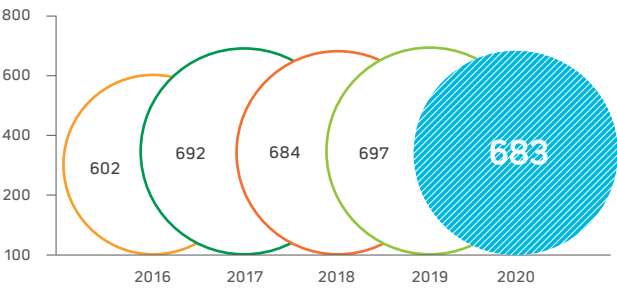


EVOLUTION OF COLBUN'S MAIN CONSOLIDATED FINANCIAL METRICS

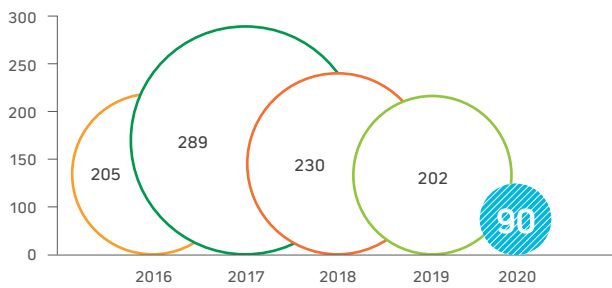
Total Income from Ordinary Activities (Million of US\$)



EBITDA (US\$ Million)



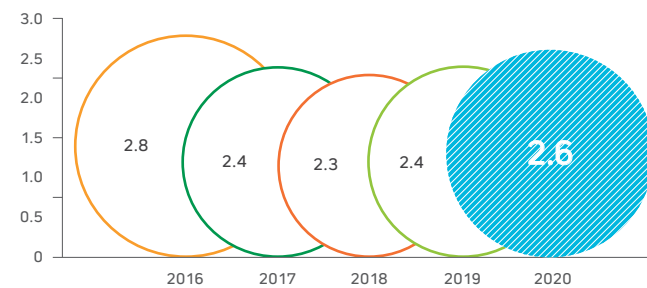
Ganancia (Million of US\$)



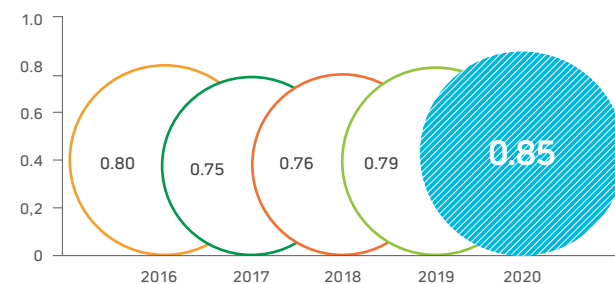
Consolidated Statement of Financial Position (US\$ million)

	2019	2020
Current assets	1,139.4	1,259.2
Non-current assets	5,565.9	5,374.7
<b>TOTAL ASSETS</b>	<b>6,705.3</b>	<b>6,633.9</b>
Current liabilities	338.3	306.5
Non-current liabilities	2,631.4	2,742.0
Equity	3,736.6	3,585.4
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,705.3</b>	<b>6,633.9</b>

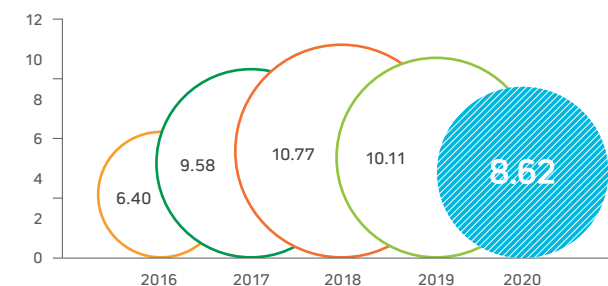
Gross Financial Debt /EBITDA (x)



Debt Ratio (x)



Financial Expenses Coverage (x)



## Consolidated Financial Indicators


Financial Debt totaled US\$1,796 million, increasing 7% compared to December 2019.

Meanwhile, Financial Investments totaled US\$967 million, increasing 21% compared to the end of 2019. Given the above, Net Debt totaled US\$829 million.

At the end of 2020, the Gross Debt/ EBITDA ratio was 2.6 times, the debt ratio (total liabilities over net equity) was 0.85 times and the coverage ratio (EBITDA over net financial expenses) was 8.6 times, figures that reflect the Company's solid financial position.

At the end of 2020 Colbun has national risk ratings AA by Feller Rate and Fitch Ratings, both with stable outlook. Internationally, the Company's rating is BBB+ by Fitch Ratings, BBB by S&P and Baa2 by Moody's, all with stable outlook.

  
**US\$ 242**  
Millions in dividends distributed in 2020

  
**US\$ 683**  
Millions was EBITDA at the end of 2020

  
**2.6x**  
is the ratio of Gross Debt to EBITDA

## Direct Economic Value Generated and Distributed Consolidated (US\$ Million)

201-1, 201-4

	2019	2020
Operating Income	1,759.3	1,635.8
Financial Income	35.5	19.3
Other Income	57.3	12.4
<b>Total Direct Economic Value Generated (EVG)</b>	<b>1,852.0</b>	<b>1,667.5</b>
Operating Expenses	1,085.5	933.3
Workers Salaries and Benefits	70.2	59.4
Payment to Capital Providers (1) / Activ. Financing (2)	430.2	366.8
Payments to the State (3)	100.4	141.3
Investment in Fixed Assets (4)	84.7	118.0
Community Investments (5)	5.6	5.4
Environmental Investments	3.9	2.5
Total economic value distributed (EVD)	1,781.4	1,626.6
Net Effect Financing Activities	-54.9	-410.7
<b>ECONOMIC VALUE RETAINED (EVR)</b>	<b>15.8</b>	<b>-369.8</b>

### NOTES:

- 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 \$ 68.2 and MMUS \$ 42.8 for 2019 and 2020, respectively.
- 4) Includes investments in Term Deposits of more than 90 days.
- 5) This amount of community investment considers water production that Fenix delivers to the community of Chilca (386,525 m3/year, valued at US\$ 463,830). The values indicated in this table represents the Company's cash flows during the periods 2019 and 2020, which is why they do not coincide with what is expressed in the Statements of Comprehensive Income. Although Colbun did not receive direct government assistance, it did receive tax exemptions for donations to non-profit entities and SENCE credit, and recorded expenses accepted for donations, totaling US\$ 4.79 million.



# 4.2

## Investor Relations

103-2

### General Framework

Our company has a model and an Investor Relations Policy ([see here](#)), through which we seek to provide transparent, relevant and timely information to all our investors, regardless of their size, in order to keep them duly updated on the Company's progress.

### Investor Relationship Model

#### Investor contact points

- 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

#### 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.

#### Transparent information

It is available in our website:

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

### Investor Relations Area

To build trusting and long-term relationships 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 industry analysts through initiatives such as

breakfasts, periodic meetings and participation in local and international investor conferences. In 2020 all of these activities were conducted virtually. We also organize visits to our facilities, which were not conducted last year due to the coronavirus. On the occasion of the quarterly publication of financial results, the Investor Relations area is responsible

for 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 ([see www.colbun.cl/inversionistas/](http://www.colbun.cl/inversionistas/)).

Investor's Day

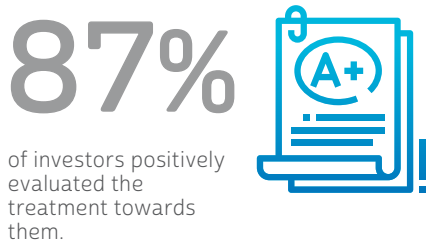
In 2020, we increased the number of contacts and meetings with our investors both in Chile and in our affiliate Fenix, and focused on reducing our response times. In November, Colbun held its third Investor Day, this time virtually and with an outreach to domestic and foreign investors. At the event, four senior executives of the Company spoke about Colbun's strategy in the face of new trends and challenges in the power market from their respective areas.

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 Company's historical performance in an equitable manner without privileging one group over another, maintaining an active and open dialogue, complying at all times with current legal regulations.

In the Reputation and Risks Survey that Colbun conducts annually with its various stakeholders to identify risks and gaps, more than 72% of the investors consulted, positively evaluated the treatment of shareholders and 95% agreed or strongly agreed with the Company's transparency standards.



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 medium to long term profitability.



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



# 4.3

## Clients Relationship and Experience

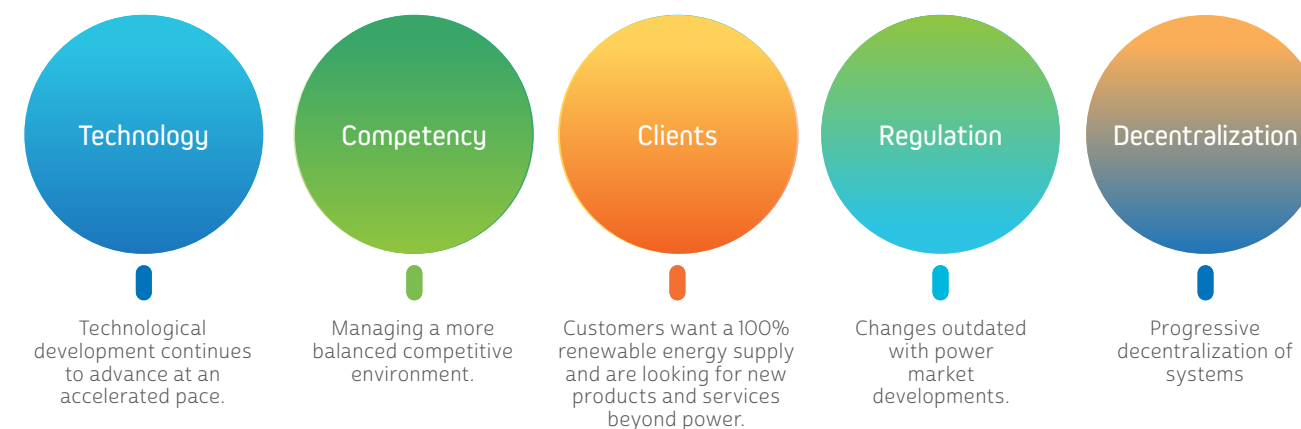
EU3, 103-2

Colbun's Business and Energy Management Division is responsible for implementing the Company's Commercial Policy and its relationship with customers. Its objective is to meet the needs of our customers, ensuring that they have greater competitiveness through continuous and sustainable energy contracts, and with comprehensive energy solutions. The main management elements in these areas are described below.

### Client Management Model

In recent years, the power market has undergone profound changes that have imposed new challenges on companies in the sector. The following diagram summarizes these challenges.

### MAIN MARKETING CHALLENGES

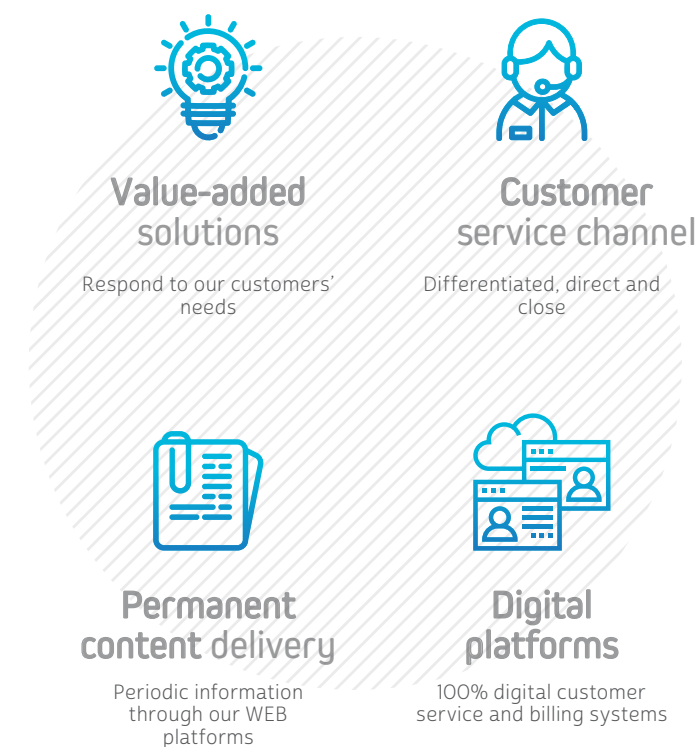


Colbun seeks to provide its customers with reliable, competitive and sustainable energy. To this end, our Commercial Policy considers the optimal level of contracting based on its generation capacity, hydrological risk, demand and supply projection, etc.

But, in addition, we place special emphasis on achieving a close attention and experience that allow us to become partners of our customers, through a commercial platform that allows the development of customized energy products and services. By placing the customer at the center of the model, we seek to provide them with generation, transmission, distribution and value-added service solutions (see Business Model in Chapter 2).

Under this vision, Colbún has four specific focuses to continue growing in the market, particularly in the segment of free customers:

### COMMERCIAL MANAGEMENT FOCUSES





## Client Development in Chile

103-3

### 1.-Focus on Unregulated Clients

A central pillar of Colbun's strategy in recent years has been the development of the unregulated clients market, 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).

### 2.- New contracts 2020

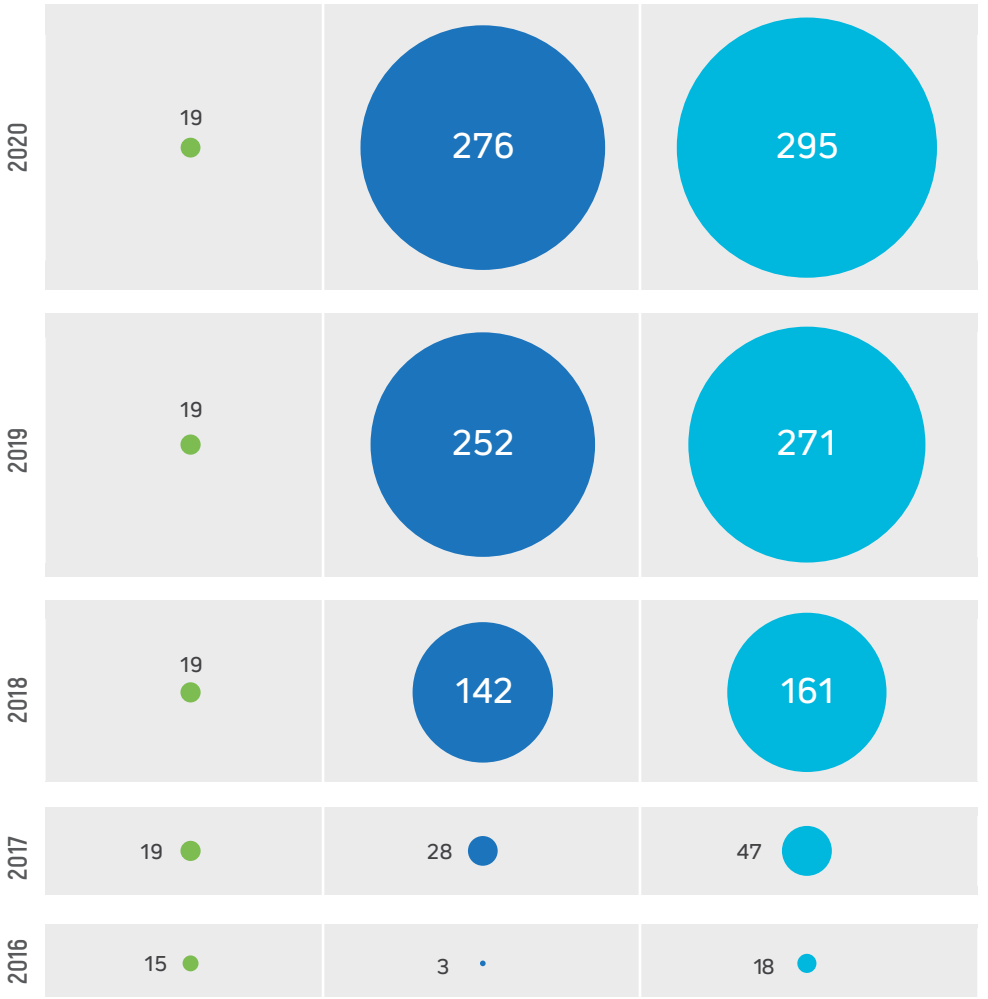
In 2020, the Company signed contracts with unregulated customers for about 696 GWh per year, totaling over 6,580 GWh in a little more than four years it has been deploying this strategy. As of December 2020, it had a total of 276 unregulated customers supplied (252 in 2019), in addition to 10 unregulated customers with signed contracts whose supply begins on a date after December 31, 2020. Among the renewable energy contracts signed in the last three years, the following stand out in terms of volume: the supply agreed with BHP to supply Minera Escondida and Spence for 3,000 GWh/year; Minera Zaldívar de Antofagasta Minerals, with 500 GWh/year; Polpaico, with 183 GWh/year; and Ripley, with 90 GWh/year, among others.

### 3.- Relevant renewals

A relevant milestone of the year was the renewal of the energy supply contracts with our customers Walmart (330 GWh/year for 6 years), Sonda (60 GWh/year for 5 years), Grupo Camanchaca (50 GWh/year for 7 years) and Concha y Toro (46 GWh/year for 7 years).



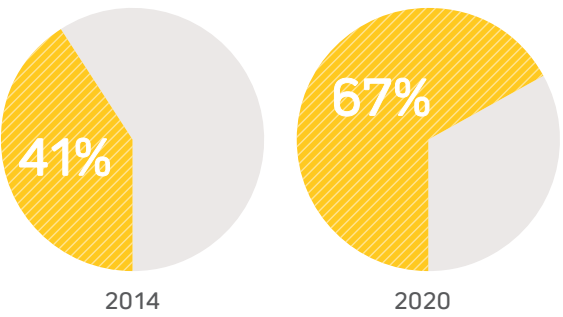
Evolution of number of clients Colbun Chile (EU3)



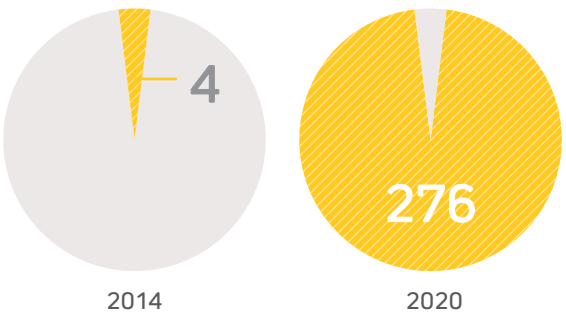
Note: These figures do not consider 10 unregulated customers with signed contracts with supply commencing after December 31, 2020.

● Distributors ● Unregulated Clients ● TOTAL

Sales Percentage to Unregulated Clients



Number of Unregulated Clients



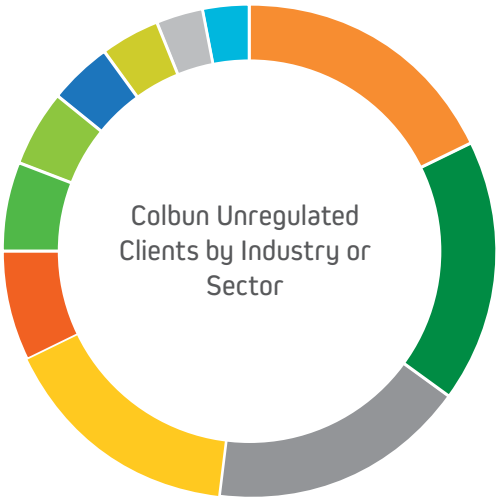
● Unregulated Clients ● Regulated Clients





#### 4.- Sector and geographic diversification

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 companies and were concentrated in a few regions, today we supply energy to all types of industries from Arica to Los Lagos Region.



- 18% ● Foods
- 17% ● Industry and manufacturing
- 16% ● Agriculture
- 7% ● Forestry
- 6% ● Mining
- 5% ● Offices and warehouses
- 4% ● Fishing and aquaculture
- 4% ● Retail
- 3% ● Health
- 3% ● Chemicals
- 17% ● Others



**Aquí usamos Energía renovable**

Colbun

### Renewable Certification

One of the products that Colbun has developed in recent years is the Renewable Energy Certificate, which allows customers to guarantee that their supply comes from renewable sources (which is verified by an independent auditor). This product includes a seal and a User's Manual that establishes communication guidelines for our customers' stakeholders. In 2020, the company signed 15 contracts with renewable certification, totaling to date 61 customers that have this type of contract, with just over 4,450 GWh per year committed. In addition, in September we made the second delivery of Renewable Energy Balance Certificates to customers, corresponding to the consumption of 2019, data that was verified by an external auditing company.

**15**

new contracts with renewable certification signed in 2020



New Value-Added Services Offering

In 2020 Colbun took significant steps to complement its core business - the supply of reliable, competitive and sustainable energy - with value-added services to enhance the value offering to its customers.

Compra de efizity:

Colbun acquired efizity, the leading value-added energy solutions company, in September. This allows us to meet the energy needs of our customers, adding value to their operations and making them more competitive in their markets.



Products and Services Management:

This year the new management team was consolidated, which is in charge of seeking innovative and customized solutions to offer customers. This allowed us to start offering value-added products and services (VAS) to customers in 2020, which began with agreements for the installation and operation of electro-power stations for Walmart and energy efficiency services for the Camanchaca Group. These are some of the engineering and construction developments of energy solutions offered:

Value-Added Services (VAS)



**Distributed energy projects:** Distributed Photovoltaic Energy for self-consumption through the Energy Sale model. Among its benefits are having renewable energy sources and supporting the fulfillment of sustainability goals.



**Electromobility:** Includes consulting and installation of charging infrastructure solutions for electric vehicles, thus displacing the consumption of fossil fuels.



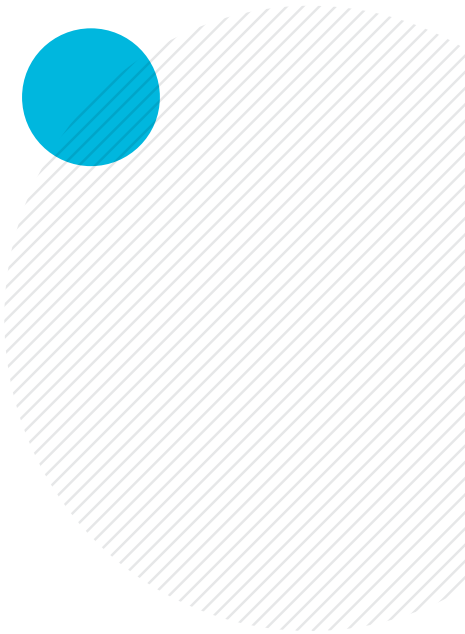
**Multi-point energy management:** Energy management service for multi-point clients (corporate companies that have facilities distributed throughout the country), supported by technological tools for information recollection and management. This allows online monitoring and control of energy consumption and optimization of power tariffs, among other benefits.



**Energy Management Systems Large Consumers:** Implementation and operation consulting of Energy Management Systems under ISO 50001 standards, together with Energy Management support services, with the objective of increasing the competitiveness of energy-intensive clients in the industrial and mining sectors.



**Power services:** Energy reconversion to achieve the displacement of fossil fuel consumption by electric energy in industrial and mining companies.



Auto eléctrico Colbun



Client Milestones 2020

In 2020, our Company continued to strengthen its commercial strategy, reflected - among others - in the following milestones:

1. COVID-19 response

The pandemic originating from the corona virus and its effects on production and employment was a relevant topic in liaising with our unregulated customers in 2020. The Company took action in three ways:

- **Communication:** We enhanced communication to keep our customers informed about the measures taken to ensure the continuity of their energy supply.
- **Dialogue:** SWe opened spaces for conversation with some of them to evaluate how to design -according to the merit and particular circumstances of each one- term payment mechanisms appropriate to their needs.

- **Agreement:** Colbun actively participated in the agreement between the National Federation of Power Cooperatives (FENACOPEL) and Generadoras de Chile that established facilities for the payment of cooperatives for power consumption.

2. New commercial management structure

During 2020, a new structure began to operate within this management oriented to provide a better service to our customers. Two areas have been added to the traditional functions of the sales area:

- **Invoicing and Collections:** Area that allows the centralized management of monthly client invoicing processes, as well as debt management.
- **Commercial Management:** This area is transversal to commercial management and has three sub-areas: Business Intelligence, Customer Experience and Platforms.

This new structure as a whole, aims to solve the energy needs of customers, offering customized and integrated solutions between energy supply and value-added services, improving customer service channels through systems and digital platforms that add up to improve the experience of our customers.

3. Advances in customer experience

- **Customer Journey Survey:** Identification and development of the stages of the customer's journey with Colbun, detecting all the needs from capture to post-sale of the services.
- **Relationship building:**
  - Customer outreach days (COVID talks, safe return, customer day, among the different talks and activities with customers).
  - Renewable certificate, creation of digital kit (participation of 90 customers).
  - Webinar voices with power
- **Customer communication:**
  - Virtual branch: during 2020 a digital platform "Sucursal Virtual"

was set up for customer self-service, where customers can find information on the status of payments and invoices, measures, information and explanatory videos, answers to frequently asked questions, etc.

- Customer's Day: was held virtually and this year was attended by the analyst Alvaro Vargas Llosa and the former executive secretary of the CNE, Andrés Romero.
- A periodic informative newsletter was sent exclusively to customers, with relevant market, regulatory and Colbun news.

4. Clients voice

- **Surveys:** Creation of a program of periodic and transactional customer satisfaction surveys aimed at monitoring the different instances of contact with the company to obtain the aspects to be improved in the service.
- **NPS results:** Company recommendation indicator.

- **Global satisfaction survey:** survey that the company applies to all its stakeholders.

5. New platforms:

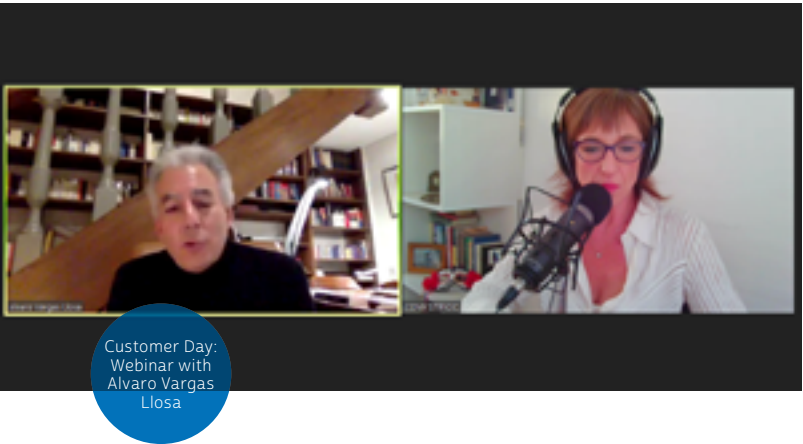
Development of platforms to improve customer experience and automation of internal processes. This included the incorporation of Salesforce, a customer management platform, which allows a complete follow-up of the customer journey.

6. Replacement of firewood for power

Colbun participated in the first tender made by the authority allowing generating companies to offer a discount -through the distributors- to customers in the southern zone who wanted to change their wood heating for power.

This public policy seeks to address what is considered one of Chile's main environmental problems: local emissions associated with the use of firewood in the south of the country, which often creates critical episodes of pollution in winter.

In 2020, a new structure began operating in the Commercial Department, which aims to meet the energy needs of customers, offering customized and integrated solutions between energy supply and value-added services.





Perception Survey

418-1

Regarding the perception and satisfaction survey that Colbun conducts annually, inviting all its customers to participate, the 2020 results showed a positive performance, reaching 75% overall satisfaction, which implies an increase of 6 points compared to 2019:

- **There was a considerable improvement** in the perception of the quality of Colbun's service, highlighting the level of attention and commitment that exists on the part of the executives, in addition to the favorable image and vision of Colbun.
- **Among the questions with good evaluations were:** "I am satisfied with Colbun's service", in which

92% of the answers corresponded to strongly agree or agree, and "The quality of service I receive from Colbun is high", with 93% strongly agreeing.

- **Also noteworthy is the NPS** (Net Promoter Score) result, which shows an index of 66%, and which answers the question of how likely a customer would recommend Colbun.

During 2020, Colbun did not receive any complaints regarding breaches of customer privacy or loss of customer data, and no breaches or leaks have been identified in accordance with the company's procedures in Chile or Peru.

276

were the unregulated customers that Colbun had as of December 2020, including 10 with contracts, but not yet in supply.

19

Distribution companies that deliver energy to customers with regulated prices, are customers to Colbun.

92%

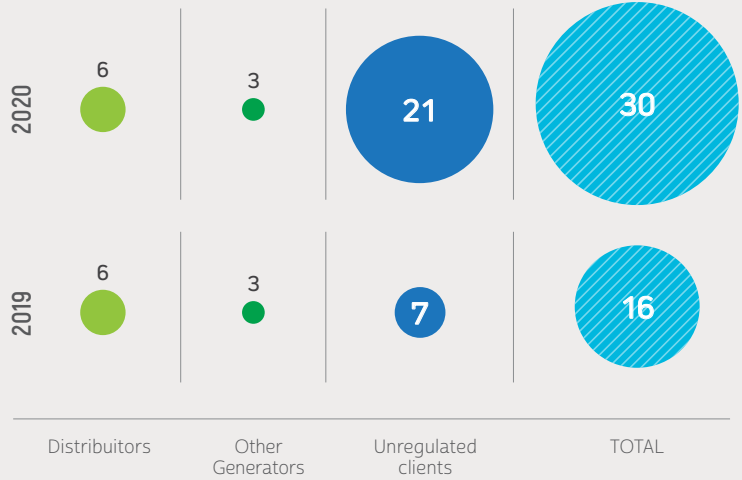
of customers said they agreed or strongly agreed with the statement "I am satisfied with Colbun's service" in the 2020 perception survey.

Client Development in Peru

The diversification of the portfolio towards the so-called unregulated customers has also been a focus of work of our subsidiary Fenix in Peru, which through the strengthening of its commercial strategy closed in 2020 with 16 new customers, of which 15 are free customers and 1 is a generation company.

As in Chile, in Peru the Company also seeks to generate a close relationship and high standard services to its customers. All this was reflected in the annual survey conducted by this subsidiary to its customers, where the overall satisfaction level reached 76%, obtaining 96% in the specific question of satisfaction with Fenix's service.

Fenix clients Evolution





# 4.4

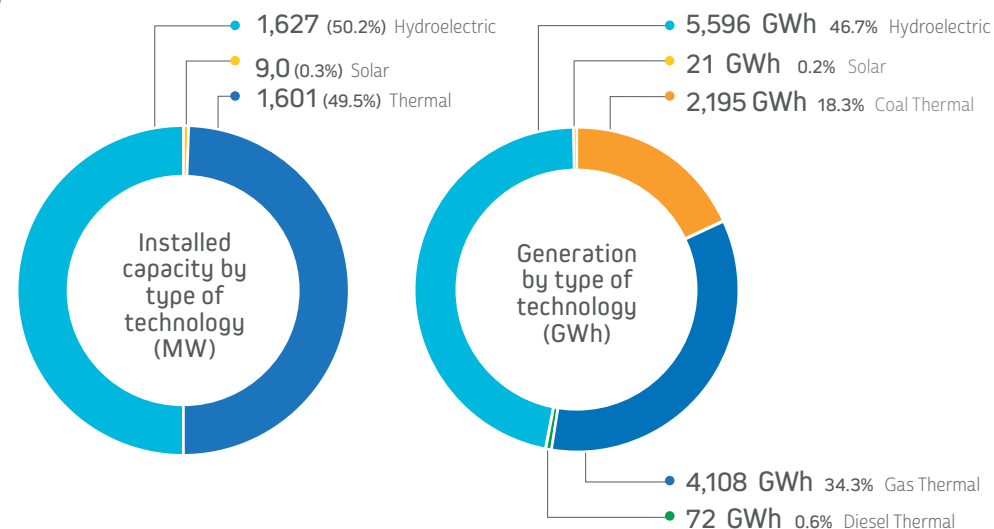
## Energy Management and Commercialization

EU1, EU2

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

### Generation and Sales in Chile

Colbun's Installed Capacity and Generation in Chile



Physical sales in Chile reached 12,034 GWh in 2020, 0.9% lower compared to 2019. The lower physical sales in the period are mainly explained by the termination of the contract with SAESA in December 2019 and a lower energy demand due to the impact of the coronavirus. These effects were partially offset by an increase in the consumption of unregulated clients due to new contracts signed and the increased sales in the spot market. Colbun's total generation in Chile in 2020 increased by 3.0% compared to the previous year, mainly due to higher hydroelectric generation (+9%) as a result of better hydrological conditions and higher coal-fired generation (+13%) due to the fact that in 2019 Santa Maria power plant was unavailable and the comparison base is lower. On the other hand, efficient thermal generation based on natural gas decreased 9%.

### Energy sales by type of client (GWh)

	2019	2020
Distributors	4,340	3,151
Industrial (unregulated clients)	6,569	7,161
Total sales under contract	10,909	10,312
Sales to the SEN	1,230	1,723
<b>TOTAL</b>	<b>12,140</b>	<b>12,034</b>

### Average capacity sales by type of client (MW)

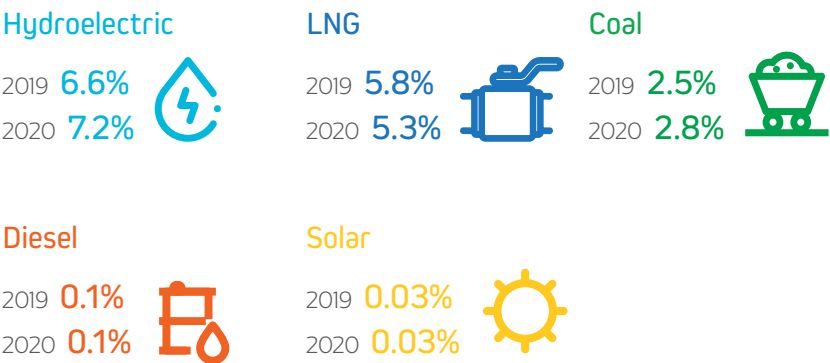
	2019	2020
Distributors	725	539
Industrial	853	912
Sales to the SEN	-82	86
<b>TOTAL</b>	<b>1,496</b>	<b>1,537</b>

### Own production and purchases in the Spot market (GWh)

	2019	2020
Hydroelectric	5,119	5,596
Gas Thermal	4,506	4,108
Diesel Thermal	66	72
Coal Thermal	1,934	2,195
Solar	19	21
Total Own Production	11,645	11,992
Purchases from SEN	472	276
<b>TOTAL</b>	<b>12,116</b>	<b>12,269</b>

NET ENERGY PRODUCTION SEGREGATED BY ENERGY SOURCE IN CHILE (EU2)

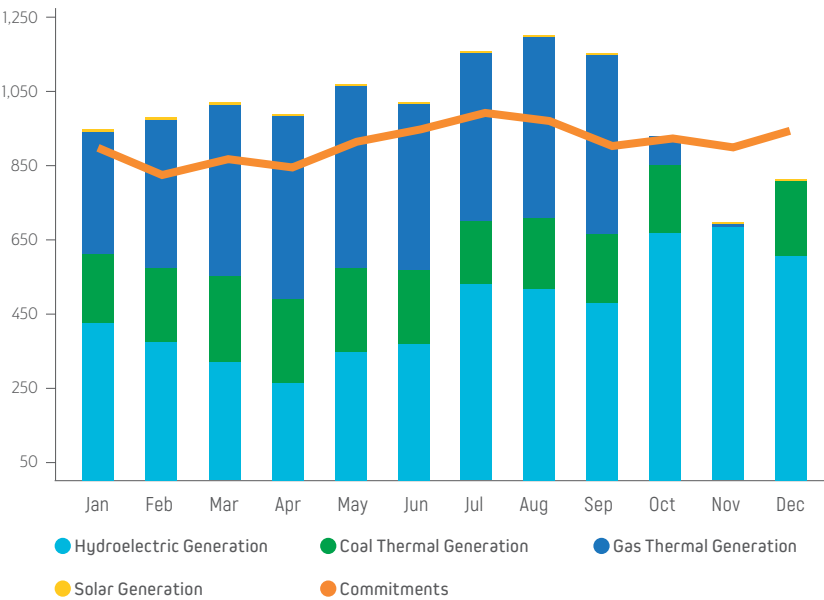
Colbun participation by fuel type in total SEN generation



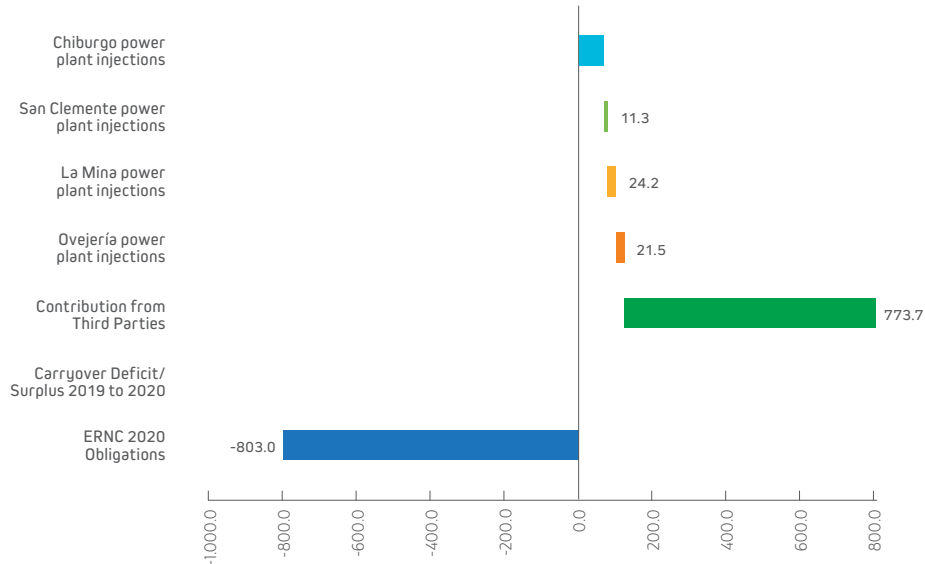
Within its hydroelectric renewable capacity (1,627 MW), Colbun has 62.5 MW of installed hydroelectric capacity under the NCRE Law at the end of 2020, comprising three hydroelectric plants: Chiburgo of (19.4 MW), San Clemente (5.9 MW) and La Mina (37.2 MW), of which 20 MW are recognized for the purposes of the NCRE Law) In addition, there is the Ovejería solar plant (9 MW). Its energy supply also includes 45 MW of NCRE capacity contracted with Acciona (Punta Palmeras wind farm), in addition to the purchase of NCRE attributes from third parties.

The company also operates six other mini-hydro hydroelectric plants, which were built before the NCRE law and are not officially qualified as such. Finally, Colbun is promoting an important portfolio of variable source renewable energy. The company currently has a portfolio of five wind and solar projects for nearly 1,800 MW: two of them under construction, one environmentally approved and two in the process of environmental evaluation (see more details in this Chapter, number 4.7).

Generation Versus Commitments 2020 (GWh)



2020 NCRE Balance (GWh)





## Generation and Sales in Peru

Physical sales to customers in Peru under contract at the end of December 2020 amounted to 2,506 GWh, down 14% compared to 2019, mainly due to the lower demand recorded in the country due to the State of Emergency in the face of the COVID-19 pandemic and lower sales in the regulated market due to the termination of a contract with Distriluz (40MW) in Dec19.

Meanwhile, Fenix’s gas-fired thermal generation reached 2,887 GWh as of December 2020, decreasing 23.4% compared to December 2019, mainly explained by the COES request to stop operating during part of the second and third quarters due to lower energy demand as a result of the pandemic and the repair of the TG12 gas turbine and maintenance performed during the first and third quarters.

Energy sales by type of client (GWh)

	2019	2020
Distributors	1,657	1,531
Industrial	284	107
Generators	980	869
Total sales under contract	2,922	2,506
Sales to the SEIN	989	727
<b>TOTAL</b>	<b>3,911</b>	<b>3,234</b>

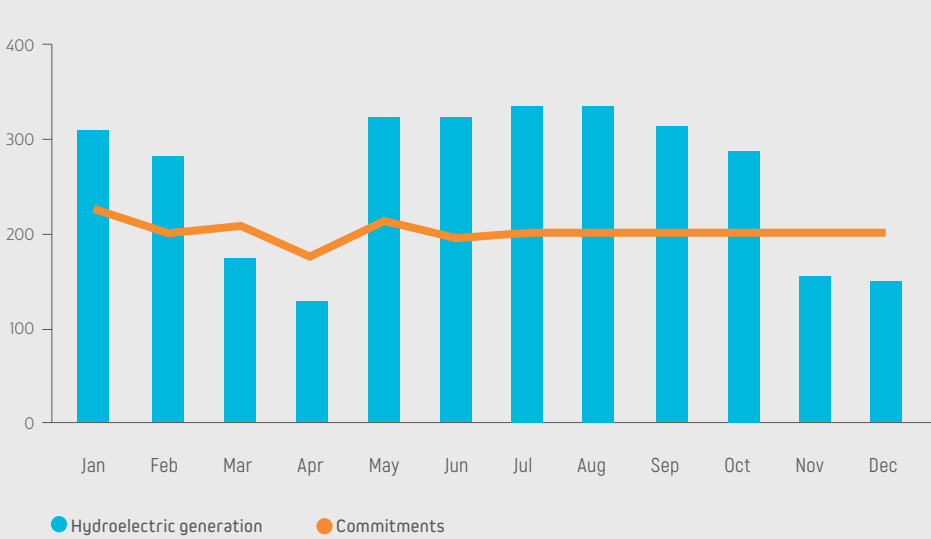
Average sales by type of client (MW)

	2019	2020
Distributors	257	243
Industrial	62	35
SEIN	238	281
<b>TOTAL</b>	<b>557</b>	<b>559</b>

Own generation and purchase in the Spot market (GWh)

	2019	2020
Gas Thermal	3,767	2,878
Diesel Thermal	0.0	9.0
Total Own Generation	3,767	2,887
Purchases to the SEIN	231	445
<b>TOTAL</b>	<b>3,998</b>	<b>3,332</b>

Generation versus commitments 2020 (GWh)





### Commercialization Model and Market Share in Chile and Peru

Generating companies in both Chile and Peru can choose between:

- (i) Commit to sell energy to customers through contracts (short/medium/long term);
- (ii) Sell its energy production to other loss-making generating companies 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.

Type of Clients and Contracts

		Regulated clients (Distributors)	Option to choose unregulated or regulated	Unregulated Clients
Chile	Condition (customer connected power)	<500 kW	Between 500 kW and 5,000 kW can be chosen, provided that they remain for a minimum period of 4 years under this scheme.	>5,000 kW
Peru	Condition (customer connected power)	<200 kW	Between 200 KW and 2,500 KW they can choose their condition.	>2,500 kW

Market Share by Business Group in the SEN (Chile) in 2020 (by energy generated in %)

Enel	23 %	<div></div>
AES Gener	25 %	<div></div>
Colbun S.A.	16 %	<div></div>
Engie	9 %	<div></div>
Other	27 %	<div></div>
Total	100.00 %	

Source: CEN

Market Share by Business Group in the SEIN (Peru) in 2020 (by energy generated in %)

Enel	22%	<div></div>
Kallpa	21%	<div></div>
Electroperú	20%	<div></div>
Engie	18%	<div></div>
Fenix	8%	<div></div>
Statkraft	6%	<div></div>
Orazul	6%	<div></div>

Source: COES







## Availability and Reliability of the Power Plants

EU6, EU30, 103-2

The availability and reliability of our plants is based mainly on a maintenance strategy that includes preventive and predictive actions, improvements and modernizations, together with enhancing the competencies and skills of our personnel.

In 2020, improvement activities based on transversal programs are still in force, with significant improvements in predictive maintenance and a review of preventive maintenance strategies to make them more efficient.

In the hydroelectric plants, we continued with the implementation of the PI system, which allows us to model the critical process variables in each plant, allowing us to anticipate variations in the generation processes, which allows us to predict failures and program maintenance in a better way. This system was incorporated in our thermal power plants during 2019.

This year we have continued with the process of optimizing short and medium-term Opex and Capex, including initiatives and significant improvements in their management, which resulted in new relevant efficiencies.

## Maintenance Management

### Maintenance and modernization of thermoelectric power plants.

#### SANTA MARIA POWER PLANT

Annual maintenance of the unit was performed during the second half of the year; no relevant findings were found and a modification was made to the inlet manifolds of boiler superheater 4, whose results in terms of improved thermal cycle efficiency and increased boiler reliability can be verified in 2021.

#### NEHUENCO COMPLEX

During 2020, annual maintenance work was performed on Nehuenco I and Nehuenco III, with no relevant findings. The annual maintenance of Nehuenco II was postponed to January 2021.

#### FENIX POWER PLANT

In 2020 the maintenance program was executed with no deviations and no major findings.

#### OPEN CYCLE POWER PLANTS

At Los Pinos, annual maintenance was performed with no relevant findings.

In Candelaria, combustion inspection was performed in units 1 and 2, with no relevant findings.

In Candelaria, combustion inspection was performed in units 1 and 2, with no relevant findings. In addition, at the end of the year, the HMIs of the control system of the Candelaria units and the engineering station were upgraded.

### Maintenance and modernization of hydroelectric power plants

#### ACONCAGUA COMPLEX

The maintenance program was executed without relevant findings. The generation SCADA was completed for all the plants of the complex, which are operated from the control room at CH Los Quilos. Progress is being made in the SCADA of hydraulic works, which will be completed in 2021, with the operation of all hydraulic works from CH Los Quilos.

#### BIOBIO COMPLEX

The major maintenance program was executed at Angostura power plant units 1 and 2, Rucue unit 1 and Quilleco unit 1. No relevant findings were found.

On the other hand, major maintenance at Angostura unit 3, Rucue unit 2 and Quilleco unit 2 was postponed to 2021 by COVID-19.

#### COLBUN COMPLEXS

All maintenance was carried out as scheduled, with no major developments.

#### CARENA POWER PLANT

The annual maintenance program was executed and major maintenance was not postponed. The modernization of the generating units was completed with the commissioning of units 1 and 2 with remote assistance.

#### CANUTILLAR POWER PLANT

All maintenance work was carried out as scheduled, with no major problems. The cleaning and removal of material was carried out to enable the hydraulic work of the Chamiza pool and barrier.







### Availability and Load Factors

103-3

The availability of power plants in Chile was 94.8%, higher than 89.8% of the previous year. As for the load factor for power plants in Chile in 2020 it had a value of 42.1%, higher than the 40% recorded in 2019.

#### Availability of hydroelectric power plants

POWER PLANT	2019	2020
Carena	80.55%	88.47%
Los Quilos	72.96%	96.73%
Chacabucuito	88.34%	94.21%
Juncal	88.78%	87.75%
Blanco	88.11%	95.57%
Juncalito	98.50%	98.77%
Hornitos	84.84%	79.79%
Colbun	91.41%	90.11%
Machicura	91.56%	92.91%
San Ignacio	94.48%	99.45%
Chiburgo	97.13%	97.62%
La Mina	91.57%	94.98%
San Clemente	91.63%	98.45%
Angostura	95.63%	95.9%
Rucúe	92.68%	99.34%
Quilleco	96.60%	99.27%
Canutillar	94.20%	98.42%

### Avilability of Hydroelectric Power Plants

The availability of hydroelectric power plants was 94.1%, higher than the previous year, mainly due to a better execution of programmed activities and the postponement of activities as a result of COVID-19. The load factor was 39.1%, an increase of 3.3% compared to 2019.

Some of the most important interruptions of the year are as follows:

#### ACONCAGUA COMPLEX

During 2020 there was a large amount of sediment in the water in the usual melting season due to the scarcity of snow, so there was a glacial melt. This caused failures in the cooling systems of the Hornitos, Juncal and Los Quilos power plants, in addition to the complete blockage of siphon 1 of the Hornitos adduction, which was clogged in the entire section.

#### CARENA POWER PLANT

At the end of November there was a complete blockage in the Patagüilla tunnel due to the collapse of an old brick vault, which caused a complete cut in the flow of water in the Las Mercedes Canal. Repair and reinforcement work was carried out on the tunnel, which allowed the flow to resume in mid-December 2020.

### Availability of Thermoelectric Power Plants

The availability of the thermoelectric power plants was 92.2%, higher than the 86.2% of the previous year. This year there was a better operational performance, optimization of scheduled shutdowns and the postponement of maintenance activities of the annual program due to COVID-19.

The load factor in thermal power plants had a value of 48.4%, lower than in 2019, which was 52.0%.

#### Availability of thermoelectric power plants

CENTRAL	2019	2020
Nehuenco I	90.16%	94.44%
Nehuenco II	91.65%	99.35%
Nehuenco III	94.41%	95.01%
Candelaria I	99.23%	96.4%
Candelaria II	99.79%	97.97%
Los Pinos	97.11%	97.88%
Santa María	65.15%	89.7%
Fenix	81.72%	83.28%



Central Chacabucuito





## Efficiency in Thermal Power Plants and Fuel Consumption

Efficiency is an indicator that reflects how much of the energy of fuel used is finally transformed into electrical energy. The efficiency of Colbun's combined cycle thermal power plants in Chile reached 54.3% in 2020, very similar to the 54.4% in 2019.

The efficiency of open-cycle thermal gas-fired power plants was 28.7%, which compares with 28.5% in 2019. The efficiency of open-cycle thermal diesel plants was 37.9%, which compares with 39.2% in 2019.

Santa María power plant had an efficiency of 36.6%, the same figure as in 2019.

In the case of operations in Peru, there was an increase in total efficiency by the Fenix combined cycle to 56.6% (56.2% in 2019) explained by upgrades made in the generating units.

Average Efficiency of Thermal Power Plants - Colbun Chile  
(EU11)

Fuel	Technology	2019	2020
Thermal Gas	Combined Cycles	54.36%	54.29%
	Open Cycles	28.52%	28.73%
Diesel	Open Cycles	39.15%	37.90%
Coal	Coal Power Plant	36.63%	36.63%

Average Efficiency of Thermal Power Plants - Peru  
(EU11)

Fuel	Technology	2019	2020
Thermal Gas	Combined Cycles	56.20%	56.61%

The main materials used by Colbun correspond to the fuels required in its thermoelectric power plants: natural gas, bituminous coal and diesel oil. The following tables summarize the evolution of fuel use in Chile and Peru.

Fuels Used in Chile

(301-1)

		2017	2018	2019	2020
<b>Diesel</b>	Million m <sup>3</sup>	0.059	0.023	0.02	0.021
<b>Thermal Gas</b>	Million m <sup>3</sup>	724	731	846	781
<b>Coal</b>	Thousands of Tons	961	947	707	796

Fuels Used in Peru

(301-1)

		2017	2018	2019	2020
<b>Diesel</b>	Million m <sup>3</sup>		0.003	0.0004	0.0022
<b>Thermal Gas</b>	Million m <sup>3</sup>	733	695	670	508



4.5

# The Transmission Business

EU12, EU4, EU3

The power transmission infrastructure, already fundamental to the reliability of the power supply and to its competitiveness, has become increasingly important, particularly due to the increased penetration of renewable energies that need to evacuate their energy in an efficient manner. All studies show that a robust transmission system is crucial for the increase of renewable energies and the decarbonization process. Colbun has 899 km of transmission lines and a total of 27 substations in the different segments in which it participates (National, Zonal and Dedicated). Colbun Transmission's EBITDA was US\$ 67 million in 2020.

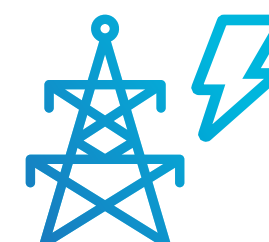
The management of the transmission facilities is carried out through a contract between both companies for the operation service, troubleshooting and maintenance, by the personnel of a management constituted for this purpose in Colbun S.A. in 2015. This administration is composed of 55 people and its objectives are:

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

Transmission losses as a percentage of total energy (EU12)



Note: Losses in our transmission lines are directly related to the coordinated operation of the entire National Power 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 power system, including generating power plants, transmission lines, among others.



Transmission availability (tiempo en %)



Note: The data provided for transmission availability corresponds to the annual availability of Colbun's transmission facilities. Transmission that best reflects the evolution of availability.

- **Participate** in the technical definition of new transmission facilities to be developed, in order to comply with legal reliability and safety standards.
- **Commercially manage** the transmission facilities in order to obtain the adequate remuneration in each segment in which it participates (National, Zonal and Dedicated).

**Colbun Transmission EBITDA was US\$ 67 million in 2020.**

Transmission Lines property of Colbun (EU4)

Transmission Assets	2018	2019	2020
Colbun	-	4.69	4.69
Affiliates	941	936.8	893.7
<b>TOTAL</b>	<b>941</b>	<b>941.5</b>	<b>898.4</b>



## Development of Transmission Projects

In accordance with current regulations and as a result of the Decrees of Expansion of the Transmission System published by the Ministry of Energy, Colbun S.A. and its subsidiary Colbun Transmisión S.A. are developing several expansion and regulatory adaptation projects in its facilities classified as National.

WORK	Commissioning Date	Allocated Budget (US\$ Thousand)
Engineering, Supply, Construction, Testing and Commissioning of Normalization in S/E Los Maquis 220 kV entering into service in April 2021. DS 373/2016	March/April 2021	7,977
Sectioning S/E Pirque 110 kV consists of the construction of 2 positions of cloth in 110 kV in order to allow the sectioning of Maipo - CMPC Cordillera 110 kV line, ending in March 2021. DS 418/2017	March 2021	1,765
Expansion of the Candelaria 220 kV substation in space for 2 and a half switch diagonals including the central panel in order to allow the connection of the Candelaria - Nueva Tuniche project and generation projects in the area. Commissioning January 2023. DS293/2018	January 2023	2,145
Conductor replacement of the Aconcagua - Esperanza 2x110 kV line in the section between S/E Aconcagua River and Nueva Panquehue, consisting of the replacement of 8 km of conductor in order to allow the increase of capacity up to 160 MVA/circuit. DS293/2018	Diciembre 2023	5,580

## Adjudicated projects and not yet started

In November 2020, the company was awarded new projects related to transmission, whose construction has not yet begun:

**New S/E Codegua:** Sectioning of the 2x110 kV Alto Jahuel Sauzal and 1x66 kV Rancagua - San Francisco de Mostazal lines. The referential investment value is US\$11.6 million, with an execution period of 36 months.

**New S/E Loica:** Sectioning of the 2x220 kV Rapel - Lo Aguirre and

1x220 kV Rapel - Alto Melipilla lines. The referential investment value is US\$37.6 million, with an execution period of 36 months.

**Portezuelo S/E Expansion:** Project included in the bidding for the Loica substation and the Loica Portezuelo line, awarding the EPC rights to Colbun Transmisión. The project consists of the expansion of the Portezuelo substation, the construction of 4 new diagonal yards, 1 auto-transfer bank and the extension of the 66kV. The referential investment value is US\$7.5 million.



# 4.6

## Growth Prospects: Renewables

EU3, EU4, EU12, 103-2, 103-3

At Colbun we seek to maximize the value of our Company through projects that allow us to costefficiently meet the power demand of our customers and the markets where we operate. Considering the competitive costs achieved by solar and wind energy technologies, Colbun has drawn a roadmap based on variable source renewable energies, aiming to be one of the most competitive in its development, where areas are chosen with the best energy resource, with low socioenvironmental conflict, with lower investment costs and land distributed throughout the country. The Company's long-term vision is to build close to 4,000 MW in

renewable energies before the next decade, doubling its current size aiming to have consolidated growth options as the needs of customers and the country demand it. For these purposes, the Company already has a portfolio of five wind and solar projects in advanced stages of development, totaling more than 1,800 MW: two solar projects under construction (239 MW), one solar project environmentally approved (486 MW), and two projects -one wind and one solar- under environmental assessment (~1,100 MW). Additionally, Colbun promotes a portfolio of wind and solar project options that are in early stages of development, currently totaling a little more than 1,000 MW.

### Our Strategy

Colbun's strategy for renewable development has three pillars:



1. A world-class technical team and experience in the development of renewable projects.



2. A rigorous and systematic analysis of the best locations and options available in the market.



3. A portfolio of initiatives with locations and conditions to develop highly competitive projects.

This portfolio implies a very relevant contribution to the fulfillment SDG No. 7 on Affordable and Clean Energy.



To the extent that there are adequate regulatory conditions and market opportunities, we also want to take this focus on renewables to Peru, where we are present through the Fenix power plant. These energies, in addition to our reservoir power plants, allow us to have a very competitive position to offer our customers and the country renewable energy 24/7.

**The Company already has a portfolio of five wind and solar projects in advanced stages of development, totaling more than 1,800 MW: two solar projects under construction (239 MW), one solar project environmentally approved (486 MW), and two projects -one wind and one solar- under environmental assessment (~1,100 MW).**





Land  
for solar project  
Diego de  
Almagro  
Sur

The Diego de Almagro Sur project is expected to have an installed capacity of approximately 230 MW.

## Our Solar and Wind Projects in Development

Colbún-6.EC



### Projects under construction

#### Diego de Almagro Sur - Photovoltaic Park

This park covers the integration of the Diego de Almagro Sur 1 and 2 projects, located in the commune of Diego de Almagro, in the Atacama Region, approximately 27 kilometers south of that town. They have a combined capacity of approximately 230 MW. Both projects are located less than three kilometers from the new Illapa substation, which favors their connection to the National Power System.

Since 2019, the RCA for both projects has been in place and in the first quarter of 2020, approval was obtained for the connection request in accordance with Article 102 of the Electricity Law, thus, since June 26 the Board of Directors approved the investment, initiating the construction phase of the project. The approved investment for this project amounts to US\$147 million.

In the third quarter of 2020, construction of the project began on site, with earthmoving to prepare the site and the park's internal roads. The contracts for the supply of the main equipment such as inverters, trackers and panels have been assigned. In addition, the EPC contract for the construction of the elevator substation and the high voltage line to the substation for connection to the National Power System is under execution.

#### Machicura Photovoltaic Park

This solar park is located south of the Machicura reservoir, in the commune of Colbun, Maule Region, using a total area of approximately 20 ha owned by Colbun. The project considers the installation of a solar power generation park with an installed capacity of approximately 9 MWAC/10.5 MWDC, which is classified as a PMGD.

The energy generated will be injected into the system through the existing line for auxiliary services from the Machicura power plant to the Colbun substation. Since June, the RCA for the project and the investment approval by the Board of Directors have been in place. Although as a result of the restrictions due to the Covid-19 pandemic, the sectoral permits took additional time to be granted, in December 2020 work began in the field with the rescue of fauna, the protection of an archaeological site and the clearing of the land. In addition, all the main supplies were purchased and partially received in the field. The approved investment for this project amounts to US\$7 million.



### Environmentally approved projects

#### Inti Pacha Photovoltaic Park

This solar farm is located approximately 75 km east of Tocopilla, in the commune of María Elena, Antofagasta Region, and

uses a total area of approximately 736 ha. The project involves the installation of the first stage of a 486 MW solar farm and is the result of the award of two concessions for onerous use 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 land, connecting to the Crucero substation.

In 2020 we worked on the environmental approval process, which concluded with obtaining the RCA in the fourth quarter of 2020. Work is currently underway to obtain sectoral permits, such as road access, land use change report and building permit. At the same time, bidding documents are being prepared for the supply of the main equipment and the construction of the power evacuation substations and high-voltage lines until connection to the National Power System.



### Projects under environmental assessment

#### Horizonte Wind Farm

Located 70 km northeast of Taltal and 170 km southwest of Antofagasta, Horizonte has a minimum capacity of 607 MW and an average annual generation of approximately 2,000 GWh. This project starts at the end of 2017 with



the award of a tender from the Ministry of National Assets for the development, construction and operation of a wind farm through a concession of onerous use for 30 years, in a sector of fiscal property of about 8 thousand hectares.

In January 2020, the EIA for the project was submitted, the processing of which was suspended from March 20 to September 15, 2020 as a result of Covid-19. The Telematic Citizen Participation process convened by the SEA of Antofagasta took place during the first week of October, the first project in Chile to be carried out under this modality a successful process. On December 23, 2020, the EIA Addendum

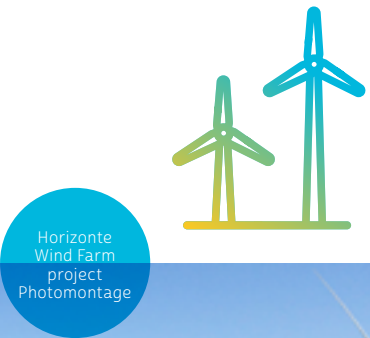
was submitted on the day. In addition to the above, during the year 2020, the development of engineering continued with the development of the engineering and bidding of the main contracts.

**Jardín Solar Photovoltaic Park**

The project considers the installation of a solar park with an installed capacity of approximately 537 MW, which is contemplated in two stages. Located approximately 8 km south-east of the town of Pozo Almonte, in the commune of the same name in the Tarapaca Region, it uses a total area of about 1,000 ha.

The energy generated will be injected into the system through an electrical transmission line, which starts at the S/E associated with the park, and has an approximate length of 3 km, connecting to the new Pozo Almonte substation, located 2.5 km northeast of the intersection of the La Tirana road with the Pan-American highway.

During 2020, the environmental processing process continues, whose deadlines have been affected by provisions of the authority before Covid-19, mainly due to the quarantine of the commune of Pozo Almonte, which made it impossible to carry out field campaigns necessary to adequately answer the queries issued with the consolidated report No. 1 (ICSARA No. 1).



Horizonte Project job placement program

**San Pedro Hydroelectric Project**



The San Pedro hydroelectric power plant project is located about 25 kilometers northeast of the commune of Los Lagos, Los Ríos Region, and considers using the water of the river of the same name by means of a reservoir power plant. Considering the adaptations 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 reservoir level will remain practically constant, which means that the flow downstream of the plant will not be altered by its operation, significantly reducing its environmental impact. The San Pedro-Ciruelos transmission line project will evacuate energy from the San Pedro power plant

to the SEN through a 220 kV line 47 kilometers long, which will be connected at the Ciruelos substation.

In December 2018, an Environmental Impact Study was resubmitted for the project adjustments. At the end of April 2019, the environmental authority issued the first Environmental and Citizen ICSARA, whose initial response deadline was September 30, 2020. However, due to the Covid-19 contingency, the Authority extended the deadline by 30 working days. On November 4, 2020, ADDENDUM N°1 was submitted with the response to the ICSARA indicated above. The SEA decreed a second in-person citizen participation, which could not be developed due to the pandemic situation, which normatively kept the environmental process suspended until February 2021.



# 4.7

## International Expansion

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

Through the internationalization of its operations, Colbun seeks to grow and diversify its sources of income and risks with a responsible and long-term vision, under the premise that these types of operations effectively add value to the Company.

In addition to Peru, where the objective is to consolidate Fenix's position, we monitor other Latin American countries in which we identify stable regulatory frameworks, low per capita power consumption and/or power infrastructure needs that present future growth opportunities.

Colbun's criteria in the development of projects or acquisitions at the regional level is to avoid compromising our Investment Grade credit risk rating and to comply with the Investment Policy approved by the Shareholders' Meeting. Throughout the year we continued working on the international growth plan, studying new markets and evaluating various investment alternatives at the regional level.

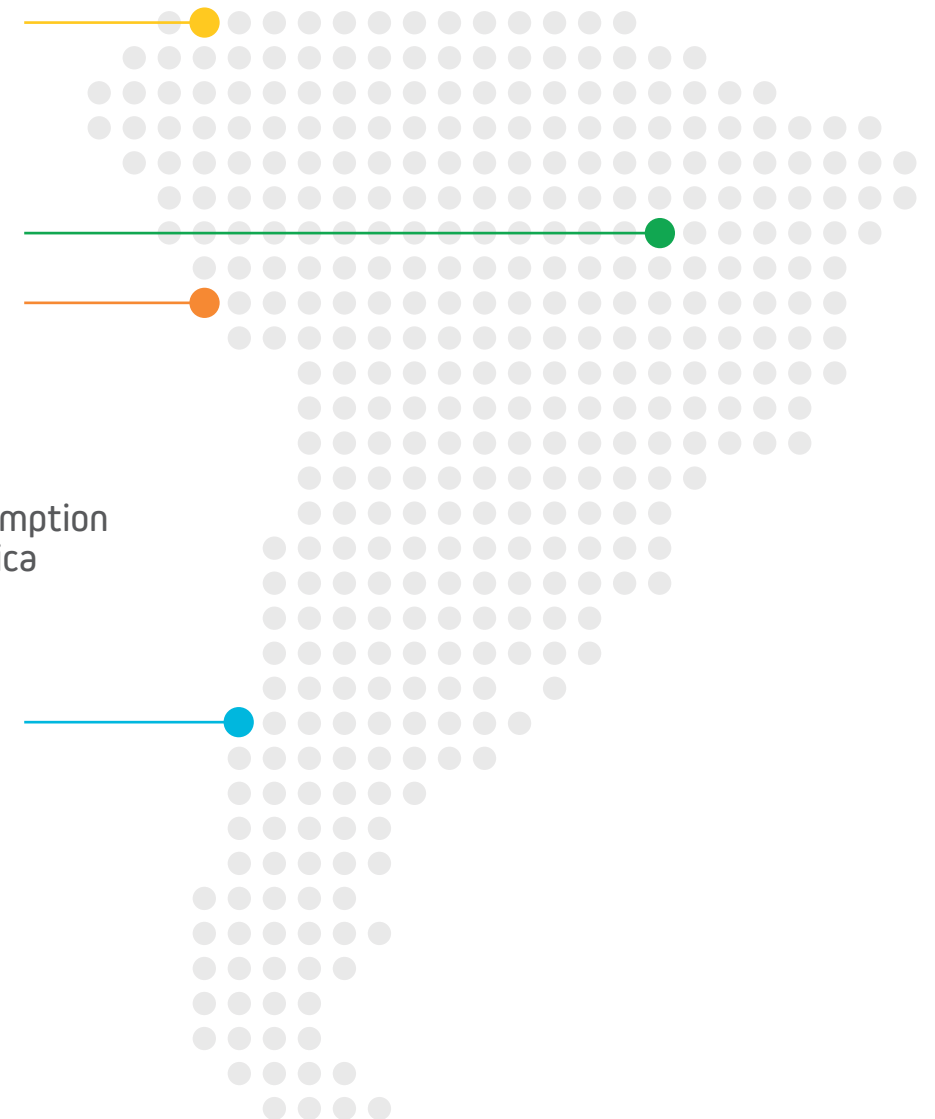
COLOMBIA 1,4 MWh

BRASIL 2,4 MWh

PERU 1,4 MWh

Per Capita Energy Consumption in Latin America

CHILE 3,8 MWh

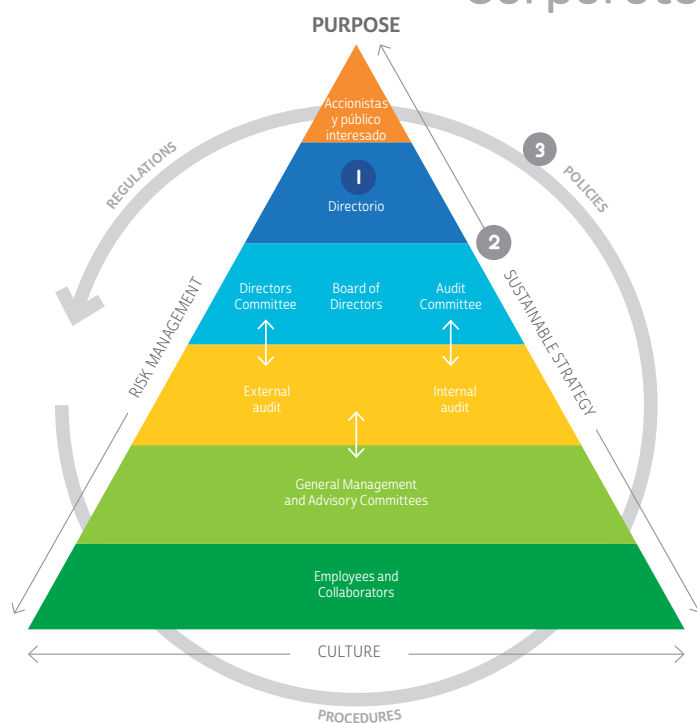


# Our Corporate Governance

102-16, 102-17, 103-2

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

## Corporate Governance Structure



### 1 Corporate Governance Structure 102-18

Those responsible for ensuring Colbun's governance are the Board of Directors, its advisory committees, management and employees. Shareholders and other stakeholders are impacted by the governance strategy.

### 2 Corporate Governance Strategy 102-16

Set of principles, values, policies and procedures to promote proper governance of the Company, its subsidiaries and operations in general.

### 3 Corporate Governance Framework 102-17

Internal (Policies and Procedures) and external regulations that define the way in which Colbun's Corporate Governance operates.

## Functioning of the Board of Directors

102-19, 102-21, 102-26

The Board of Directors meets on an ordinary basis once a month, where all relevant matters related to the performance and progress of the Company are addressed, and on an extraordinary basis when there is a need to address 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.

Annually, the Board of Directors validates the Corporate Objectives for Management, which consider various dimensions: financial results, social and environmental management, occupational safety, labor climate and growth.

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

The Board of Directors delegates part of its authority in the management of the Company, through a document called Board Delegation of Authority Policy. The Board of Directors has an information system that allows remote, secure and permanent access to the information of the meetings of the Board of Directors and the Committees in which they participate.

### Management reports

The executives who report directly to the Board of Directors are the Chief

Executive Officer and the Internal Audit Manager. Notwithstanding the foregoing, the Business Manager, the Chief Financial Officer and the Chief Manager, who also acts as Secretary of the Board of Directors.

Other managers who report directly to the Chief Executive Officer may also participate, as required by the matter to be presented to the Board of Directors. At the Board meetings, the Chief Executive Officer reports on the monthly management of the Company, presenting the most relevant business indicators (Chief Executive Officer's Report); he also presents the special or relevant situations, issues or transactions that are reported or approved by the Board each month, including the main actions taken with stakeholders (employees, community, etc.).

He and his team also report regularly to the Board of Directors on risk and sustainability issues.

### Regulatory bodies

102-23

In matters related to the approval and/or updating of regulatory bodies or key statements related to the organization's economic, environmental and social issues, senior management (General Management) proposes and the highest governance body (Board of Directors) approves. Our Board of Directors has a performance self-assessment procedure, which was reapplied in 2020.

This process, which is led by the Chairman of the Board of Directors, allows us to evaluate the performance of the Board and to identify opportunities to improve the Board's management.

### Training

During 2020, and within the framework of the Board's training policy, the Board participated in two training sessions.

The first training to the Board of Directors was on the role of sustainability in the strategy of companies, in which the economist, co-founder and Director of FSG, Mark Kramer (cocreator of the concept of shared value), gave a presentation, and in the second, the CEO of Bancolombia, Juan Mora, gave a presentation on his experience.



Remuneration of the Board of Directors  
102-35

		2019				2020			
Members	Position	Fixed	Variable	Boards Committee	Total	Fixed	Variable	Boards Committee	Total
en miles de US\$									
Hernán Rodríguez Wilson	President	119	43	-	162	130	131	-	261
Vivianne Blanlot Soza	Vice-president	71	106	-	177	65	79	-	144
Bernardo Larraín Matte	Director	71	106	-	177	65	79	-	144
Luz Granier Bulnes	Director	71	106	24	201	65	79	22	166
Juan Eduardo Correa García	Director	97	212	-	309	65	105	-	170
Francisco Matte Izquierdo	Director	71	106	24	201	42	79	14	135
Andrés Lehuedé Bromley	Director	71	106	-	177	65	79	-	144
María Emilia Correa	Director	47	-	18	65	65	52	22	139
Rodrigo José Donoso Munita	Director	47	-	-	47	65	52	8	125
Bernardo Matte Larraín	Director	-	-	-	0	23	-	-	23
Jorge Matte Capdevila	Director	25	106	-	131	-	26	-	26
Arturo Mackenna Íñiguez	Director	-	61	-	61	-	-	-	-
María Ignacia Benítez Pereira	Director	12	-	4	16	-	13	-	13
TOTAL		702	952	70	1,724	650	774	66	1,490
Total per year		1,724				1,490			

Note: At the Ordinary Shareholders' Meeting held in April 2020, it was agreed to maintain the remuneration of the Board of Directors approved at the Ordinary Shareholders' Meeting of 2019, which considers the payment of an annual variable remuneration equal to 0.75% of the net distributable profit of the previous year. At the Ordinary Board Meeting held on August 25, 2020, Francisco Matte Izquierdo resigned as a director. At the same meeting, the Board of Directors agreed to appoint Bernardo Matte Larraín as his replacement until the next Ordinary Shareholders' Meeting.





Board of Directors' Advisory Committees and Sustainability Agenda

102-18, 102-33, 102-34

Three committees advise the Board of Directors:

- Directors Committee
- Board of Directors
- Audit Committee

The sustainability agenda in the Board of Directors is present in these three advisory committees.

The Board of Directors' Committee strengthens communications from the executives to the Board of Directors on

sustainability matters, while the General Manager transmits relevant sustainability issues at the Board of Directors' meetings.

There are visits made by the Directors to the plants in order to learn directly about relevant issues (operational and socioenvironmental, among others).

At the Board of Directors' meetings, issues that are critical for the stakeholders and for the Company are periodically reviewed.

By way of example, some of the issues addressed in 2020 were: the interaction

between the company's facilities and its social and environmental surroundings; the conditions of the company's workers and contractors; and especially the safety of people and facilities, a context in which, as a result of Covid-19, the practices and preventive measures to face the pandemic were especially reviewed. On the other hand, regarding regulatory changes, the main topics discussed were decarbonization, the deregulation process of the commercialization segment and the legal changes in the power segment as a result of the Covid-19 pandemic.

Operation of the Directors' Committees in 2020

In 2020, the Directors' Committee met 10 times to analyze transactions between related parties and examine those issues established by law, verifying that they comply with the prevailing market conditions for this type of transaction, and then proposing them to the Board of Directors.

The Audit Committee met five times during the year, and in general terms took cognizance of the internal audit plan, the management of the whistle-blower channel and compliance with the crime prevention model, as required by Law 20,393. A summary of the Audit Committee's meetings is presented quarterly to the Board of Directors.



BOARD OF DIRECTORS

DIRECTOR'S COMMITTEE

A body provided for in the Corporations Law, composed of independent directors, whose purpose is to review certain matters for subsequent approval by the Board of Directors. Among these matters are: review of the financial statements, related party transactions, and executive compensation and remuneration plans. The latter is a sustainability issue. At the April 30, 2019 meeting, the Board of Directors appointed independent directors Luz Granier and María Emilia Correa, and Francisco Matte as members of the Directors' Committee. During 2020 and due to the resignation of Francisco Matte I. as a Director of Colbun S.A., the Board appointed Rodrigo Donoso Munita as a new member of the Directors' Committee.

EXECUTIVE DIRECTOR'S COMMITTEE

A body created by Colbun, composed of the Chief Executive Officer, the Chairman and the Vice-Chairman of the Board of Directors, in which other Directors and executives are invited to discuss in depth topics related to the progress or development of the business, which are subsequently presented to the Board of Directors. Many of these topics have a sustainability component, such as, for example, the level and use of water in Colbun's reservoirs, potential conflicts with communities and compliance with environmental regulations, as well as the presentation of the latest trends in technologies for the power market.

AUDIT COMMITTEE

Among its various functions, it oversees the work of Internal Audit, the management of the Whistleblower Hotline and the status of compliance with Law 20,393 on Criminal Liability of Legal Entities, all of which have an important component in terms of sustainability. The members of the Audit Committee are the independent directors Luz Granier and María Emilia Correa, together with Francisco Matte, who after resigning from the board was replaced by director Rodrigo Donoso. The Internal Audit Manager also participates as Secretary of the Committee.

Management Support Committees

102-18, 102-20

Managers' Committee

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

Risk and Sustainability Committee (\*)

Monitors the integral management of the Company's main risks, including environmental, social and corporate governance risks. Held monthly.

Projects Committee (\*)

Controls and supervises the development and execution of projects. It meets monthly.

Information Security Committee

Oversees the Company's information security process, ensuring that there are appropriate resources and access for continuous monitoring. Sessions quarterly.

Tax Committee

Oversees and monitors the Company's tax matters 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 have an impact on the development of the Company's business. It meets monthly.

(\*) These Committees are attended by a representative of the Board of Directors (Chairman or Vice-Chairman) and may also be attended by other Directors of the Company.



# Corporate Governance Strategy and Framework

102-26

## Policies and Regulations

Colbun's Corporate Governance is governed by policies and procedures disseminated within the Company. Approvals and/or updates of policies related to economic, environmental and social issues of the organization are proposed by the Company's senior management, headed by its Chief Executive Officer, and submitted to the Board of Directors for approval.

## Access and Availability

In order for all employees to have access to these documents, we have a Corporate Policies and Procedures Portal called Colbunpedia, which allows access to Corporate Documents, Company Process Map, Policies and Procedures Catalog by process.

# Ethics-based culture

102-16

## Ethic Code

### CHILE

Colbun has a Code of Ethics that sets out the purpose, values, ethical principles and practices that should guide the actions and decision-making of employees, contractors and suppliers, applicable to all operations of Colbun and its subsidiaries.

The Code of Ethics is reviewed annually, and the last update was published in March 2020. The body in charge of this matter is the Ethics Committee, composed 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- involved the sending of an email from the General Management to all employees, who had to register online proof of receipt. In addition, a video was published with some of the guidelines of our code, available on digital billboards located throughout the company's facilities. For new employees, the induction process includes the disclosure of the principles of this Code and the obligation to be aware of its existence.

### PERU

In the case of Fenix, in April 2020, the Code of Ethics was updated based on that of Colbun, and in May a notice with this update was sent to all employees. This document includes the same principles, values and practices mentioned for Chile. The new version includes important topics on misconduct, such as conflict of interest and facilitation payments. In addition, a notification was sent with a reading task on the Fenix platform.

Information panels on the Ethics Line have also been displayed in high-visibility locations at the Magdalena and Chilca offices.



Complaint Management

102-17, 102-34

In order for our stakeholders and anyone else to make inquiries or complaints, we have a communication channel available on our website called the Whistleblower Hotline. This channel operates by electronic form, e-mail or manual mail, to receive direct or anonymous complaints, related to compliance with the rules of ethical conduct, conflicts of interest and any possible regulatory non-compliance.

In addition, employees are informed of the whistleblowing mechanisms through the intranet. Complaints are channeled through the Ethics Committee, composed of the Internal Audit Management, Legal Management and the Organization and People Management.

2020 Figures

In 2020, 18 complaints were received through the Whistleblower Channel in Chile and 4 complaints in Peru, all of which were addressed in accordance with the established procedure. The Ethics Committee is also the body responsible for the investigation and operational analysis of the complaints, independently, confidentially and without consequences for the issuers. The investigation carried out is presented to the Audit Committee of the Board of Directors, the body ultimately responsible for this communication channel.

Complaints by stakeholder group



Complaints by subjects



Potential Conflicts of Interest Management

102-25

For Colbun, it is essential to act in a consistent and transparent manner, 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 an employee uses his or her contacts or position in the Company for the benefit of his or her own interests, indirect relatives or third parties.

It is also established that it is the responsibility of each employee to avoid them or manage them adequately and to notify any potential conflict of interest to his or her direct supervisor and the Internal Audit Manager.

In the event that a Director finds himself/herself in a similar situation, he/ she must inform the Board of Directors and refrain from participating in discussions in which decisions related to the reported fact are made, as provided by law.

During 2020, a survey was applied for the third time to the entire organization to identify potential risks due to conflicts of interest, with a response rate of 92%.







Crime Prevention Model

205-1, 205-2, 205-3

CHILE

Our Company has a Crime Prevention Model, within the framework of Law No. 20,393 on Criminal Liability of Legal Entities, which seeks to prevent the risks of bribery, money laundering, financing of terrorism, reception of stolen goods, unfair administration, corruption among 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 Prelafit. During 2020, employees were informed about anti-corruption procedures through elearning training on the Criminal Responsibility Law, including bribery. During the year, there were no reports of any of the crimes described in the aforementioned law.

In addition, Colbun incorporates provisions in its contracts with contractors and suppliers to ensure compliance with the law in this area..

Identified risks related to corruption

(205-1)

In 2020, the corruption crime risk matrix was updated according to a review of Colbun’s and Fenix’s processes, and control measures have been developed to mitigate these risks.

During 2020, 100% of Colbun’s Board members received training in Anti-Corruption Policies and Procedures. In Fenix during 2020, the Crime Prevention System Model was disseminated to employees, customers, suppliers and the community where operations are carried out. In 2020, the establishment of due diligence for suppliers in bidding processes has begun.

The following risks were identified and are part of Colbun’s risk matrix:

- Bribery risk
- Terrorist financing risk
- Risk of money laundering
- Receipt risk (acquisition of stolen goods)
- Risk of unfair administration
- Risk of corruption between individuals
- Risk of misappropriation
- Risk of incompatible negotiation
- Risk of water pollution

PERU

Fenix has a Crime Prevention Model within the framework of Law N°30424 of Administrative Responsibility of Legal Entities. Its objective is to prevent the risks of bribery, collusion, money laundering, financing of terrorism and influence peddling. Likewise, Fenix, on its own initiative, decided to include two additional crimes, corruption between

private parties and reception of stolen goods. The model has an internal and external regulatory framework, as well as a Crime Prevention Officer (Head of Internal Audit) appointed by the Board of Directors.

As in the previous year, in 2020 the company continued to work on its

Crime Prevention Model by conducting due diligence in the area of contracting with its collaborators, suppliers and other stakeholders.

In December 2020, Fenix submitted its Crime Prevention System to an audit, in which no relevant observations were presented.



## Free Competition

206-1

The Company has a Free Competition Policy ([see here](#)) approved by the Board of Directors. This policy establishes that all employees must fully comply with the rules 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, sales conditions, market division and limitation of production, among others.

In terms of training, in 2020 - as it has been the case since 2011 - the Company once again held periodic talks aimed for key executives, in order to inform them about current issues in the area of free competition.

During 2020, both in Chile and Peru, there were no lawsuits, legal proceedings or fines for causes related to monopolistic practices or free competition against Colbun.





# 4.9

## SUMMARY CHAPTER 4

# Relevant issues, associated risks and management

Chapter 4 addresses four topics that were identified in the Materiality Study as relevant for our stakeholders to address: **Profitability and Growth, Operational Excellence, Commercial Excellence and Customer Management, and Corporate Governance and Risk Management.**



## MATERIAL ISSUE: Profitability and Growth

### Why it is relevant for Colbun:

The power sector -and Colbun is no exception- is challenged by a more competitive scenario, lower margins, the entry of new players and -in the case of Chile- a persistent drought. In addition to this, there are several regulatory changes, some of which may have relevant impacts on the operation of the power system. In 2020, the challenge of maintaining operational continuity and the Company's growth plans in the context of the disruptive effect of COVID-19.

### • Related risks:

- Fuel supply
- Hydrology
- Credit quality
- Regulatory risks

### How we managed it:

Colbun achieved very good operational ratios in 2020, improving its cost efficiency and continuing with the development of its renewable projects, despite COVID-19 and the fact that this was again a dry year.

The Company has KPIs and targets to measure its operational management, which is part of the performance evaluation. Each area also manages annual plans to make costs more efficient. In Peru, although there are similar management elements, the results were more affected by the strong impact of quarantines on energy demand.

SDGs related:



## MATERIAL ISSUE: Excelencia operacional

### Why it is relevant for Colbun:

For Colbun, operational excellence is of vital importance. Being able to deliver the best service through a reliable energy supply and being considered a professional, serious company that integrates environmental variables into its operations is essential for the company. This generates customer loyalty, long-term relationships with contractors and a good relationship with the communities.

### • Related risks:

- Incidents or accidents affecting assets
- Fuel supply
- Cyber-attack
- Skilled labor

### How we manage it:

Achieving operational excellence has always been a priority for the company. The year 2020 stood out as a very good year in terms of operational indicators and progress in development projects. There is a strategy and action plans that have been deployed for several years to ensure the good operational performance of the plants, as well as to ensure that the company's operations are in good condition.

SDGs related:



## MATERIAL ISSUE: Commercial excellence and customer management

### Why it is relevant for Colbun:

In the context of the transformations observed in the power industry, Colbun decided to move towards an approach where the customer is at the center of the business. Having a commercial performance of excellence and covering their different requirements is a priority to maintain customer loyalty and grow the portfolio.

### Related risks:

- Evolution in number of clients
- Volumes and future contracting prices
- Evolution of operating margin and return

### How we manage it:

Colbun has KPIs and goals associated with growth and customer satisfaction. In recent years, an organizational change was implemented to respond to the challenge of putting customers at the center, as well as an action plan with four focuses: creation of differentiated and close customer service channels; 100% digital customer service and billing systems; development of a platform of value services, including the purchase of efizity; and provision of permanent information. The year 2020 was marked by a growth in the customer portfolio and a more robust value offering.

SDGs related:



## MATERIAL ISSUE: Corporate governance and risk management

### Why it is relevant for Colbun:

Good Corporate Governance is an essential part of a company's trust and relationship with its stakeholders. Reputational problems can affect business development and value creation. Ethics, transparency and risk management are issues that Colbun addresses to ensure excellent behavior at all levels of the company.

### Related risks:

- Reputational damage
- Legal noncompliance
- Loss of Trust

### How we manage it:

Colbun has created a series of documents to address ethics and transparency issues. These include the Code of Ethics, the Manual for Handling Information of Interest to the Market, Information Management Policy, Policy for Contracting Goods and Services Provided by Politically Exposed Persons, Board Policy and Procedure, and Policy for Delegation of Authority of the Board of Directors. Training and certification processes are constantly being carried out in the company on these issues, and the Audit Management has a permanent action plan to address possible gaps.

In addition, at an external level, there is a Whistleblower Hotline where direct or anonymous complaints are received, related to compliance with the rules of ethical conduct, conflicts of interest and any possible noncompliance with regulations.

SDGs related:





# SOCIAL PERFORMANCE



- 5.1 Employees
- 5.2 Contractors and Suppliers
- 5.3 Health and Safety
- 5.4 Community Engagement
- 5.5 Summary - Chapter 5





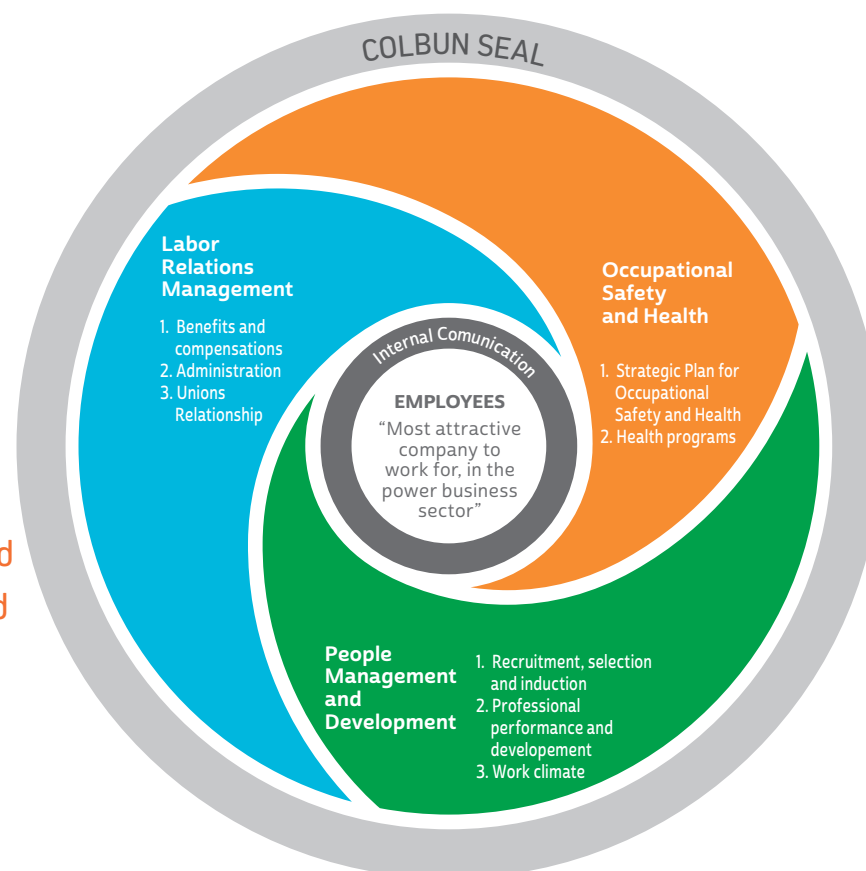
# 5.1

## Employees

EU14, Colbun-8.TR, NCG 386, 103-2, 103-3

The following section describes the main policies and management indicators that define Colbun's relationship with its employees.

**Our main commitment is to provide them with quality employment and a working environment that is safe and promotes their personal and professional development.**



A detailed description of this model is available at <https://www.colbun.cl/wp-content/uploads/2017/06/Modelo-de-Gesti3n-de-Trabajadores.pdf>

### Health Crisis Action Plan

The COVID-19 pandemic forced us to change the way we do things both in our personal lives and at work. In this complex scenario, we not only generated protocols and action plans to safeguard our employees' health, but also deepened communication and internal dialogue to ensure the emotional well-being of our people.

Among the initiatives we have developed to deal with the pandemic are:

- **Crisis Committee** met twice a week for most of the year and sought to generate concrete actions to prevent contagion in the company.
- **Development of Protocols**, Action Plans and creation of a weekly newsletter and a special mini-site on the Intranet.
- **Remote work**: 98% of employees at the head office and 35% of employees at power plants.
- **Segmentation of personnel** y medidas especiales en centrales (transporte, contratistas, almuerzo)
- **More Dialogue activities**: and special measures at headquarters (transportation, contractors, lunch).

• **Online Active Breaks** o take care of the physical (and mental) well-being of workers.

• **Talks and dialogues** with doctors, safety and organizational development and leadership experts.

(more details on how we deal with COVID-19 in section 5.3)

**As part of the strategy of listening to our employees in this contingency situation, two surveys were conducted to learn about our employees' views on the impact of the pandemic and the measures adopted by the Company.**

Both had a participation rate of over 70% and results showed a high level of satisfaction with the measures implemented in the company. The lowest points were in their perception of instability and concern about the pandemic situation.

These actions were in accordance with SDG No. 3 on "Ensure healthy lives and promote well-being for all at all ages", in particular target 3.d which seeks to "Strengthen the capacity of all countries, in particular developing countries, in early warning, risk reduction and risk management for national and global health."



## Workforce

In December 2020, the Company's workforce totaled 984 employees. The hiring rate was similar to the turnover rate, at 3.4% and 3.3%, respectively. The hiring rate was higher for women than for men. There was also an increase in the hiring rate and turnover rate for workers under 30 years of age.

In Chile, all workers are full-time, while 30 workers have a fixed-term contract (13 women and 17 men) and 15 have a specific work contract (1 woman and 14 men). All others have permanent contracts.

In terms of retirement age, in 2020 there were 11 men and 6 women at retirement age.

In the case of Peru, Fenix had 102 employees as of December, 96 of them had permanent contracts. The turnover rate was 0% in Peru, compared to 9.8% in 2019. This is explained by Colbun's concern to minimize layoffs in the context of the pandemic.

As for the rate of new hiring (recruitment), it was 4.9%, lower than the rate of 14.1% in 2019.

### Workforce by geographic location in Chile (102-8)

Region	2019		2020	
	Women	Men	Women	Men
II Antofagasta	0	0	1	0
III Atacama	0	0	1	1
R. Metropolitana	142	268	150	297
V Región	16	171	18	174
VI Región	1	24	1	26
VII Región	5	84	6	81
VIII Región	17	197	16	192
X Región	1	18	1	19
XIV Región	2	3	0	0
<b>Total</b>	<b>184</b>	<b>765</b>	<b>194</b>	<b>790</b>
<b>Grand Total</b>	<b>949</b>		<b>984</b>	

### Workforce by geographic location in Peru (102-8)

Region	2019		2020	
	Women	Men	Women	Men
Magdalena Headquarters	15	25	18	31
Fenix Power Plant (Chilca)	4	48	4	49
<b>Total</b>	<b>19</b>	<b>73</b>	<b>22</b>	<b>80</b>
<b>Grand Total</b>	<b>92</b>		<b>102</b>	

### NEW RECRUITMENTS AND RELEASE

(401-1)

During 2020, the turnover rate was 3.3% in Chile and 0% in Peru. This represents a significant decrease compared to the 8.3% and 9.8% rates for 2019, respectively.

As for new hiring rates, in the case of Chile it was 3.4%, while in Peru it was 5.2%. Both rates are lower than those for 2019, corresponding to 6.4% and 14.1%, respectively.

### New employee recruitment and employee turnover in Chile (401-1)

	N° of Employees			
	2017	2018	2019	2020
Total Workforce	992	971	949	984
Total Release	70	68	79	32
Total Recruitment	40	63	61	33
Turnover Rate	7.1%	7.0%	8.3%	3.3%
New Recruitment Rate	4.0%	6.5%	6.4%	3.4%

**Note:** In the case of total workforce, fixed-term employees are considered, while in the case of total release and recruitment, fixed-term contracts are not considered.


### New employee recruitment and staff turnover in Peru (401-1)

	N° of Employees			
	2017	2018	2019	2020
Total Workforce	92	88	92	102
Total Release	6	18	9	0
Total Recruitment	7	14	13	10
Turnover Rate	6.5%	20.5%	9.8%	0%
New Recruitment Rate	7.6%	15.9%	14.1%	4.9%

**Note:** Fixed-term contracts are not considered in the workforce, neither in release nor in recruitment.

  
**984**  
employees in Chile

**102**  
employees in Peru

  
**19.7%**  
of Colbun's employees are women; in 2005 they accounted for 6%.





### Internal Culture

The year 2020 was one of great challenges, not only because of transformations in the power industry, but also in relation to the new ways of working as a result of COVID-19. At Colbun we seek to promote flexibility, adaptation to change and commitment to the value of collaboration that this new scenario demands.

#### NEW HEADQUARTER OFFICES

Through open, interactive and innovative spaces, the new offices have as a fundamental pillar to foster collaboration.

As part of the Change Management process for these new offices, a Coexistence Guide was created to improve knowledge of the use of each space and to develop new coexistence habits.

After enabling two floors in 2019, work was carried out in 2020 to remodel most of the Company’s other floors at the Head Office. However, due to the contingency and quarantines, the work was halted for four months. After resuming and with a strict safety protocol, two additional floors were completed: the Collaborative floor and the plinth floor with a focus on our Customers.

#### COLLABORATIVE TOOLS

During 2020, a more in-depth study of Office 365 Collaborative Tools was carried out among all Colbun employees. Thanks to this and the rapid adoption of all Colbun employees, close to 100% of the workers at the Head Office and 35% of people in our facilities were able to work remotely.

### Diversity and Inclusion

At Colbun we are committed to promoting diversity, inclusion and respecting differences, because we believe that they are not only an ethical imperative, but also add value and competitiveness to our business.

#### Decent and fair treatment:

As a company we have placed emphasis on mutual respect for Colbun’s employees, 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 customers, suppliers and third parties in general.

#### Conducting workshops:

In 2020 we focused on developing with our employees the importance of having a diverse and inclusive organization, deepening the value of

good treatment. We did this through mandatory workshops that we called. “Encounters for a respectful and inclusive coexistence”. The objective was to reflect and understand the impact we have on the way we relate to others and to align the treatment criteria we seek in Colbun, also preventing the risks of workplace and sexual harassment, among other things.

#### The topics covered in the workshop were:

- What characterizes the treatment of people in our company?
- Unconscious Personal Biases
- Relational Practices
- Unique and Distinct Observers of the Same World
- A relationship environment of “Good Treatment in Colbun”.

In the first stage of this program, which ended in December 2020, we conducted 20 workshops in which nearly 300 employees from all divisions and managements participated, regardless of their position in the company.

The evaluation of the initiative was positive and the attendees especially emphasized the Methodology of “Improbable Encounters” that was used in the workshops.

As of March 2021, the initiative will continue to reach 100% of the people in Colbun.

Employees by nationality and gender at Colbun Chile (405-1)

Nationality	Mujer	Hombre	Total
Chilean	182	780	962
Venezuelan	3	1	4
Argentinian	1	2	3
Brazilian	1	2	3
Colombian	2	1	3
Other	5	4	9
Total	194	790	984

\*Note: Total headcount, including employees and managers, is considered.

DISABILITY

The World Health Organization (WHO) estimates that 15% of the world’s population are people with some kind of disability. In our country the situation is no different: according to specialized studies, in Chile 16% of people over 18 years of age have some type of disability, and nearly 60% belong to groups that benefit from universal accessibility.

Therefore, and in the context of the Inclusion Law that came into force in 2017, which promotes the labor inclusion of people with disabilities, in 2018 the Company conducted its First Diversity Cadastre, and in 2019 implemented an action plan to work on the gaps in this area. Among the actions that have been developed in 2020 are:

**1. Preparation of a compatibility matrix** for all positions in the company to expedite inclusive recruitment and selection processes. The compatibility of each position is done through a job analysis and the results are “emptied” in the matrix to have the automatic results”.

The general criterion is that all positions are compatible with some type of disability, whether mild, moderate or severe. This matrix helps us to raise awareness internally and to break down the barriers, biases and prejudices that exist regarding disability and work. It also allows us to ensure that, whenever there is a vacancy, it can be open for applications from People with Disabilities (PwD).

**2. Training for Colbun’s Organization and People Management** team on how to carry out inclusive selection processes, what steps should be followed for the inclusion of PwD in work teams (job analysis, reasonable adjustments, accompaniment, etc.).

**3. Support in the National Disability Registry for Colbun employees.** By the end of 2020, the Company had 10 employees certified by Compin (more than the 1% required by law).

**4. Survey of reasonable adjustments** for people with disabilities in Colbun.

**5. Participation in Inclusive Exhibition** and search for new sources of recruitment.

**6. Inclusive publications** in professional search ads.

**7. Accompaniment for PwD recruited by the Company:** this involves followup and support for 6 to 12 months for the employee and his or her work team.

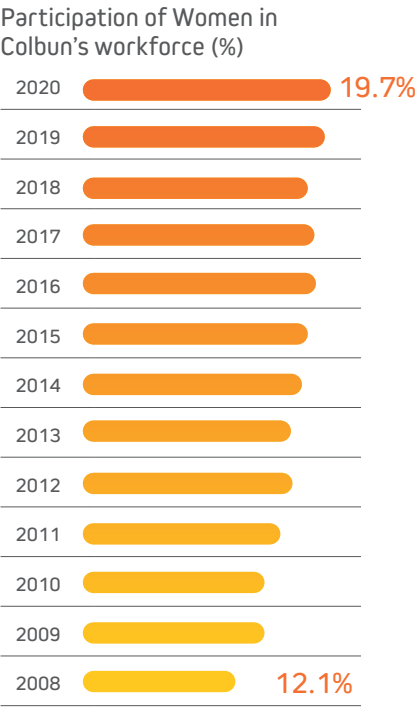


GENDER EQUITY

Since 2017 Colbun has been promoting a Gender Equity Agenda, in order to reduce the gaps in this area, a management that is measured through goals and indicators that allow us to know its impact.

Colbun is the IPSA company with the highest number of women on its board: three of the nine members are women, which stands out among the local reality where the percentage of women is only 9.4%.

The progress of this agenda gained visibility when we decided to join the Gender Parity Initiative in 2017, which was then followed by joining the Ministry of Energy’s Energy +Women Plan, the 30% Club in 2019 and the Global Compact’s Target Gender Equality program in 2020.







# 30%

of Colbun's hires in masculinized areas and roles in 2020 were women.

### ACTION LINES

1. The first of these lines of action has to do with the “general workforce”. The goal we have set ourselves is that, by 2025, 25% of the total workforce will be women, a figure that reached 20% in 2020.

2. The second line of action has to do with “recruiting women in masculinized areas and roles”, promoting diversity in work teams. In this item we have had an increase in female hiring, from 18% in 2018 to more than 30% in 2020.

3. Thirdly, we are working on “female representativeness in leadership positions”, where we seek to increase the presence of women in leadership and senior management positions, where we currently reach 12.5%. Our goal is to exceed 14% by 2021, which requires a 1.5% increase in the number of women in executive and other management positions. In this regard, during 2020 we continued and completed the first version of the Women's Leadership Program with Red EG, in which 20 women from different areas and positions participated. The program aimed to develop and strengthen skills and competencies for the exercise of positive female leadership, especially in the

context of a masculinized industry. Additionally, in January 2021 we committed our participation in the Inter-company Mentoring Program of Club del 30%, with the participation of 11 mentors and 11 guided women.

4. Another area where the company is focusing is the revision of the “salary gap”. Colbun has sought to equalize salaries in comparable positions (GRI methodology).

5. Finally, we know that an accelerator of Gender Equity is the promotion of Co-Responsibility. That is why we seek to promote it with flexibility benefits in addition to legal obligations and today more than ever, in the context of the pandemic, we are promoting a variety of mechanisms to make the working day more flexible for men and women in equitable working conditions.

In this way, the Gender Equality Agenda promoted by Colbun contributes to SDG No. 5, which aims to “Achieve gender equality and empower all women and girls”.



BOARD DIVERSITY

NCG 386

Inclusion, diversity and nondiscrimination matters are part of the Company’s “Code of Ethics”. The Company has a gender diversity agenda and goals for management, but has not implemented a diversity policy for the nomination and election of directors, as it is legally the power of the shareholders and not of management to consider and define the candidates who apply to be part of the Board.

Directors by gender  
(NCG 386)



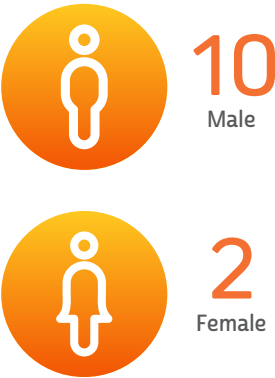
Directors by nationality  
(NCG 386)



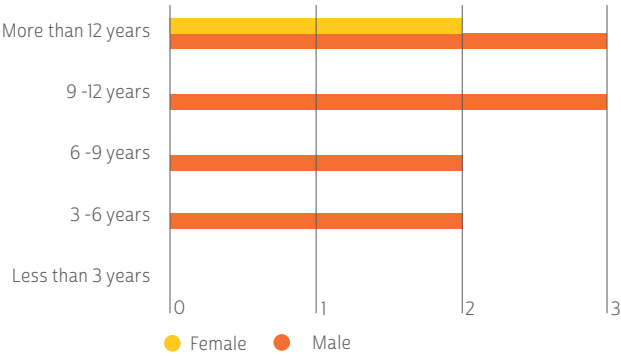
DIVERSITY OF COLBUN'S  
SENIOR EXECUTIVES - CHILE

NCG 386, 202-2

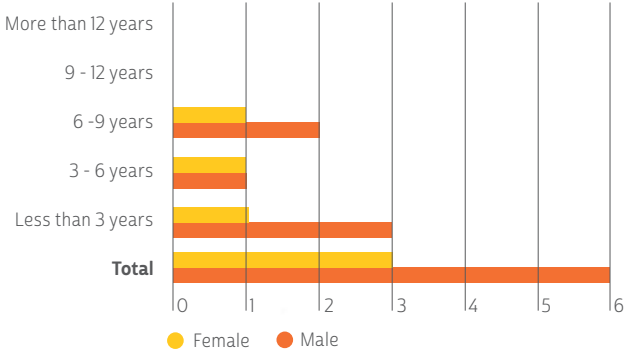
Managers by gender



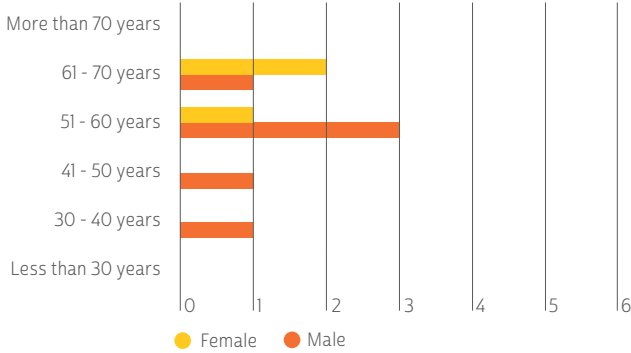
Managers by seniority and gender



Directors by seniority and gender  
(NCG 386)



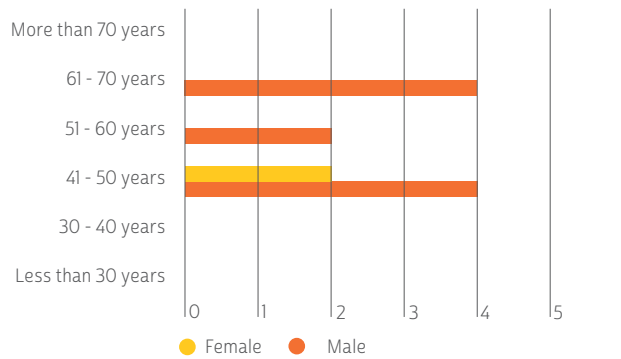
Directors by age range and gender  
(NCG 386)



Managers by Nationality



Managers by age range and gender

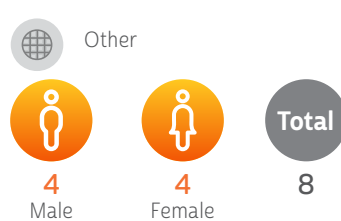
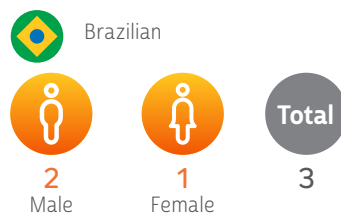
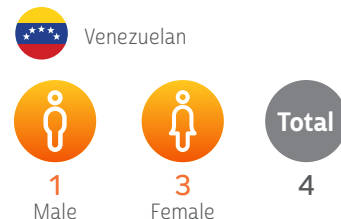
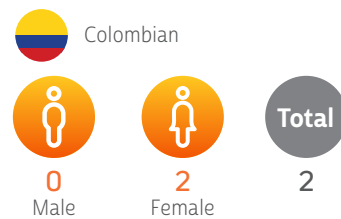
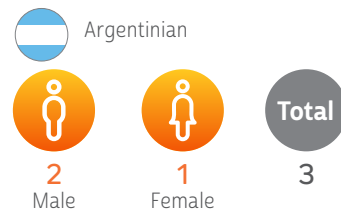
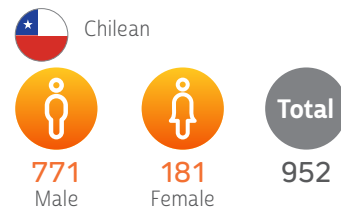




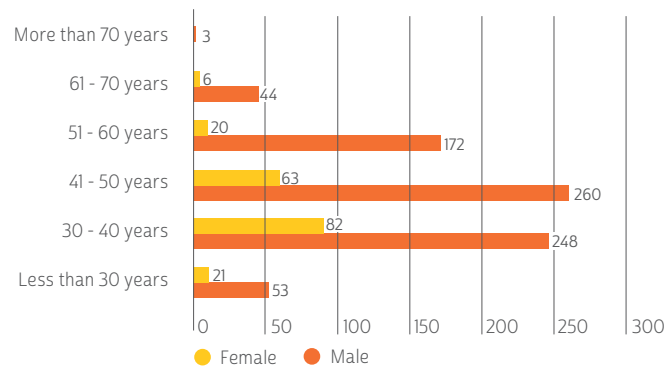
## DIVERSITY

NCG 386

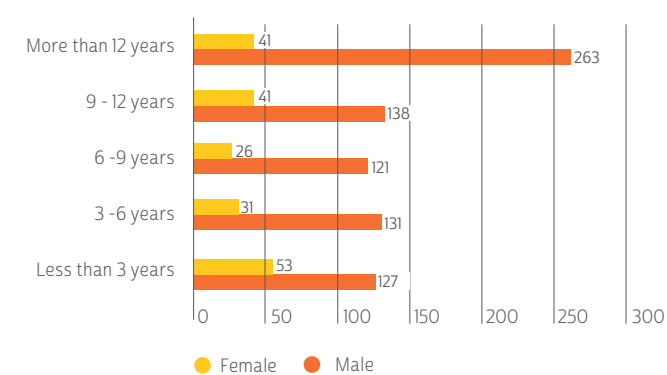
Workforce by nationality and gender, with no first-line managers in Chile



### Workforce by age range and gender, without first-line managers



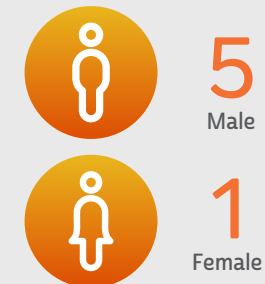
### Workforce by seniority and gender, no first-line managers



## PERU

NCG 386, 202-2

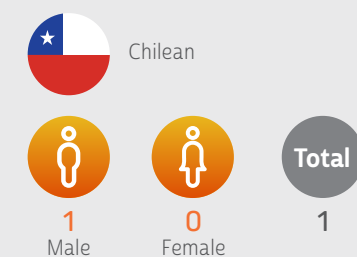
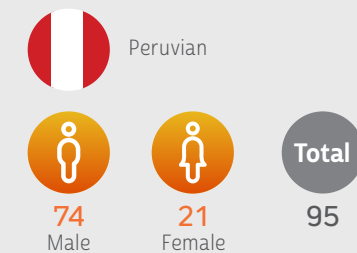
### Managers by gender



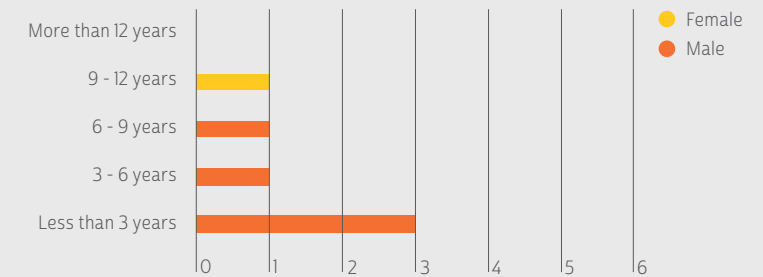
### Managers by nationality



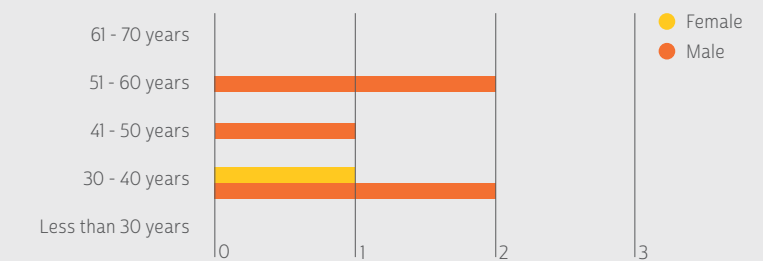
### Workforce by nationality and gender, without first-line



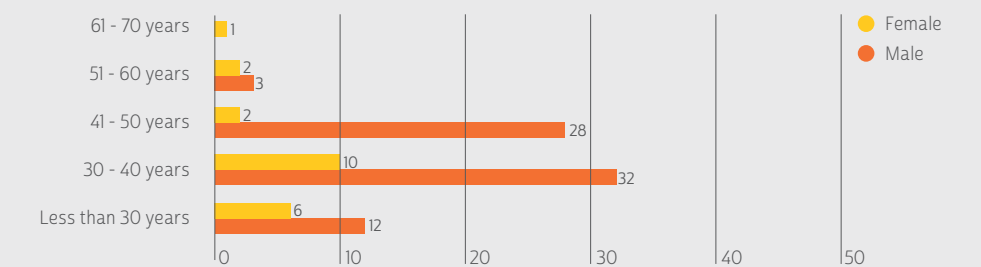
### Gerentes por antigüedad y género



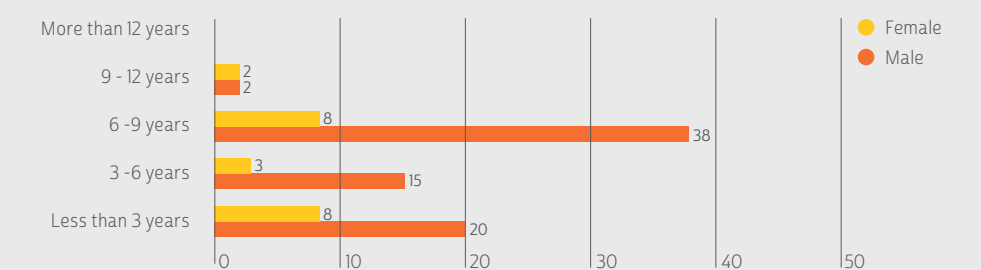
### Managers by age range and gender



### Workforce by age range and gender, without first-line managers (NCG 386)



### Workforce by seniority and gender, no first-line managers (NCG 386)





GENDER PAY GAP

405-2, NCG 386, IPG

Based on the methodology of the Financial Market Commission's Standard 386 -and which is also used by the Gender Parity Initiative, GPI (an alliance of the IDB, the World Economic Forum and Comunidad Mujer where Colbun also participates)-, Colbun's average salary gap in Chile in 2020 (weighted by the number of employees in each category) was -2.8%. This means that on average - weighted by the number of employees - women have an average gross base salary 2.8% higher than men. This is explained by the fact that in the category that weighs most heavily in this calculation, which is the category of employees without a manager, representing 80.6% of the Company's workforce, there is a gap in favor of women of 8.6%. In the case of managers, the difference is 15.2% in favor of men, and in the case of executives, the difference is 30.8%. **The salary differences are mainly related to the degree of responsibility of the positions, as well as the years of seniority and experience, in a context where the Company does not make differences in the remuneration of comparable positions.**

Although the 2020 figures represent a slight widening of the gap with respect to 2019, Colbun's figures in this area have been improving in recent years, as shown in the attached table.

In the case of Fenix in Peru, the average salary gap was 7.7% in 2020.

Gender pay gap in Chile (405-2, NCG 386, IPG)

	2017	2018	2019	2020	Workforce 2020
Executives (Managers and Assistant Managers)	35.8%	32.4%	27.1%	30.8%	7.7%
Headquarters	22.6%	23.1%	12.5%	15.2%	11.7%
Non-managerial employees	-8.1%	-10.5%	-11.5%	-8.6%	80.6%
Total	0.4%	-2.3%	-5.6%	-2.8%	100.0%

Gender pay gap in Peru (405-2, NCG 386, IPG)

	2019	2020	Workforce 2020
Executives (Managers and Assistant Managers)	30.9%	30.7%	5.9%
Headquarters	-16.1%	-27.7%	18.6%
Non-managerial employees	45.3%	14.6%	75.5%
Total	37.7%	7.7%	100.0%





Labor Relations

102-41

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

UNIONS AND NEGOTIATING GROUPS

In Colbun we respect the free decision of the employees to form the organizations they deem necessary to achieve their objectives, their wellbeing and that of their families. In 2020, employees in Chile were grouped in six collective instruments, which involve 44% of the total workforce (16% of the female workforce and 50% of the male workforce). Of these six instruments, five correspond to unions and one corresponds to a bargaining group. In the case of Fenix, there are no unionized employees.

**Collective Bargaining:** During the year 2020, four collective bargaining negotiations were carried out, three under the figure of collective contract and one under the figure of collective agreement, which involved 83% of the employees who are attached to a collective instrument. Two of these negotiations were completed within the stipulated legal deadlines, while one of them (Union 4) required mandatory mediation by the Labor Directorate at the request of the union leadership. Finally, the employees affiliated to Union No. 3, using their labor rights, carried out a 7-day legal strike, which was fully respected by the Company. It should be noted that during the course of the strike, talks continued, ending with the signing of a three-year collective bargaining agreement. An agreement was finally reached in the four negotiations.

Compensation and Career Development

COMPETITIVE SALARIES

102-36, 202-1

At Colbun, both fixed and variable salaries are established according to the responsibilities of the position and market conditions. The company uses an internationally validated compensation scale (Hay scale) that allows setting compensation and incentives in a scientific manner. Annually, market income and benefits studies are carried out by independent consultants specialized in compensation.

The minimum salary in Chile in 2020 was \$326,500 Chilean pesos. Colbun pays in all its positions a remuneration higher than the minimum wage of the country, being the lowest salary of Colbun \$667,914, equivalent to 2.05 times the local minimum wage in Chile. In general, the minimum wage

for female employees is higher than the minimum wage for male employees. This is mainly explained by the fact that the lowest paid entry-level positions are occupied by men. In the Metropolitan Region, the opposite situation occurs, where the entry-level positions with lower expertise and remuneration are occupied by women.

In the case of Peru, the minimum wage during 2020 remained at \$930 Peruvian soles; this means that the lowest salary in Fenix is 2.04 times higher than the minimum wage in the country.

Regarding severance indemnities, in Chile the company uses the same criteria for all employees, considering a gross monthly remuneration for each year of service, without limits on years or remuneration, which is more than what is established by law.

Relationship between the starting wage and the minimum wage in Chile (202-1)

Places with significant operations	Male	Female
Metropolitan Región	2.60	2.05
V Region	2.23	2.89
VII Region	2.25	3.15
VIII Region	2.41	2.94
Total Company	2.23	2.05

**Notes:** The values consider the Total Gross Income, including gratuity, collation and mobilization. In the case of II, III, VI and X there is no minimum number of observations (greater than 4) to report the gross monthly salary. For the rest of the regions, the lowest gross monthly salary is considered for both sexes.

Relationship between starting salary and minimum wage in Peru (202-1)

Locations with significant operations	Male	Female
Magdalena Headquarters (Lima)	2.04	2.26
Central Fenix (Chilca)	2.26	3.74
Total Company	2.04	2.26





95.4%

of Colbun's workforce in Chile had performance evaluations in 2020

## EXECUTIVE COMPENSATION

102-35, 102-36, 102-37

Regarding compensation of key executives (including the CEO), the policies and structures of the fixed and variable component of their compensation are reviewed and validated by the Directors' Committee, for subsequent ratification by the Board of Directors.

All executives and professionals receive a fixed remuneration plus a variable bonus paid in February of the following year. This variable bonus mainly considers Corporate Objectives, related to the Company's strategy and sustainability, such as financial and commercial results, growth plan, operating efficiency, digital transformation, socio-environmental management and employee safety management. Also considered, although to a lesser extent, are the area objectives (Divisional Objectives), always in alignment with corporate objectives, and People Management, associated with the work environment and upward evaluation (applicable to managers with 4 or more people under their responsibility).

In addition to the above, the Company has agreed with some of its senior executives a permanence bonus, of a variable nature, which is intended to reward the employee's bond with the Company.

### Spending on compensation of main executives in Chile (102-35)

	2018 (USD)	2019 (USD)	2020 (USD)
<b>Remuneration of Executive Officers</b>	5,167,211	5,087,413	5,638,427
Fixed	2,750,434	2,998,796	3,209,824
Variable	2,416,777	2,088,617	2,428,602
<b>Executive Severance Payments</b>	91,615	0	0

**Notes:** BPerformance bonuses (variable) are paid in February of each year in relation to the performance of the immediately preceding year / Severance payments are fixed and are agreed in advance in employment contracts / Variable remuneration for 2018 in Chile includes the retention bonus.

### Spending on executive compensation in Peru102-35)

	2018 (USD)	2019 (USD)	2020 (USD)
<b>Remuneration of Executive Officers</b>	1,304,400	1,235,174	1,182,655
Fixed	984,658	1,044,716	915,194
Variable	319,742	190,458	267,461
<b>Executive Severance Payments</b>	188,268	0	0



## PERFORMANCE EVALUATION

404-3

In 2020, 939 employees were evaluated (equivalent to 95.4% of the staffing), decreasing the proportion of employees evaluated with respect to the previous year due to the increase in fixed-term contracts or work contracts in the total staffing. However, with respect to employees with indefinite-term contracts, since 2018, 100% of them have been evaluated. In 2020, objectives related to the company's strategy and sustainability were considered, such as socio-environmental management, employee safety management,

financial results, commercial results, growth plan and efficiency in plant operations. The qualitative factors, or behaviors desired by the organization measured this year were:

- Relational Skills
- Communication and Service Orientation
- Work Excellence
- Collaborative Work
- Flexibility and Adaptability
- Innovation

In the case of Fenix, 93 employees were evaluated (equivalent to 91.2% of the workforce). However, 95.9% of the employees with permanent contracts received their performance evaluation.



TRAINING AND TALENT DEVELOPMENT

Colbun-8 TR, EU14

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

Training

404-1, 404-2

Although as a result of the pandemic many face-to-face activities that were carried out as field work had to be suspended, it was also an opportunity to develop more strongly the online training and e-learning modalities.

During 2020, 53,874 hours of training were carried out in Chile, an average of 54.75 hours per employee, which represents a decrease of 14% compared to 2019, a result that reflects the change towards an online methodology with more limited content.

Among the programs which stand out in 2020 are:

**1. Technical Academy:** oriented to reinforce and level the knowledge required by the employees in power

plants, which are specialized according to the area in which they work. The program develops the technical skills necessary for all areas of a power plant (operations, maintenance, etc.), seeking to reduce the risk of plant failures associated with human error. In 2020, 467 employees were trained in courses such as: SEP Protections, Maintenance Planning and Programming, Electrical Substations, Asset Management, Technical Standards and Service Quality, and the Electricity Market.

**2. Safety, Health and Environment curriculum:** This program seeks to provide knowledge to safeguard safety and integrity of our employees, our operation and environment, as well as compliance with legal aspects. It includes face-to-face and e-learning trainings carried out both at the facilities or at the Head Office, both for employees of Power Plants and Transmission, on Environmental, Safety and Occupational Health issues. This year, 381 employees participated in this program.

**3. Management Tools:** Development of learning to facilitate the performance of the worker, such as the employee's performance, such as English language improvement, computer and management tools. It includes classroom and e-learning training. This section of the report includes

employees from Power Plants and Transmission. In 2020, 423 people participated.

**4. Undergraduate Scholarships:** This year it benefited 30 people (from plants and other facilities, with income up to UF 80 and with 2 years of seniority), and its purpose was to provide financial support for technical or university studies. The purpose of this program is to enable employees who have not been able to complete their undergraduate studies to do so and make them compatible with their work.

PERU

In Peru, total training reached 4,619 hours, with an average of 50 total hours of training per employee. Focus this year was on operational excellence programs, aimed at improving the operation and maintenance of the Fénix TC, Management, Regulation and Electricity Market, seeking to optimize the commercial process of Fénix in the electricity market, and information technologies and leadership.

Average hours of training in Chile (404-1)

Position Category	Female					Male				
	Female workforce	Trained women	% Trained women-	Total hours of training	Average hours of training per women	Male workforce	Trained Men-	% Trained Men-	Total hours of training	Average hours of training per man
Executives	12	9	75.0%	704	58,7	64	54	84,4%	2,718	42.5
Professionals	124	127	102.4%	8,602	69.4	315	310	98,4%	19,056	60.5
Administrative	46	32	69.6%	1,237	26.9	21	17	81,0%	830	39.5
Other positions	12	11	91.7%	381	31.8	390	387	99,2%	20,346	52.2
Total	194	179	92.3%	10,924	56.3	790	768	97,2%	42,950	54.4
Average hour per person	54,75									
Total invested in training	USD 150,092					USD 611,200				
Average investment per person	USD 838.5					USD 795.8				

**Note:** In cases where the percentage of trained employees exceeds 100%, it is because, at the time of training, the person corresponded to the assigned category. However, based on the staffing base as of December, the person changed position category. During 2020, several training activities changed from face-to-face to "Distance" (Streaming) and "E-learning", which reduces the total training hours, limiting the contents according to the methodology.

Average hours of training in Peru (404-1)

Position Category	Female					Male				
	Female workforce	Trained women	% Trained women-	Total hours of training	Average hours of training per women	Male workforce	Trained Men-	% Trained Men-	Total hours of training	Average hours of training per man
Executives	1	1	100%	2	2,00	5	4	80%	54	13.38
Professionals	13	12	92%	1,277	106.44	43	39	91%	2,289	58.68
Administrative	7	6	86%	408	67.92	5	3	60%	122	40.67
Other positions	1	1	100%	36	36.00	27	26	96%	433	16.63
Total	22	20	91%	1,723	86.14	80	72	90%	2,897	40.23
Average hour per person	50.2									
Total invested in training	USD 10,574					USD 35,401				
Average investment per person	USD 528.7					USD 491.7				



61.6%

of the selection processes at Colbun Chile in 2020 were filled by internal personnel.

#### INTERNAL MOBILITY

Colbun-8.TR

In the case of Chile, of the 86 selection processes in 2020, 53 (61.6%) were filled by Company employees, 21% of whom were women. Among these 11 women, 45% were promoted to a higher position. Overall, 21% of internal mobility (11 movements) took place through internal promotion and 79% through direct promotion.

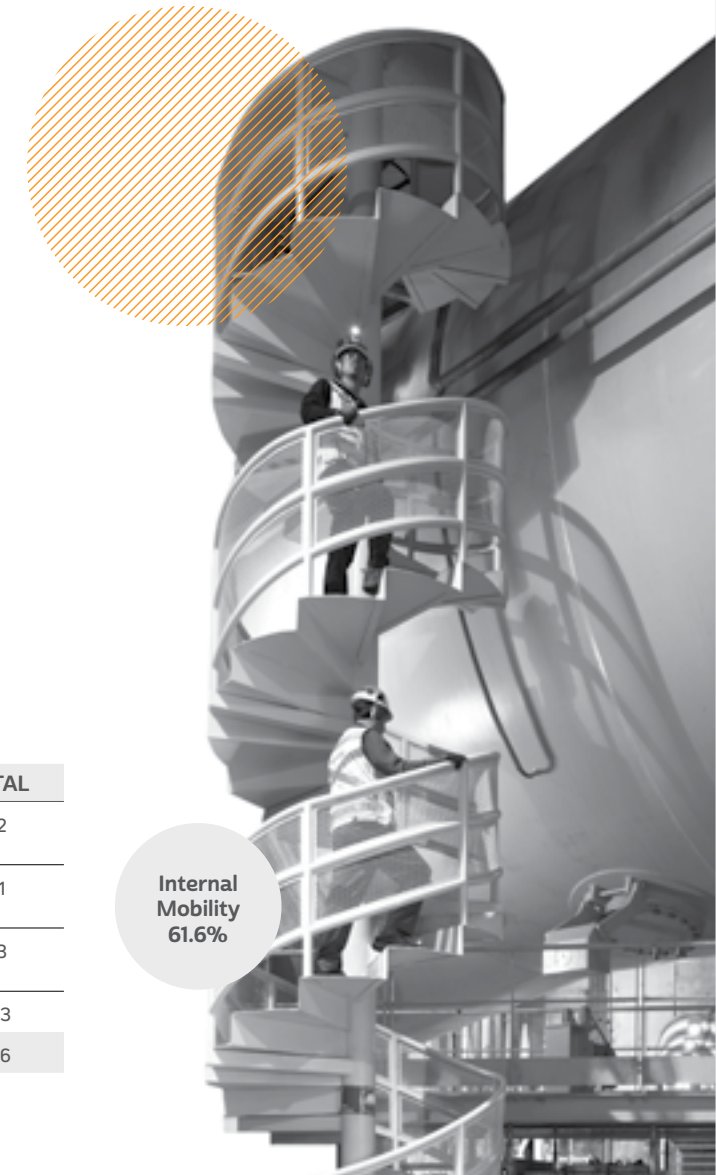
In the case of Fenix in Peru, of the 5 selection processes (permanent contracts), 3 were due to internal mobility (1 woman and 2 men).

#### Positions filled by in-house candidates in Chile (Colbun-8.TR)

	Female	Male	TOTAL
Number of vacancies filled by direct promotion*	10	32	42
Number of vacancies filled by internal competition	1	10	11
<b>Total vacancies filled by Internal Mobility</b>	11	42	53
<b>Total vacancies filled by new hires</b>			33
<b>Total vacancies</b>			86

#### Positions filled by in-house candidates (Colbun-8.TR)

	Female	Male	TOTAL
Number of vacancies filled by direct promotion*	1	-	1
Number of vacancies filled by internal competition	-	2	2
<b>Total vacancies filled by Internal Mobility</b>	1	2	3
<b>Total vacancies filled by new hires</b>			2
<b>Total vacancies</b>			5



Internal  
Mobility  
61.6%

Internal  
Mobility  
60.0%





Organizational Climate

Colbun-10.TR, 401-2

Our company conducts an annual Organizational Climate study, which allows us to identify the job satisfaction of our employees. From these results we can identify main strengths and opportunities for improvement. Based on this measurement, we focus action plans, intervention and support, especially in those teams that obtain low levels of satisfaction or need special support due to organizational change processes.

ORGANIZATIONAL CLIMATE RESULTS

CHILE

In August 2020, the Great Place to Work survey was conducted, evaluating five specific dimensions: Credibility, Fairness, Respect, Pride and Camaraderie. Additionally, in 2020, four additional dimensions were included: Balance, Service Excellence, Pride and Leadership, all related to the COVID-19 crisis. In all dimensions we were able to exceed the Covid benchmark provided by GPTW.

This Work Climate study was answered by 906 people, achieving the highest response rate in the history of Colbun:

94%. Likewise, we obtained the best result of the last Great Place to Work studies, with 87% satisfaction in Area Vision (employee answers considering the area and their direct boss) and 84% in Corporate Vision (employee answers considering Colbun as a whole and evaluating the leaders who manage it. As a global average (average between both visions) we obtained 86% satisfaction (87% in the case of women and 85% in the case of men).

In both visions we exceeded the average of the best companies to work for in Chile 2019 and the majority of the management and Divisions in this 2020 study exceed 80% satisfaction among their employees in both visions.

The best evaluated question in Visión Área regarding the difference with the best companies in Chile is “People like to come to work here” (+8). The question that has the greatest opportunity for improvement, also when compared to the average of the best companies is “Here we have special and unique benefits” (-3, Visión Área).

87%

satisfaction survey in 2020 (vision area)

Both Colbun and its Peruvian subsidiary in Peru, Fénix, obtained in 2020 the Great Place to Work® Certification, which confirms that our employees recognize time invested by our organization in creating a good working environment throughout the year.



Results of the organizational climate survey in Chile

Global Media Colbun	2017		2018		2019		2020	
	VA	VC	VA	VC	VA	VC	VA	VC
	83%	77%	84%	79%	83%	79%	87%	84%

Note: People who have taken extended medical leave do not participate in the climate survey.

PERU

In the case of our Fenix subsidiary, the survey applied at the end of the year obtained a 96% response rate with an overall acceptance rate of 89% (4 points higher than in 2019). All dimensions scored above 85% satisfaction,

with strengths in the Credibility (88%), Respect (87%), Fairness (86%), Pride (92%) and Camaraderie (94%) dimensions. Among the areas with the highest increase was Plant Management, with 10 points over the 2019 result.

## Life Quality Program

401-2

Despite the impact of the pandemic, the Company maintained many of the activities that are part of the Life Quality program, which include employees and their families. Christmas, Independence Day and Anniversary celebrations, as well as the Trajectory and Academic Excellence awards, were held online. We replaced outdoor Life Quality activities with online active breaks and “covid mode” competitive funds, where employees could apply for activities online.

### Family

Actions that help reconcile work and family have a positive impact on the integral development of our employees. Among the actions of this program are:

- *Working Day with Children*
- *Days for Ourselves (two days or four half-days of free disposal)*
- *Christmas Celebration at all our facilities and Headquarters*

- *Improvements in transportation services at headquarters (which has reduced commuting)*

- *Part-time work on Fridays at headquarters and plants*

- *Interfered days*

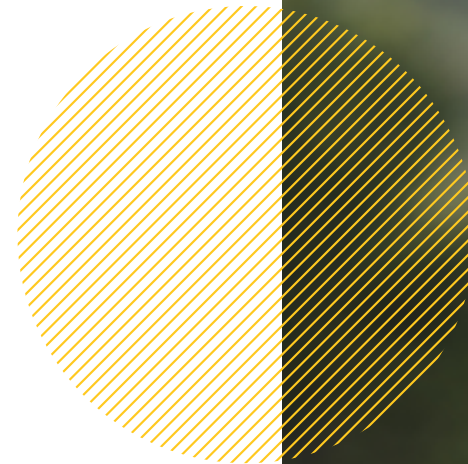
- *Flextime program in Santiago offices*

### Education

Once a year, we hold Academic Excellence ceremonies in the regions and Santiago to honor the good school and university performance of employees’ children. During 2020, 218 students with school grade point averages equal to or higher than 6.5 were awarded. Ten university students were awarded scholarships and 9 students were also recognized for outstanding achievements in sports or artistic disciplines such as swimming, dance, skating, among others.

### Healthy living

We encourage sports and healthy living among our employees and their families. Although during 2020 we allocated 46 Quality of Life Competitive Funds to sponsor different disciplines administered by the employees themselves, such as cooking classes, boat fishing, soccer, and handicrafts workshops, these could not be carried out due to the pandemic. Even so, in the third quarter of the year we launched the “Covid Mode” funds where 13 online activities were sponsored for different groups of employees.



## Corporate Volunteering

We believe that volunteering at Colbun should be aligned with the Company’s purpose, strategy and values.

Since 2018, Colbun has participated in the “Protagonists, Young Builders of the Future” program - led by SOFOFA, Hogar de Cristo and Actitud Lab -, which seeks to enhance the development of socioemotional skills of students from the Betania School in La Granja.

This program normally involved face-to-face visits by the students to the offices of the head office, where they met with a tutor. But because of the pandemic, the visits were changed to phone calls.

“I think each call was significant in bonding with the student. It’s like through each call and activity there is a rapprochement and realizing how to motivate and channel the student.”  
Testimonial from one of the 15 Colbun 2020 volunteers.





## Communication Channels with Employees

102-43

The Company's main internal communication channels are described below.

### 1 Intranet

This is Colbun's main internal communication media. It is updated daily and contains the most relevant news, birthdays, photo galleries, internal contests and personal information of each employee, among other things.

### 2 Emailing

Internal e-mails informing about organizational changes, relevant news, contests, births and deaths, etc.

### 3 Digital Display

There are 34 television screens in total: 9 at the Head Office and 25 at the Power Plants. The screens are intended to be a dynamic showcase for the different internal and external activities of the Company, strengthening and streamlining communication.

### 4 Periodical Meetings

One of the most effective means of circulation in the organization is face-to-face communication. Therefore, Colbun has implemented a series of milestones during the year with the aim of informing employees and promoting alignment within the Company. One of them is the General Manager's Extended Meeting, the quarterly management meetings with the Executive Role, the Sustainability Week and the visits of executives including the General Manager and the Board of Directors to the Power Plants. During 2020, only the first extended meeting with more than 350 employees was held in person. The rest of the activities were conducted online.



# 5.2

## Contractors and Suppliers

103-2, 103-3



For Colbun, good performance of contractors and suppliers is a very relevant issue, because they are an extension of the Company's operations and play a fundamental role in ensuring, promoting and increasing the sustainability of the business.

**The COVID-19 pandemic has generated uncertainty and increased complexity, which demands flexibility, coordination and collaboration, encouraging contractors and suppliers to jointly generate improvements in efficiency and quality.**

Participation in the supply chain requires a commitment to respect and comply with all our policies and procedures, especially our Code of Ethics, Human Rights Policy, Occupational Health and Safety, Environment and Quality Policy.

Therefore, we actively select and collaborate with suppliers who share our ethical values and sustainability commitments.

### OUR COMMITMENTS:

1

#### Traceability:

To ensure traceable and auditable, transparent processes that generate a reliable framework that provides optimal conditions for competitiveness, thus enabling honest, ethical and fair agreements to be reached, with a focus on long-term relationships and shared value.

2

#### Good Treatment:

Encourage a close, honest and respectful relationship with all our contractors and suppliers, fostering collaboration within a framework of joint growth.

3

#### Ethical behavior:

Ensure that all actions associated with the sourcing process are in compliance with the Company's Code of Ethics..

4

#### Commitment:

Respect for our commitments, paying all our contractors and suppliers in a fair and timely manner.







## Supplier and Contractor Management Model



### SUPPLY

Supply is the central focus of the supplier and contractor management model. The objective is to ensure a timely and sustainable supply, ensuring that each stage of the supply chain is part of a traceable and auditable process that guarantees transparency, generating a reliable framework that provides optimal conditions for competitiveness, achieving honest, ethical and fair agreements, in a framework of respect with long-term relationships that generate shared value.

### REGULATORY FRAMEWORK

The regulatory framework for the management of this group of stakeholders is given by our policies, standards and procedures.

## 01

### EXCELLENCE MANAGEMENT

Achievement of results with a sense of Quality and Responsibility.

- Contract Management Model
- Registration of Suppliers under Contract
- Supplier Segmentation
- Bidding Processes
- Quotation and bidding platform
- Standardized materials
- Risk management
- Pro Pyme Seal
- Fulfillment of our commitments

## 02

### COLLABORATIVE WORK

Search for alliances for mutual benefit

- Local supplier development
- Health and Safety
- Labor Relations
- Supplier Portal
- Local Employment Incentive
- Environment
- Community
- Human Rights
- Local Meetings with Suppliers
- Training

## 03

### INNOVATION MANAGEMENT


Creative solutions to address risks and opportunities

- Strategic Alignment
- Improvement Programs
- Training
- Local critical supplier programs
- Evaluation and Recognition
- Supplier Day
- Annual supplier survey
- Emissions reduction



# Contractors and Suppliers in Figures 2020


102-9, 204-1



CHILE


3,015

Supply companies worked with Colbun in 2020 (if we exclude suppliers of fuel, electricity and tolls, the figure is 2,547).




US\$ 718

million was the amount of purchases from suppliers in 2020



468

fuel, electricity and transmission service providers had the Company



49

suppliers accounted for 80% of purchasing expenditures (including fuel, energy and tolls)

PERU

591

supply companies had Fenix Peru in 2020 (if we exclude fuel, electricity and tolls suppliers, the figure is 500).

US\$159

million was the amount of purchases from suppliers in 2020

91

fuels, power and transmission service suppliers had Fenix

12

suppliers accounted for 80% of purchasing expenditures (including fuel, energy and tolls).

Evolution of number of supplier companies in Chile\*

	2017	2018	2019	2020
National Suppliers	2,775	2,494	2,458	2,342
International Suppliers	195	186	181	205

Evolution of Purchases from Suppliers in Chile (millions of USD)\*

	2017	2018	2019	2020
National Suppliers	254.5	198.4	169.9	193.3
International Suppliers	97.1	26.1	38.6	104.8
Total	351.6	224.5	207.5	298.1

\* Note: Excluding fuel, energy and transmission tolls.

Evolution of number of supplier companies in Perú\*

	2018	2019	2020
National Suppliers	489	530	440
International Suppliers	73	47	60

Evolution of Purchases from Suppliers in Peru (millions of USD)\*

	2018	2019	2020
National Suppliers	15.7	18.2	19.3
International Suppliers	1.8	3.4	23.7
Total	17.6	21.7	43.1

\* Note: Excluding fuel, energy and transmission tolls.

67%\*  
of Colbun's suppliers in Chile are SMEs

37%\*  
of Colbun's suppliers in Chile are located in the regions

24 million US\$\*  
was the amount of purchases from international suppliers in Peru in 2020

135 million US\$\*  
was the amount of purchases from domestic suppliers in Peru in 2020

\* Figures include fuel, energy suppliers and transmission tolls".



## Critical Suppliers

102-9

Colbun has identified as critical suppliers those whose performance is essential for the operational continuity of our power plants, including suppliers of critical components and those who are not substitutable, those who represent a significant volume of purchases, or those who, due to the nature of their work, may cause a serious environmental incident. Based on these parameters, a panel of experts from the Supply Management Department annually determines the list of critical suppliers.

Of the total of 3,015 suppliers in Chile, Colbun identified 48 critical suppliers,

which represent 1.6% of the total number of suppliers and 77% of the purchasing volume. These are mainly from the financial, engineering, fuel supply and waste treatment sectors. In 2020, 3 indirect critical suppliers or subcontractors were also identified, corresponding to transporters of our fuel suppliers.

In the case of Fenix, there are 21 suppliers identified as critical, representing 3.5% of the total number of suppliers and 68.5% of the purchases made by the Company in 2020.

### Total number of Colbun's employee contractors in Chile\*

Contractors and Subcontractors	2019	2020
Power Plants and Headquarters	905	783
Projects	348	291
Transmission	147	138
<b>Total</b>	<b>1,400</b>	<b>1,213</b>

\*Employees of suppliers subject to the Subcontracting Law. Excludes energy, power, tolls and fuel suppliers, which are not considered in the numerical analysis of the distribution of suppliers in this chapter.

The number of employee contractors in Peru was 104 in 2020.

## Geographic Distribution of Suppliers

204-1

Chile	2019		2020	
	Number of Suppliers	Amount (US\$ Thou)	Number of de Suppliers	Amount (US\$ Thou)
Metropolitan Region	1,456	125,342	1,380	151,192
Valparaíso Region	215	11,334	219	12,550
Biobío Region	414	21,786	406	18,119
Maule Region	129	4,896	116	4,522
Los Lagos Region	69	634	30	562
Atacama Region	-	-	24	2,487
Antofagasta Region	-	-	23	983
Lib. Bdo O'Higgins R.	60	1,402	44	604
Los Rios Region	60	590	65	983
Other Regions	55	3,008	35	1,343
<b>Total National Suppliers</b>	<b>2,458</b>	<b>168,992</b>	<b>2,342</b>	<b>193,345</b>

**Note:** The location of suppliers reflects the RUT where they pay their duties, taxes and commercial patents. Excludes purchases of energy, power, tolls and generation fuels.

Perú	2019		2020	
	Number of Suppliers	Amount (US\$ Thou)	Number of de Suppliers	Amount (US\$ Thou)
Lima Metropolitana	518	18,120	429	19,240
Chilca-Salinas	7	71	8	39
Other	5	69	3	76
<b>Total National Suppliers</b>	<b>530</b>	<b>18,260</b>	<b>440</b>	<b>19,355</b>

**Note:** Excludes purchases of energy, power, tolls and generation fuels.



48

critical suppliers in Chile during 2020

21

critical suppliers identified by Fenix during 2020





Risks and Controls

102-15

The document that sets out the principles, values and practices that should guide the daily actions and decision-making of our employees, contractors and suppliers, where applicable, is the Code of Ethics.

The Code is applicable to all of Colbun’s contractors and suppliers

and its subsidiaries in Chile and Peru, and is part of all our contracts, with dissemination on the Suppliers’ Portal ([www.colbun.cl/proveedores](http://www.colbun.cl/proveedores)) and in annual meetings with contractors and suppliers.

Another regulation applicable to our suppliers is the Special Regulation

for Contractors and Subcontractors (REECS), which is reviewed and updated annually.

The following diagram shows the risks and controls that the company monitors and implements in the supply process.

Supply: Risks and Controls







# 205

N° of suppliers/contractors in force in "Equifax", a review tool for sustainable management<sup>1</sup>

## Exchange of Good Practices

103-2, 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 awarding processes with collaborating companies, we have incorporated environmental principles along with labor (including human rights) and occupational safety issues, as well as compliance with Colbun's Code of Ethics.**

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.

<sup>1</sup>. Equivalent to 7% of the suppliers working in Colbun.

## Milestones and Initiatives 2020

### 1 Propyme Seal (1,889 SMEs benefited)

For the ninth consecutive year Colbún has obtained the ProPyme Seal, quality certificate awarded to companies that manage to verify (through external auditors) that they pay their suppliers within a period of no more than 30 days. This year 440 new SMEs have new SMEs. SMEs account for 67% of domestic suppliers.

### 2 Updating of Special Regulations for Contractors and Subcontractors (REECS)

Covid 19 prevention and sanitation and environmental protocols were incorporated. We also carried out a review and simplification of these regulations, updating social security, hygiene, industrial safety and zero fatality standards to make them simpler and more efficient.

### 3 Consolidation of Low-Cost Financing Options (Product Exchange)

In mid-2018 we closed an agreement with Bolsa de Productos (BPC) that allows all our suppliers and contractors to trade their invoices and other instruments in the space provided by the Santiago Stock Exchange, being a very competitive alternative to Factoring and Banks.



### 4 SUPPLIER SURVEY

We applied the ESG survey to our different stakeholders for the fourth consecutive year, where 83.18% of 111 suppliers surveyed evaluated our sustainable management positively.

### 5 IMPROVEMENTS IN CONDITIONS

The social and health crisis accelerated the implementation of a series of initiatives associated with our contractors and their employees, which were under study.

• **Minimum income assurance for permanent service employees:**  
*It was decided that as of January 2020 the salary of permanent contractor employees cannot be less than CL \$500,000 taxable and liquid at the same time.*

• **Prompt payment:** within 7 days: In the first week of November 2019, we implemented a change in the payment date for suppliers, from 30 to 15 days for all SME suppliers from the date the invoice is received. In March 2020, given the health condition, a general 7- day prompt payment policy will be implemented for all our suppliers.

# Evaluation of Socio-Environmental Practices

308-1, 308-2, 412-3, 414-1, 414-2

### Evaluation criteria:

In the selection processes of new national suppliers, 100% are evaluated with social criteria, considering aspects such as payment of social laws, DICOM, politically exposed persons, among others.

Regarding environmental criteria, all new suppliers that go through a bidding process to develop works in our power plants, projects and transmission lines, are evaluated under environmental criteria.

### Subcontractors:

During 2020, services were contracted with 468 supplier companies subject to the Subcontracting Law, to which the REECS regulation applies, which annually evaluates their social impacts (including labor practices and human rights).

Among these, 269 contractor companies were identified with the potential to generate significant social impacts, either because they are labor intensive (e.g., compliance with salary payments and social security contributions and risk of strikes), or because of occupational safety issues (potential for serious and fatal accidents due to work with energized equipment, work at heights, heavy machinery, work in confined spaces, among other power plant maintenance activities). None of them had significant social impacts.

### Potential environmental impact:

2020, of the total of 468 environmentally evaluated companies, 53 contracted companies were identified with the potential to generate some type of significant environmental impact (energy fuel companies, fuel transportation, handling of oils and lubricants

in power plant maintenance, ash and waste disposal). None generated negative environmental impacts in 2020.

### Peru:

In the case of Peru, in the process of selecting new suppliers, 100% were evaluated according to social criteria, considering politically exposed persons and based on the public list of companies with corruption. On the other hand, all tenders for contractors of the Fenix power plant were evaluated according to environmental criteria.

During 2020, 112 suppliers were evaluated environmentally, of which 27 had the potential to generate relevant environmental impacts. Likewise, 73 suppliers were evaluated socially, of which 8 had the potential for relevant social impacts.

### Evaluation and monitoring tools:

Some of the tools that Colbun uses to follow up on the social and environmental performance of its contractor companies, are:

• *Reputation and Risk Survey (annual):* includes specific questions on human rights, ethics, corruption, safety and health, as well as issues related to environmental impacts and other labor conditions. This survey also includes questions for employee contractors to evaluate their own company's performance (self-assessment). The survey also includes questions for contractor workers to evaluate their own company's performance (selfassessment), which allows us to identify sustainability risks.

• *Monitoring Platform:* The company also has a platform called Clever, which allows us to accredit the personnel of contractors and obtain indicators related to their performance.

The Company also has a platform called Clever, which allows us to accredit the employees of contractor

companies and obtain indicators related to environmental aspects (monitoring matrices) and social aspects such as age, gender, people with disabilities, among others, and where we also evaluate, for example, the accident rate or claims before the Labor Inspectorate..

• *Certifications:* Dispatch of certifications of compliance with labor and social security obligations, delivered by the respective Labor Inspectorate.

• *On-site Audits.*

• *Administrators:* Colbun's Contract Administrator, with assistance from the Environment area, follows up on commitments included in the terms of reference of contracts with potential environmental impact, where potential environmental risks and the respective control measures are identified. Prior to the execution of the service, the companies must prepare a matrix stating the risks associated with each activity, which is reviewed in the field by the Environmental and Occupational Health and Safety (MASSO) managers to corroborate that the

mitigation measures are adequate. In the more complex services, the presence of an on-site risk preventionist is required. There is also an audit area of the Integrated Management System for Contractors (SIGECS), which ensures compliance with policies and regulations, together with the MASSO area of the power plant.

It should be mentioned that, in the case of critical fuel transportation suppliers (direct and indirect suppliers), in addition to all the previously mentioned points, they must comply with the high standards required by the fuel transportation industry at the national level. For example, the trucks that transport diesel to our facilities must be registered and approved by the SEC (Superintendencia de Electricidad y Combustibles), and their conditions must be reviewed and checked before leaving the loading station, to prevent any risk of environmental impact.





Supplier evaluation process in Chile and Peru in 2020 (308-2, 414-2)

		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 with the Company		3.015	48	591	21
Environmental Assessment (308-2)	No. of suppliers evaluated in relation to environmental impacts.	468	13	112	11
	N° of suppliers identified as having significant negative environmental impacts: a) potencial b) real	a) 53 b) 0	a) 7 b) 0	a) 27 b) 0	a) 10 b) 0
	N° of suppliers identified as having significant negative environmental impacts -potential and actual- with which the company is involved: a) improvements have been agreed upon as a result of an assessment b) the relationship has been terminated as a result of the evaluation; include the reason.	a) 0 b) 0	a) 0 b) 0	a) 0 b) 0	a) 0 b) 0
	Description of significant negative environmental impacts - potential and actual - identified in the supply chain.	· High environmental risk: fuel spills during transportation, handling of oils and lubricants during power plant maintenance, handling of solid and liquid hazardous waste.			
	Measures to prevent risks of significant environmental impacts.	The Environmental Protection Standards include a series of environmental compliance guidelines, which are subject to audit by the Environmental area. · The contracts signed through the terms of reference have a matrix showing the potential environmental impacts of their own activities. The “Safe Work Analysis” (SWA) document is another tool used daily in the field to evaluate environmental aspects and control measures to avoid impact.			
Social Assessment (414-2)	N° of suppliers evaluated in relation to social impacts.	471	13	73	8
	No. of suppliers identified as having significant negative social impacts: a) potencial b) real	a) 269 b) 0	a) 10 b) 0	a) 8 b) 0	a) 2 b) 0
	N° of suppliers identified as having significant negative social impacts - potential and actual - with whom: a) improvements have been agreed upon as a result of an assessment. b) the relationship has been terminated as a result of the assessment; include the reason for termination.	a) 0 b) 0	a) 0 b) 0	a) 0 b) 0	a) 0 b) 0
	Description of significant negative social impacts - potential and actual - identified in the supply chain.	· High safety risk: serious and fatal accidents due to work with energized equipment, work at heights, heavy machinery, work in confined spaces, among other power plant maintenance activities. · High social risk: intensive in local labor. · In the case of the Fenix power plant, there is also a risk of local employees going on strike if they are not hired for certain services.			
	Measures to prevent risks of significant social impacts.	· The contractor company must send certifications of compliance with labor and social security obligations, delivered by the respective Labor Inspectorate. · The contract administrator is responsible for monitoring collective bargaining dates. · All contracts include clauses regarding the Code of Ethics and the Regulations for Contractors and Subcontractors. · Annual ESG survey of contractors to raise perception and risks.			

**Notes:** 1. All service companies operating in the power plants and projects must comply with the Environmental Protection Standards (clause included in the contracts) and the REECS (Special Regulations for Contractors and Subcontractors), to prevent environmental and safety risks.  
2. Although there were no suppliers with a real significant impact, subsequent training was provided to those suppliers that had a minor environmental incident.  
3. All suppliers under the Subcontracting Law (468) are socially evaluated. They must attach a monthly certificate of compliance with the payment of labor contributions and are subject to an internal audit. Additionally, Chile includes Puerto Coronel, Electrogas and Gas Andes. Other mechanisms used to socially evaluate these suppliers are: Equifax (205 suppliers registered in Chile, which are reviewed for delinquencies, tax situations, etc.) and the annual ESG Survey (110 interviewed in 2020 in Chile and 63 in Peru).  
4. All contractor personnel associated with our facilities must present their work contract, as well as the work modalities and shifts, in accordance with the Internal Regulations for Contractors and Colbun's Code of Ethics.  
5. During 2020 there were no contractor companies with significant environmental or social impacts in Chile or Peru, so no corrective actions had to be applied. It should be noted that the 2 companies in Chile and the company in Peru with which improvements in social issues were agreed in 2019, did not incur impacts again.



Proceso de selección de proveedores en Chile y Perú en 2020 (308-1, 414-1)

		CHILE		PERU	
		Total N° of Suppliers	Total N° of Critical Suppliers	Total N° of Suppliers	Total N° of Critical Suppliers
N° of new suppliers		742	0	133	1
Environmental Assessment (308-1)	New suppliers evaluated and selected according to environmental criteria	152	0	21	1
Social Assessment (414-1)	New suppliers evaluated and selected according to social criteria (human rights, labor practices, social impact).	577	0	11	0

**Notes:** 1. Total new suppliers include fuel, energy and tolls suppliers.  
2. 100% of service bids consider a technical assessment, where the dimensions of hygiene, safety, compliance with social laws and respect for the environment are evaluated. Specifically, the following are requested: Labor Inspection Certificate, safety indexes and documents associated with employee requirements and Safety, Environment and Quality procedures.  
3. All new suppliers, with the exception of international suppliers, are analyzed for DICOM (in Chile), PEP (politically exposed), payment of social laws and labor violations. In addition, in the case of Peru, every 3 months, the Fenix Internal Auditor sends the list of companies sanctioned by the Peruvian Government, either for bank debts or corruption.

Significant agreements and contracts with HHRR clauses or subject to HHRR assessment (412-3)

	CHILE	PERU
N° of Significant Contracts	468	73
No. of Significant Contracts with HHRR Clauses	468	73
% of Significant Contracts with HHRR Clauses.	100%	100%

**Note:** All companies that must comply with the Subcontracting Law have clauses associated with labor requirements that include human rights issues. human rights issues. Likewise, all these companies are subject to the annual ESG Survey, where human rights issues are raised. In addition, the Code of Ethics is part of all contracts and also includes these aspects.

# 5.3

## Safety and Health Management

(403-2)

### CHILE

In 2020, Colbun's main concern was the COVID-19 pandemic, where the priority was to take care of the health of employees and contractors, and at the same time keep our facilities in operation, to continue providing the power supply that is vital for the population.

Our prevention work, led by senior management, was based on the guidelines of the health authority, international organizations such as WHO, and also the advice of external health consultants, which allowed us to generate guidelines documents with preventive and control measures.

#### TOP 10 MEASURES FOR COVID-19

1. An emergency committee was created and met daily for a significant part of the year to coordinate and coordinate all actions and measures.
2. Teleworking for all those positions where it was not strictly necessary to go to the office.
3. In the power plants, work teams were segmented, safeguards were taken in feeding places, temperature controls were arranged and special transfers were arranged to and from homes.
4. PFor permanent contractors, special safety measures and redirection of tasks have been arranged, in line with the actions promoted by the company.
5. Internal campaigns were promoted and constantly updated to provide recommendations and instructions, with the support of the Chilean Safety

Association (Asociación Chilena de Seguridad).

6. Reinforcing prevention and selfcare measures among employees and collaborators, in order to avoid contagion.

7. Response protocols were drawn up for direct contacts and confirmed infections of the disease, identifying risk groups.

8. Procurement of protective elements, such as masks, disinfectants, rapid tests and PCR, products that were available throughout the year.

9. Permanent control of compliance with the measures was maintained through virtual and on-site audits.

10. Active case search campaigns (BAC) were carried out through mass PCR sampling.

All of the above helped to contain the outbreak of infection within our facilities During 2020, a total of 21 employees and 41 contractors were infected with COVID 19. Of the total of 62 people, 26% belonged to the head office and 74% to power plants and projects. In January 2021 we had to mourn the death of a contractor due to this disease, who was infected off-site.



# 21

own employees infected with COVID 19 during 2020







0

Accidents with serious or fatal injuries in 2020

#### POLICY AND PRINCIPLES

At Colbun we have a Safety, Occupational Health, Environment and Quality Policy ([see here](#)) that is actively promoted among our employees and collaborators

The basic principles of this policy are:

- Comply with the requirements established in current legislation.
- Comply with voluntarily acquired commitments.
- Comply with our standards in the areas of safety, occupational health, environmental aspects and quality.
- That no production goal or operational emergency justifies exposing ourselves to uncontrolled risks.

#### MILESTONES 2020

- Effective control of COVID-19 in our facilities, which allowed us to protect our employees and maintain the power supply to the population.
- Risk prevention management allows us to continue advancing in our safety culture.
- Dissemination campaign: we developed the "If you see it, say it" safety campaign (more details in this section below).
- "0" accidents with serious or fatal injuries by 2020.



## PERU

As in Chile, the control of COVID-19 was the main concern, emphasizing that there was a joint and complementary work to address this pandemic, taking into account the differences in legal requirements and the availability of personal protective equipment in each country.

In 2020, due to the pandemic, operational measures were implemented for the protection of employees and continuity of the power plant operation, being considered an essential service.

As a result of all preventive management, 19 employees and 14 contractors were infected in 2020.

Occupational Safety Indicators

403-8, 403-9, 403-10

As for occupational ailments or diseases, no cases were recorded during 2020.

Injuries due to work-related accidents of own employees (403-9)

Location	Total number of own employees 2020*	Total hours worked 2020	Work-related injuries with major consequences					Recordable occupational injuries				
			Rate				N° of People	Rate				N° of People
			2017	2018	2019	2020	2020	2017	2018	2019	2020	2020
Chile	973	2,309,076	0.39	0	0	0	0	0.85	0.43	0.43	0	0
Peru	94	367,944	0	0	0	2.72	1	5.02	0	3.58	2.72	1
Global	1,067	2,677,020	0.42	0	0	0.37	1	0.78	0.39	0.77	0.37	1

**Notes:** In the reporting period (2017-2020) there were no fatalities resulting from a work-related injury or vehicular accident of employees in Chile or Peru. Regarding injuries to own workers due to occupational accident with major consequences, in the case of Chile, in 2017, there was an accident at the Carena power plant, where an employee suffered the amputation of his right thumb. In the case of Peru, in 2020, an employee at the Fenix power plant suffered a serious injury due to a fractured wrist. At Company level, the most frequent types of work-related injuries were associated with falls on the same level. The data covers 100% of our employees.

Work-related injuries of contractors (403-9)

Location	Total No. of contractors 2020*	Total hours worked 2020	Work-related injuries with major consequences					Recordable occupational injuries				
			Rate				N° of People	Rate				N° of People
			2017	2018	2019	2020	2020	2017	2018	2019	2020	2020
Chile	1,213	1,869,497	0	0	0	0	0	1.38	1.32	1.81	2.67	4
Peru	104	192,366	0	0	0	0	0	0	0	0	5.2	1
Global	1,317	2,061,863	0	0	0	0	0	1.27	1.19	1.62	2.42	5

**Notes:** In the reporting period (2017-2020) there were no fatalities resulting from an occupational accident injury or vehicular accident of contractor employees in Chile or Peru. There were also no work-related injuries with major consequences. At the Company level, the most frequent types of workrelated injuries were associated with cuts to the hands. The data covers 100% of our contractors..

Regarding the coverage of the occupational health and safety management system, in the case of Chile, 100% of our employees (973 people) and contractors (1,213 people) are covered by our Safety, Occupational Health and Environment Management System, which has been internally audited. Likewise, this System has current certifications in ISO 14.001 and OHSAS 18.001, delivered by an external specialist company, for 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 María Complex, which is equivalent to 94.3% of the employees and 88.6% of the contractors.

In the case of Peru, 100% of our employees (94 people) and contractors

(104 people) at the Fenix Power Plant and Magdalena corporate offices are covered by an occupational health and safety management system, which has been verified by an external auditor. Colbun’s Safety, Occupational Health and Environmental Management System is currently being implemented at this power plant.

\*Average workforce is considered, in accordance with Decree 67. Rates are calculated per 1,000,000 hours worked.

Strengthening Safety Culture

403-2, 403-3, 403-4

It is important to underline that COVID-19 was not an obstacle for the work in risk prevention, where we continue to improve our safety culture. the work in risk prevention, where we continue to improve our safety culture, maintaining the focuses of the Strategic Plan for Occupational Safety and Health generated in 2017, which were as follows:

- 1. Safety Leadership Development
- 2. SSO Objectives
- 3. Safety Communication
- 4. Procedures and Rules
- 5. Occupational Health Management

Procedure:

The Company has a hazard identification and risk assessment procedure, which establishes the methodology for developing the identification and assessment of hazards. This process is led by the area manager/supervisor, with the support of the OHS supervisor if required. Subsequently, the updated risk identification and hazard assessment matrix is disseminated to the personnel involved.

Possibility of complaints:

Employees have the possibility. to indicate hazards or dangerous work situations, through different mechanisms: Safe Work Analysis (daily, before each labor), Inspections, Observations. They can also do so through the Joint Health and Safety Committee associated with each facility. No employee will face reprisals if they report this type of situation.

Internal Regulation:

The Order, Hygiene and Safety Regulation, indicates in Article 70° that any employee who is entrusted with the execution of a job for which he/she has not been trained and/or who presumes a danger of accident that has not been evaluated and controlled, must inform his/her direct boss. In addition, the employee may refuse to execute the dangerous work as long as the above is not complied with and the corresponding control measures have been taken.

Consultants:

As a strategic partner for Occupational Health and Safety management, we have the support and advice of the Chilean Safety Association and its associate DEKRA, with whom during 2020 we sought preventive management strategies that directly impact the Company’s safety culture and that will be implemented in 2021.

Other key strategic partners to promote the safety culture are the Joint Health and Safety Committees (CPHS) existing in the different facilities, which meet on a monthly basis. 100% of our employees are represented in these Joint Committees.

In 2020, these committees were very useful in the management of COVID-19, motivating employees to comply with preventive measures, and also monitoring compliance with the measures in their periodic inspections.







# 167

employees participated in the behavioral observation and interaction skills workshop

## Campaigns and Training Courses 2020

403-5, EU18

The annual training program includes courses on topics related to occupational safety and health, such as: handling and use of fire extinguishers, defensive driving, first aid, protection against UV radiation, handling of hazardous substances, boiler operation, among others. This year, Covid also provided information through the Chilean Safety Association on preventive and self-care measures.

### THE MAIN CAMPAIGNS AND COURSES CONDUCTED IN 2020 ARE AS FOLLOWS:

- **If you see it tell me” campaign:** motivated the identification of safe behaviors, to reinforce them, and unsafe behaviors to correct them in a positive way.
- **Electrical Risks Course:** developed under e-learning modality, based on the NFPA 70E standard, in order to make it more massive in the organization.
- **Behavioral Observation Workshop:** also developed in the e-learning modality and taught by the Chilean Safety Association, enabled the training of 167 employees.

In 2020, a total of 3,083 employees from contractor companies received Colbun’s SSO induction throughout our different facilities.

In the case of the 342 employees of permanent contractors (located at our facilities), they also received other types of training on COVID-19, Zero Fatality Standards (ECFs) and emergency plans.





# Occupational Health and Healthy Living

403-6

## CHILE

Preventive checkups: The COVID-19 pandemic altered our annual Occupational Health and Healthy Living plan, given health centers were dedicated exclusively to attending COVID-19 cases and emergencies, leaving no room for non-priority health check-ups, in addition to mandatory isolation measures.

Once it was possible to resume preventive health checkups, the employees were encouraged to do so. It should be noted that the test results are private and only the employee has access to them.

In addition, during 2020, several health Webinars were held to motivate employees to maintain their good health and not to neglect their medical check-ups, as far as possible. Medical personnel from the Chilean Safety As-

sociation (Asociación Chilena de Seguridad) were available for this purpose. Indirect effects of COVID-19: Teleworking involved promoting training for employees, with the support of ACHS and other external consultants, to prevent accidents and occupational illnesses at home.

**In order to protect the mental health of our employees, we gave talks on Emotional Management and Resilience, which were very well received internally.**

There were also videos and online talks, also with medical personnel from the Chilean Safety Association, to inform employees about the evolution of the pandemic, the vaccination process and to motivate them to comply with the control measures to avoid contagion. Finally, the Company provided protection kits for the employees' families.

Absenteeism rate Colbun Chile

	2017	2018	2019	2020
Male	1.8	1.8	2.0	1.7
Female	2.8	2.8	2.6	1.8
Total	2.0	2.0	2.1	1.7

**Note:** Days of continuous absenteeism (No. of days) / Average staffing (No. of persons).

## PERU

In 2020, no occupational diseases were generated in Fenix. A medical examination was performed on 100% of employees, providing information for the establishment of actions for the occupational health surveillance plan to be carried out in 2021. Due to the health condition, actions for surveillance and control of COVID-19 will continue to be implemented.

We will continue with the actions for the digitalization of the HSE Plan through Zyght.

### SECURITY MILESTONES IN PERU IN 2020

- The use of the Zyght platform for safety and occupational health issues was implemented throughout the company.
- The Contingency Plan was updated in accordance with corporate standardization.
- The Hazard Identification and Risk Assessment and Control Procedure was updated, improving the methodology to be used.
- COVID 19 prevention and control measures were implemented in accordance with current regulations and corporate guidelines.

Absenteeism rate Fénix Peru

	2017	2018	2019	2020
Male	1.5	0.4	0.4	1.1
Female	0.7	1.4	0.7	0.1
Total	1.3	0.7	0.5	0.8

**Note:** Days of continuous absenteeism (No. of days) / Average staffing (No. of persons).



## OCCUPATIONAL HEALTH PILLARS AT COLBUN



### Epidemiological surveillance

Exposure of employees in their workplaces is monitored, identifying risk agents present (doses, concentrations and exposure times) that allow us to quantify their magnitude in order to propose control measures.

Likewise, health conditions are verified preventively and voluntarily against specific risk agents in the general population, measuring biological indicators and performing 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 risks to employees and allowing monitoring of individual health status. Noise is the main health risk identified at Colbun's power plants. However, health protocols have been applied that involve a systematic sequence of actions for compliance. The protocols include the following:

- Occupational Exposure to Noise Program (PREXOR),
- Plan for the Eradication of Silicosis by 2030 (PLANESI).
- Work-related Musculoskeletal Disorders of the Upper Extremities (TMERT-EESS)
- Manual Handling of Loads (MMC)
- Psychosocial Disorders (PSD), Asbestos, and Non-Ionizing Radiation (Rad UV A/B).

All of them are part of the hygiene plan that includes, among other actions, qualitative evaluations and previous studies in all the power plants.



### Occupational health surveillance

To ensure that employees have the necessary physical aptitudes to carry out their work, their health is systematically evaluated through a series of occupational examinations, incorporating a follow-up program for employees who show some degree of alteration in their health evaluation. This allows the employee to be encouraged to consult through his or her health plan and to seek appropriate medical treatment.

The information gathered is reported to the Health Committee, made up of three members of the Organization and People Management and three members of the Occupational Health and Safety Management, headed by their respective managers. Having no occupational diseases (EP) has been Colbun's focus, and in 2020 the goal of "0" EP was again achieved. In 2020 the program was altered due to what was mentioned in previous paragraphs.

## Safety in Our Facilities

EU21

During 2020, the emergency plans of each of the facilities were updated based on the new corporate procedure, which seeks to have homogeneous and effective emergency plans, so that their application is simple and clear for all personnel.

The objectives and scope of this procedure include:

- Control of the emergency, with the means available and defined in Colbun S.A.
- Minimize possible 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 solve the emergency.
- To avoid its repetition, as a form of continuous improvement.

### OTHER MILESTONES

During 2020, despite the restrictions associated with COVID-19, we continued to install the technological surveillance system (SVT), adding the Santa Maria power plant and the Company's headquarters (these facilities are in addition to the Angostura power plant and the Mulchén substation, which already had this surveillance system). We also began the development of the VTS projects at the Nehuenco Power Plant, Colbun Complex and Aconcagua Complex.

Technological surveillance systems allow us to significantly improve facility surveillance systems, achieving early detections and also a reduction in costs. In 2020, we did not record any events associated with social unrest.





In late 2020 and during the summer months of 2021, a safety outreach campaign was conducted concerning the Tailrace Canal, which included radio spots and a video to raise awareness about the importance of self-care in the communes of Colbun and Yerbás Buenas.

## Safety Management in Communities where we are present

EU21, 412-1, 413-1, 413-2

All Colbun power plants have an emergency plan for fires, earthquakes and natural disasters. Annual drills are carried out, with the participation of entities such as the Fire Department and government emergency offices, and a matrix of the risks that our operation could generate in the surrounding communities is periodically updated. In relation to the above, the following are some of the ongoing actions that seek to improve the safety of the community in relation to our facilities.

### COLBUN COMPLEX

#### Protocol for the Reservoir Law:

In 2016 Colbun signed the protocol for “Delivery of Information and Communication of Declarations of Flood Alert and Other Measures for the Reservoir Law N° 20,304” which is in force for the Colbun Reservoir. This agreement involved the DGA, the Meteorological Directorate, ONEMI, Colbun and other companies in the sector, seeking to adopt preventive measures aimed at avoiding or mitigating risks to life and affectation for public and private property due to flooding of the Maule River.

#### Discharges:

When the Colbun Reservoir must discharge water, the Company coordinates with ONEMI and previously informs local and regional authorities, in order to prevent any risk situation in the basin.

#### Colbun’s Power Plant Tailrace Canal:

In late 2020 and during the summer months of 2021, a safety outreach campaign was conducted around the Return Channel, which included radio spots and a video to raise awareness about the importance of self-care in the communes of Colbun and Yerbás Buenas.

### ANGOSTURA POWER PLANT

#### Flood protocol:

In this power plant there is a communication protocol with the authorities and other stakeholders to give notice when there will be an opening of floodgates due to a significant increase in the natural flow of the river. As it is a minimum regulation reservoir, when the river’s natural flow rises, the power plant must gradually open its gates to discharge the water that cannot pass through the turbines. This opening may occur several times during the year.

#### Winter campaign:

Every year, prior to the winter season, a winter dissemination campaign is carried out, which includes a meeting with regional media, in addition to the delivery of brochures and the broadcasting of radio phrases, to reinforce information in the event of possible river flooding due to weather situations.

#### Additional Safety Measures:

Although for several years there have been signs on the Biobío River that warn of changes in flow that could occur in its bed, in 2020 work was done to implement a new alarm system to warn bathers or river users of possible increases in flow. This system is expected to be implemented in 2021.

#### Angostura Park:

Due to COVID-19, different protocols were adopted in Angostura Park to allow tourists to enter, but under strict safety conditions, such as reduced capacity, physical distancing, temperature taking, etc.

### ACONCAGUA COMPLEX

#### Safety signage:

Since 2015, signs and sirens indicating the occurrence of flow increases due to sudden discharges have been permanently in place in different areas of the basin.





# 5.4

## Community Engagement

Colbun's community management seeks to develop an associative work with the communities neighboring our facilities and projects in order to be and be recognized as a company that generates value with these communities, avoiding, mitigating and compensating the negative

impacts and enhancing the positive effects of our presence.

This requires a trusting and long-term relationship with the communities, which in turn demands an operational performance of excellence. The following model explains this vision.



### PRINCIPLES OF THE COMMUNITY ENGAGEMENT POLICY

The Community Engagement Manual is based on three principles:



**1.** Build relationships with the community based on transparent and collaborative dialogue.



**2.** Generate opportunities in localities of which we are a part.



**3.** Contribute to the improvement of quality of life of local communities.







## Community Engagement Model

103-2; 103-3, 413-11

The objectives and focuses of our community and authority relations strategy in the more than 20 municipalities where we operate in Chile, plus one district in Peru, are shown below.

### FINAL GOAL

Be and position itself as a company that generates sustainable shared value with its neighboring communities.

#### Generating Trust

Build and maintain associative and collaborative relationships with the community.

##### Energy for leadership

Training for neighborhood leaders  
Support in managing public resources

##### Energy for participation

Stakeholder mapping  
Community priorities mapping  
Meetings with authorities and neighbors  
Work and dialogue round tables  
Visits to power plants, Energy House and Visitor Center  
Participation in community activities  
Alliances with trade associations  
Work with local media.

#### Generating Opportunities

Maximize the positive impact of Colbun's business in the community, promoting the development of the local economy.

##### Energy for local employment

Employability and occupation survey  
Training for local labor  
Definition of minimum percentage of local labor contracting

##### Energy for local suppliers

Survey of goods and services  
Training of local suppliers in Colbun standard  
Hiring of local suppliers  
Prompt payment policies  
Financial support

#### Generating Future

Collaboratively promote community development through sustainable and social impact projects.

##### Energy for Education

Energy and environmental education  
Technical training in trades and leadership skills  
Education infrastructure and equipment

##### Energy for entrepreneurs

Productive linkages  
Entrepreneurship training  
Entrepreneurship qualification  
Entrepreneurship funds

##### Energy for quality of life

Sports programs  
Sports infrastructure and equipment  
Public spaces and green areas  
Tourism development

All of Colbun's power plants and projects have implemented initiatives with the community in one or more of these dimensions.



Dialogue with the Community and Society: Generating Trust

102-43, 203-2, 413-1, 413-2, EU19

What do we do?

In order to establish an early approach and a fluid dialogue with the communities where we seek to locate our projects, the Company informs the authorities and communities at an early stage about the activity we intend to develop and, at the same time, listen to their vision and priorities.

Who does this?

This is a joint effort by the Engineering and Projects Division, Environmental Management and Public Affairs Management.

When do we do it?

Prior to the presentation of the environmental impact assessment or statement, in order to learn about local opinions regarding the project and facilitate its integration into the territory. This approach is then maintained during the construction and operation of the power plant. The same philosophy is applied for Fenix, where there is a strategy for relations with neighboring communities that includes guided tours, informative meetings, a complaints and claims system, and a mailbox.



Potential positive impacts

Construction	Operation
Local labor generation	Demand for local and regional products and services
Demand for local and regional products and services	Tariff reductions for municipalities that have power plants
Social investment in the commune	Social investment in the commune
Strengthening of trade union activity	Strengthening of trade union activity
Archaeological findings	Tourism activities (hydroelectricity)
Rent for concession of onerous use (solar and wind power)	Storage of water for irrigation (hydroelectricity)
	Rent for concession of onerous use (solar and wind power)



Potential negative impacts (413-2)

Construction	Operation
Disturbing noise	Alteration of terrestrial and aquatic ecosystems (hydroelectric)
Particulate matter (dust) lifting	Changes in river regime and flow alterations (hydroelectric)
Transitory demographic increase	Landscape alteration (hydroelectric and thermoelectric power plants)
Potential landscape alteration	Potential impact on the terrestrial connectivity of communities (hydroelectric power plants)
Potential resettlement of communities	Potential impact on communities' access to water (hydroelectric plants)
Potencial sobrecarga de infraestructura y servicios	Potential increase in perception of security risk (hydroelectric power plants)
Potential ecosystem alteration	Potential effluents and hazardous and nonhazardous wastes (thermoelectric power plants)
	Atmospheric emissions and discharges (thermoelectric power plants)
	Water consumption (thermoelectric plants)
	Noises (thermoelectric plants)



Colbun’s Horizonte wind farm project (Municipality of Taltal) became one of the first investment projects in the environmental evaluation process to carry out its Citizen Participation phase online.

CITIZEN PARTICIPATION AND EARLY CONSULTATION

EU19

Although most of Colbun’s renewable projects tend to be located in locations where there is very low or no population density, the Company assesses the human component where its projects are located -when appropriate- and establishes early communication channels. However, the Covid-19 pandemic made it necessary to prioritize social and physical distance to protect people’s health, which had an impact on participation activities.

HORIZONTE WIND FARM

In early October 2020, and under the organization and direction of the Environmental Assessment Service (SEA) of the Antofagasta Region, the Horizonte wind farm project of Colbun (Taltal Commune) became one of the first investment projects in the environmental assessment process to carry out its Citizen Participation phase remotely,

after the SEA suspended inperson citizen participation as a result of Coronavirus.

Virtual gathering with the communities of Taltal and Paposo was convened by local radio stations and through social networks, and was carried out through Microsoft’s TEAMS platform. Its performance allowed presenting the main characteristics of the project and the Environmental Impact Assessment - which was submitted to the system in January 2020-, as well as addressing questions from the public.

Horizonte had carried out in August 2019 a voluntary early citizen participation process (PACA) of the project, prior to the submission of the EIA, which included informative meetings with local authorities, representatives of the local community, citizen and functional organizations, and individuals.

DIEGO DE ALMAGRO SUR PHOTOVOLTAIC PLANT

This solar project was acquired by Colbun from a third party when it was in its final stage of environmental approval. Once Colbun’s Board of Directors approved the investment decision, the Company presented the project to the mayor and municipal council of Diego de Almagro, which allowed gathering valuable information about the local vision and concerns for the construction stage, which began in the last quarter of the year. The project was also presented in 2020 to regional authorities, such as the Seremis of Energy, Economy and Labor, the Director of Sence and the Provincial Governor.



## PARTICIPATORY DESIGN AND COMMUNITY INFRASTRUCTURE

EU19, 203-1

### RURAL DRINKING WATER SYSTEMS

Through grant funds and direct donations, Colbun contributed to the improvement of infrastructure, equipment and replacement of equipment for Rural Drinking Water Systems (RWS) in the communities of San Pedro in Quillota and Los Espinos in San Esteban (Valparaíso Region) and San Ramón, Lo Nieve and Los Nosotros in the municipalities of Santa Bárbara and Quilaco (Biobío Region).

In all these cases, the equipment and improvements were decided jointly with the committees that manage these systems, which are elected by the community. This program contributes to SDG No. 6 on “Ensure availability and sustainable management of water and sanitation for all”, in its indicator 6.b.



### LOCAL FOOTPRINT ALLIANCE, MUNICIPALITY OF COCHAMO AND COLBUN

In 2019 the NGO Fundación Huella Local, Colbun and the municipality of Cochamo signed an agreement to promote -through direct financing or by applying for public funds- social infrastructure initiatives in this town in the Los Lagos Region. In 2020, work began on the first multi-purpose sports center in the town of Llaguepe and the expansion of the “Capitán de Bandada Carlos Rodríguez París” rural school in Llanada Grandes. In all these projects, a process of citizen participation of stakeholders is carried out, including neighborhood councils, functional or territorial groups, in addition to the public agencies involved.

This program helps to strengthen SDG No. 17 on “Partnerships for Achieving the Goals”, in particular objective 17.17 on “Encourage and promote effective public, public-

private, and civil society partnerships, building on the experience and resourcing strategies of partnerships”.



### LAKE CHAPO TOURISM BOARD

This committee is a participatory body promoted by the Lake Chapo and Rio Blanco neighborhood councils, the Municipality of Puerto Montt, the regional government and Colbún, with the aim of promoting tourism development in the area. In 2020, a project financed by Colbún to build a Visitor’s House at Lake Chapo was presented to this body, an initiative whose design and scope was defined by the Board itself over the course of the year in several electronic meetings held over the course of the year.



### FENIX PARTICIPATORY ENVIRONMENTAL MONITORING

In 2020, the Fenix subsidiary conducted its Participatory Socio-Environmental Monitoring Program (PMSAP) virtually, which seeks to verify that the results obtained in the monitoring comply with the commitments made by Fenix in its Environmental Impact Assessment (EIA) and established by the competent authorities.

On this occasion, residents of Las Salinas, Chilca Pueblo and annexes participated remotely and were able to review the monitoring methodology from their homes, ask questions, and corroborate the results of the environmental monitoring of their surroundings. This program measures 11 standards, such as surface water quality, air quality, marine biology, groundwater, environmental noise, etc.







### COMMUNICATION CHANNELS WITH THE COMMUNITIES

102-17, 102-21, 102-43, 103-2, 413-1, 413-2, EU19

Colbun has different channels of communication with the communities, seeking to inform them of its activities and opening spaces for dialogue and listening, this has been very important to know and understand the local vision and manage our relationship with the community. Here are some cases, complementary to the more traditional forms of engagement, such as personal contact, telephone or work tables:

### COMMUNITY THERMOMETER

Since 2014, Colbun annually conducts a massive perception survey to neighbors and relevant stakeholders, where they are consulted on various aspects of the company's management. This Community Thermometer allows us to detect gaps and has become an important support for community management, focusing on our greatest challenges.

In 2020, 300 people from the communities where Colbun is present were interviewed.

### HOTLINE AND CONTACT LINE

A Whistleblower Hotline is available on Colbun's website. This same channel, under the name of Ethics Line, exists in Fenix. In 2020, 18 complaints were received in Chile and 4 in Peru. There is also a Contact Line on our website, which allows us to make comments, queries or complaints, which have a tracking number and response time. In 2020, xx messages were received through this channel in Chile, of which 12 corresponded to complaints. In Fenix, 2 complaints were received in the complaints and claims system.

### VISITS TO OUR FACILITIES

In 2020, as a result of Covid-19, we had to suspend the "Energy Tour", which aims to open our facilities to guided tours, a program implemented at Angostura Power Plant (Biobío Region), Los Quilos Power Plant (Valparaíso Region), Los Colbun Power Plant (Maule Region) and Canutillar Power Plant (Los Lagos Region), as well as Fenix in Peru.

In addition, a virtual tour of the Angostura Power Plant and Park was implemented, where those interested could access via cell phone or computer to a 360° degree virtual reality program to learn about the industrial facilities and the park.

### COMMUNITY WHATSAPP

In order to have a fluid communication with the communities and answer questions from the neighbors themselves, there are WhatsApp groups with all the communities where we are present, with the participation of neighborhood leaders and Colbun personnel. This direct communication allows us to make calls and answer questions from the community in an agile and transparent manner.

### PUBLIC ACCOUNTABILITIES AND COMMUNITY DIALOGUES

Also as a result of the Coronavirus, Colbun suspended in 2020 its traditional program of public accountability and community dialogues, which is carried out in most of its power plants. Although as a pilot experience, the Canutillar power plant managed to carry out a digital public account at the end of the year in the commune of Cochamo, with good results, the biggest challenge in this type of experience is related to the low penetration of good quality internet in the rural areas where the Company is present. This will be a challenge that we will seek to address in 2021.

### LOCAL RADIO PROGRAMS

In the context of the restrictions imposed by the Coronavirus, the Company implemented seven radio programs on local radio stations in 6 communes: Quillota, Los Andes, Colbun, Santa Barbara, Coronel and Cochamo (in 2019 it covered only three localities). In these spaces, week after week, health professionals, representatives of public services and specialists participated, providing information of interest to the community in the context of the pandemic. It also included spaces for the dissemination of local entrepreneurs. This program contributed to SDG



No. 3 on "Ensure healthy lives and promote well-being for all at all ages".

### SOCIAL NETWORKS

Colbun is now present on Twitter, Youtube, Facebook, Linkedin and Instagram. In all these channels we seek to inform about our activities, milestones in our host communities and energy industry issues. They are also an important focus for queries. In total, Colbun's accounts have more than 88 thousand followers, in addition to the accounts of Angostura del Biobio, a Colbun project that has close to 55 thousand followers on social networks.



Local Suppliers and Employment: Generating Opportunities

204-1

At Colbun we promote the purchase of goods and services from local suppliers, as long as they meet the technical and commercial conditions required for a reliable commercial operation.

In 2020, the company worked with 219 local suppliers (78.5% SMEs) in Chile, with purchases of US\$ 11.8 million. In the case of Fenix, US\$39,063 was invested in the purchase of goods and services from local suppliers.

Spending on local suppliers: purchases in municipalities with influence Colbun-Chile (204-1)

Region	Comune	Suppliers	Amount USD
Valparaíso Region	Los Andes	55	2,815,627
	Quillota	25	3,623,631
	San Esteban	8	9,393
Total Region		88	6,448,651
Metropolitan Region	Til til	2	66,496
Total Region		2	751,606
Lib. Bdo O'Higgins Region	Codegua	5	19,032
	Mostazal	4	78,857
Total Region		9	97,889
Maule Region	Colbun	15	2,302,908
	San Clemente	3	5,930
	Yerbas Buenas	1	2,609
Total Region		19	2,311,447
Biobío Region	Antuco	1	2,609
	Cabrero	17	511,971
	Coronel	44	1,935,896
	Quilaco	5	105,904
	Quilleco	3	12,672
	Santa Bárbara	1	19,018
Total Region		71	2,588,070
Los Lagos Region	Cochamó	8	110,428
Total Region		8	110,428
Los Ríos Region	Los Lagos	4	18,907
	Panguipulli	7	80,450
Total Region		11	99,358
Atacama Region	Diego de Almagro	6	32,932
Total Region		6	32,932
Antofagasta Region	Tal tal	5	7,914
Total Region		5	7,914
TOTAL		219	11,763,184



29 %

of the local workforce in Chile belongs to power plants, projects and transmission facilities (Base: 617 workers).

Recruiting local labor in Chile (203-2)

Region	Province	Commune domicile	Total
RM - Metropolitan	Melipilla	Curacaví	18
V - Valparaíso	Los Andes	Los Andes	68
		San Esteban	15
	Quillota	Quillota	21
VII - Maule	Linares	Colbún	9
	Talca	San Clemente	2
VIII - Biobío	Biobío	Antuco	1
		Cabrero	5
		Quilaco	2
		Quilleco	5
		Santa Bárbara	3
	Concepción	Coronel	20
X - Los Lagos	Llanquihue	Cochamó	1
		Puerto Montt	5
XIV - Los Ríos	Valdivia	Panguipulli	1
Total general			176

Purchases in communities with influence in Fenix-Peru(204-1)

Region	Suppliers	Amount USD
	2020	2020
Chilca - Salinas	8	39,063



5.4

million dollars was Colbun's social investment in 2020 (Chile and Peru), benefiting more than 330 thousand people.



## Community Development Programs: Generating Future

Colbun-3.S0, 203-1, 203-2

**Colbun develops its community investments under the following principles, established in the Community Affairs Manual:**

1. Activities are developed on the basis of a defined strategy.
2. Align the strategic issues of the business with the development of local communities, civil society and government priorities to create "shared value".
3. Position the Company as an ally that involves all stakeholders and not as the main actor in the promotion of local development.
4. Seek to avoid dependency and instead encourage autonomy and the creation of long-term benefits that endure over time.
5. Monitor changes in community perceptions to obtain real-time feedback on performance.
6. Proactively communicate the value generated by Community Investment to internal and external audiences.

### FOCUSES ON SOCIAL INVESTMENT

Disbursements associated with community projects or programs at power plants and projects, centralized corporate donations to non-profit foundations and administrative expenses of the Public Affairs area are considered community social investment.

Colbun's community investment in general terms is focused 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 aimed at strengthening capacities in the areas of productive development and employability.
- 3. Energy for Education:**  
through scholarships, courses, infrastructure and interventions in schools in the communities where Colbun operates.

### OUTSTANDING COMMUNITY PROJECTS IN CHILE 2020: FOCUS COVID-19

Although Colbun has a medium and long-term community engagement strategy as described above, the outbreak of the Coronavirus led the Company to design an emergency plan in order to work with communities to address this virus and its consequences, and thus contribute to SDG No. 3 on "Ensure healthy lives and promote wellbeing for all at all ages".



#### Three principles guided this work:

- 1 Collaborative work:**  
Privilege joining forces with the community, civil society organizations, local and national governments to face an unprecedented challenge.
- 2 Bottom -up programs:**  
Design programs tailored to the most urgent needs in each community, where the expertise of the Company's community relations teams was very relevant.
- 3 Focus on reactivation:**  
A few months after the emergency, we began to design programs to support the reactivation and generation of employment at the local level.

Slightly over \$1.3 million for community support in the context of the COVID-19 pandemic

SOCIAL MANAGEMENT DURING THE PANDEMIA

Four were the focuses of community engagement work carried out in this context:

1. Health support and support to health personnel

The most urgent measure was to procure sanitary elements for the more than 20 communities where we operate. This included, among others:

- Surgical mask and N95 imports;
- Confirmation of a network of seamstresses to manufacture reusable masks;
- Confirmation of a network of seamstresses to manufacture reusable masks;
- Purchase of medical supplies and provision of transportation for local health personnel;
- Thermographic cameras;
- Sanitization of public spaces; and
- Support for hospital infrastructure and equipment.

2. Working with Hogar de Cristo

Under the umbrella of the Covid-19 Private Emergency Fund formed by the CPC and its branches, Colbun joined forces with Hogar de Cristo to help the homes for the elderly maintained by this foundation. The contribution allowed the safe sanitary operation for two months of 13 residences throughout Chile that house more than 600 elderly people in vulnerable situations, financing the purchase of almost 700 thousand sanitary implements.

3. Collaborative food drive

In partnership with neighborhood councils, functional groups and municipal organizations, a collaborative campaign was implemented to deliver nearly 7,500 food boxes to 15 communities. 7,500 boxes of food in 15 communities. The organization of this campaign was a major logistical challenge at a time when many regions of the country were facing long periods of confinement.

4. Local outreach programs

In order to provide useful information to the population in times of crisis, Colbun implemented seven radio programs focused on providing space for specialists in health, prevention, emotional assistance and other disciplines to bring relief to communities in times of crisis. In addition, a website was implemented with recommendations and measures to face the pandemic.

PROJECTS TO SUPPORT LOCAL REACTIVATION

In addition, the Company designed programs to support reactivation, local job creation and working capital contributions to entrepreneurs. Some of these projects were implemented in 2020 and others were designed with the idea of being operational during the first part of 2021. All of them will contribute to SDG No. 8, aimed at “Promoting inclusive and sustainable economic growth, employment and



decent work for all”, in particular indicators 8.3 and 8.9.

Among the most relevant are:

**Gente Dulce** (Sweet people): This is a free e-commerce platform created by the Colbun Entrepreneurship Center in the Biobío Region, with the objective of being a virtual showcase for entrepreneurs in the municipalities of Antuco, Quilleco, Santa Bárbara, Quilaco (www.gentedulce.cl).

**Support for tourism ventures:** Through the “Incuba tu Energía” program, Colbun’s Entrepreneurship Center was awarded competitive funds to support the reopening of businesses of tourism entrepreneurs in the municipalities of Santa Bárbara, Antuco and Quilaco. A version was also developed in Puerto Montt, through the Chapo Lake Tourism Board.

**Entrepreneurial Energy:** A promotional campaign was carried out for close to 40 entrepreneurs from the communes of Los Andes, San Esteban and Quillota, through digital networks and the written press, in addition to creating a website (www.colbun.cl/reactivacion) to make their offerings visible. Additionally, in collaboration with the Fundación Simón de Cirene, the groups of Juntas de Vecinos San Pedro (Quillota) and Camino Internacional (San Esteban and Los Andes), and the Municipality of Quillota, competitive funds were awarded to nearly 80 entrepreneurs in both areas.

**Your Requests Coronel:** Through the “Reactiva Coronel” program, the Colbun Entrepreneurship Center developed in the last quarter of 2020 a technological alliance with the company Restu to create the delivery platform www.tupedi-docoronel.cl, which includes the integration of an intelligent virtual customer service application. Twenty entrepreneurs from the gastronomic sector of Coronel benefited from this initiative, whose official launch took place in March 2021.

**Competitive Funds for Artisans (Maule):** In alliance with the Corporación Regional de Desarrollo Productivo del Maule, and also as part of the Entrepreneurial Energy program, in late 2020 Colbun began a process of preparation to launch competitive funds for the reactivation of artisans, with a special focus on providing them with digital marketing and online sales tools. The call for applications was made in March 2021.

Community investment in Chile (Colbun-3.S0, 203-1, 415-1)

Pilar	Subcategory	Community investment (USD)		N° Direct Beneficiaries	
Generating Trust	Energy for Participation	238,864	5%	8,182	3%
	Energy for Education	207,744	5%	13,726	5%
	Energy for Entrepreneurs	802,277	18%	765	0%
Generating Future	Energy for Quality of Life - Sport, Environment and Fund Leveraging	382,750	9%	5,743	2%
	Quality of Life - Public space and green areas	201,799	5%	26,552	9%
	Quality of Life - Promotion of tourism	612,227	14%	238,970	81%
Other*	Other*	2,019,106	45%	28,000	0%
TOTAL		4,464,767	100%	321,938	100%

\*Notes: These disbursements correspond mainly to community support made under COVID 19, but also include other community contributions, donations to charitable institutions and administrative expenses.

Colbun does not make political and/or charitable contributions as a means of bribery or corruption in Chile or Peru.





MAIN SOCIAL PROGRAMS  
AND PROJECTS IN CHILE  
2020

Name of Project/Program	Commune or Community Benefited	Description of the Program and associated community pillar
Program to Strengthen Community Organizations (Cuido mi Planeta Fund)	Candelaria, Carena, Ruta Internacional (Los Andes y San Esteban), Colbun	Program aimed at promoting care for the planet through various initiatives and the strengthening of social organizations neighboring Colbun’s 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.
Energy for Education Program	Ruta Internacional (Los Andes y San Esteban), Curacaví, Yerbás Buenas, Cochamó, Cabrero, Quilleco	Program that provides high school students with the tools they need to perform in the labor market if they do not continue with higher education. This program contributes to SDG N°4 on “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, in its indicator 4.4.1.
Technical-University Education Scholarship Program	Curacaví, San Esteban, Quillota, Colbun, Yerbás Buenas, Cochamó	Program aimed at financially supporting higher education students.
Energy for Quality of Life Infrastructure Projects	Angostura, Quillota, Codegua, Los Andes, Colbun, Lago Chapo	Development of community infrastructure projects designed collaboratively with the municipalities or JJVV, including trails and viewpoints in Angostura; lighting along the International Route, Quilleco and Quillota; infrastructure support for the Codegua Theater, Machicura Spa, remodeling of sports infrastructure at the Sports Club in Patagua Oriente (Maule), Chapo Lake Coastal Promenade.
Entrepreneurship Centers	Coronel, Santa Bárbara, Quilaco, Antuco, Quilleco	Provides training programs, consulting, preincubation, incubation, direct competitive financing and support for entrepreneurs to apply for public funds through two entrepreneurship centers located in the Biobio Region.



\$1,158

million in projects built and delivered to the community, executed with funds raised with support from the Huella Local Foundation, in the 2018-2020 period.

\$289

million in public and private funds raised at the Coronel Entrepreneurship Center in the 2019-2020 period.

Name of Project/Program	Commune or Community Benefited	Description of the Program and associated community pillar
Energy for Champions Program	Ruta Internacional (Los Andes y San Esteban)	Soccer School Program, which seeks to promote healthy living and teamwork among children from the international route, also involving their families.
Greywater Recycling and Storage	Ruta Internacional (Los Andes y San Esteban)	Awareness-raising program and installation of graywater recycling and storage systems to support the Rural Drinking Water Systems along 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	This program seeks to improve employment opportunities for 100 women in the city of Quillota by recycling and reusing textile waste.
Family Orchard Program	Ruta Internacional (Los Andes y San Esteban)	Program that seeks to improve eating habits in the population of the International Route and also have a positive impact on the family economy. This program contributes to SDG N°2 on “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”, in particular indicator 2.3.2.
Fishing Future	Coronel	Scholarship program for technical studies and integral support to fishermen based on productive development.
Municipal Support Program (Local Footprint)	Cochamo	The aim is to support the development of relevant projects for the municipality, which are formulated through an NGO, Fundación Huella Local, which provides professionals to the Municipal Planning Secretariat to carry them out.





COMMUNITY PROJECTS  
FEATURED IN PERU 2020

203-1, 203-2, 303-3, 413-1

PANDEMIC SUPPORT

As in Chile, in Peru our Fenix affiliate also joined the effort to contain the impact of the pandemic. Focusing on the community of Chilca, where the Fenix power plant is located, a campaign was organized under the slogan “Let’s Share Our Best Energy”, aimed at contributing with health tests, food boxes, financing health professionals and sanitation days in Chilca. This contributed to SDG No. 3, which aims to “Ensure heal-



thy lives and promote well-being for all at all ages”.

WATER FOR CHILCA

(303-3)

As part of the original design of the project, the Fenix power plant considered the construction of a seawater desalination and purification plant with a capacity to produce about 2,000 m3 of drinking water per day, of which most is delivered free of charge to the district municipality of Chilca for distribution, for the benefit of 8,000 inhabitants of the district. In 2020, 386,525.4 m3 of potable water were delivered to the population, which in the context of Covid-19 was very relevant for the prevention and containment of the pandemic.

This program contributes to SDG N°6 on “Ensure availability and sustainable



management of water and sanitation for all”, in its indicator 6.1.1.

LAS SALINAS POLYCLINIC

This is a health center that serves the population of Las Salinas and seeks to improve their quality of life through access to quality medical services. In addition to medical specialties, it provides X-ray, laboratory, and pharmacy services. During the COVID-19 stage, the polyclinic adapted some specialties for virtual care, teleconsultation with home delivery of medicines, and psychological counseling. This project contributes to SDG No. 3, on “Ensure healthy lives and promote well-being for all at all ages”.



“PLAY TO LEARN” PROJECT

This program aims to contribute to improving school performance in the community of Las Salinas, in two fundamental areas: mathematics and reading comprehension. To this end, teachers are trained, a school for parents is set up, and playful learning spaces and traveling backpacks are provided. During 2020, the project was adapted to virtual platforms, as a result of Covid-19. This program contributes to SDG No. 4, “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.



386 Thou

m³ of water were delivered to the community of Chilca within the Covid coyuntura 19

Community investment in Peru (Colbun-3.S0, 203-1)

Pillar	Community Investment (USD)	N° Beneficiaries
Energy for Education	23,040	1,190
Energy for economic development	23,321	59
Energy for Health	363,278	2,757
Energy for women development	6,609	1,260
Water for Chilca	463,830	8,000
Energy for participation and care of the environment	7,673	143
<b>TOTAL</b>	<b>887,751</b>	<b>13,409</b>





MAIN SOCIO-ENVIRONMENTAL CHALLENGES

413-2, Colbun-4.S0

Colbun has a Public Affairs Management team in the field whose objective is to assist in building a long-term relationship with the communities where we operate, generate development opportu-

nities and manage potential socio-environmental conflicts that arise in the context of our operations and projects. In this context, the following situations arose in 2020:

Central Carena, Curacaví, Metropolitan Region

Description	Actions Taken
At the end of November 2020, an accident occurred in the Patagüilla Tunnel of the Las Mercedes Canal consisting of a landslide that suspended the use of the Canal and water flow for approximately 21 days. The accident was due to a geological event of magnitude that included the detachment of approximately 2,000 tons of material that was impossible to contain. The Company, in charge of the maintenance of that part of the canal, had to work day and night to repair the tunnel in the shortest possible time, to allow the transit of water for the irrigation of the valleys of Curacaví and María Pinto.	<p>From day one of the accident, Colbun made available human and financial resources to repair the tunnel in the shortest possible time. During the entire period of water cut Colbun issued a daily report informing the Association, authorities and the local community of the progress (and also difficulties) of the work.</p> <p>During the cut-off period, and for several weeks after it, water trucks and risk sleeves were available to support smaller farmers who did not have wells or irrigation dams. The company also joined a technical round table convened by the municipalities of Curacaví and María Pinto to evaluate possible aid for the most vulnerable farmers. In this context, Colbun proposed the creation of a productive fund of Ch\$2,600 million to support the reactivation of small and medium-sized vulnerable farmers affected by the water cut, which seeks to support the community by understanding the complex problems created by this accident.</p>

Santa María Power Plant  
Coronel, Biobío Region

Description	Actions Taken
<p>The commune of Coronel has had in the last two decades a relevant industrial development, which has meant employment opportunities, but also the emergence of socio-environmental conflicts, where part of the population blames the industries for pollution episodes.</p> <p>In this context, throughout these years there have been legal actions or complaints against the Santa María Thermal Power Plant, which began operations in 2012. To date, however, none of these actions has been successful, being ratified in different judicial instances that the operation of the power plant has complied with all current legal regulations.</p> <p>Two cases are relevant in this regard. The first one is related to an investigation of almost six years by the Public Prosecutor's Office for a complaint of alleged contamination, which concluded in 2018 when the Prosecutor's Office decided not to pursue the case in the case of Colbun, as there was no background information to support the allegations.</p> <p>In February 2021, and by order of the Supreme Court, the Superintendence of the Environment reopened a sanctioning process - already filed twice - against the Santa María power plant due to differences between the project's equipment and what was established in the project's Environmental Qualification Resolution, preliminarily classifying the infraction as minor.</p> <p>In any case, in its resolution, the SMA included a pronouncement from the SEA that indicated that the differences in equipment did not merit an environmental assessment. In addition, the authority stated in its resolution that "the atmospheric emissions measured and verified by the authority in the operation phase are several orders of magnitude lower than those evaluated and projected in the project's EIA".</p>	<p>In Colbun we are convinced that a good community relationship requires first a good operational and environmental performance of our facilities, being this the constant focus in the operation of Santa María power plant through various technologies designed to mitigate and reduce impacts.</p> <p>However, aware that environmental concern is an issue of growing importance in the general population, Colbun has sought to open spaces for information and dialogue that allow us to address these types of concerns. These channels include the installation of working groups since 2011 with neighborhood councils; regular attendance at television channels and local radio programs; the broadcasting of informative capsules on the power plant's environmental performance, and participation in the Council for Environmental and Social Recovery of Coronel (CRAS) promoted by the government.</p>



	Description	Actions Taken
<b>Canutillar Power Plant Cochamo, Los Lagos Region</b>	<p>Some years ago, a number of neighbors of Lake Chapo expressed their concern about the variations in elevation of the lake, where the Canutillar power plant is located, particularly because of its impact on tourism and connectivity.</p>	<p>At the end of 2018, and at the request of Chapo Lake Neighbors Board, the Company proposed the National Electric Coordinator to adapt the operating conditions of Canutillar power plant to the new hydrology conditions of the south-central zone, so as to raise the permanent operating elevation of Chapo.</p> <p>Based on the previous milestone, in 2019 a new Tourism Board began operating with the participation of the lake's neighbors, the Municipality of Puerto Montt, different public services of the region and Colbun. This Board implemented a work program that to date has resulted in training for the development of tourism services and products, development of tourism infrastructure for visitors to the lake, and activities to promote tourism in the area. In addition, at the beginning of 2021, an agreement was reached with the Tierra Austral Foundation to allocate a 430-hectare property owned by Colbun on the lake shore for conservation, which will help add value to the area.</p>
<b>San Pedro Hydroelectric Power Plant Project, Los Lagos and Panguipulli, Los Lagos Region</b>	<p>In December 2018 Colbun submitted an Environmental Impact Assessment (EIA) in order to make adjustments to the San Pedro Hydroelectric Power Plant project, an initiative that has had an RCA in effect since 2008.</p> <p>The presentation of this EIA triggered opposition to the project from some local stakeholders, including environmental groups, kayakers and local politicians. The environmental assessment of these modifications continued during 2020, although the process has been postponed by Covid-19.</p>	<p>When Colbun concluded the project adaptation studies, between 2014 and 2015 it carried out an informative program explaining to local stakeholders the meaning and scope of the changes. Likewise, and with the same objective, it created the website <a href="https://www.centalsanpedro.cl/">https://www.centalsanpedro.cl/</a>.</p> <p>Additionally, Colbun developed initiatives with the community to achieve a better understanding and insertion of the project, highlighting the signing of Long-Term Cooperation Agreements with ten indigenous communities (which have been generated under the guidelines of Convention 169), and the support to Tourism Boards of Los Lagos and Panguipulli to promote participatory projects around the promotion of tourism.</p>





# 5.5

## SUMMARY CHAPTER 5

## Relevant issues, associated risks and management

Chapter 5 addresses three topics that were identified in the Materiality Assessment as relevant for our stakeholders to address:: **Health and Safety, Internal Culture, Diversity and Inclusion, and Community Engagement and Development.**



### MATERIAL ISSUE: Diversity and Inclusion

#### Why it is relevant for Colbun:

Diversity and inclusion is an ethical imperative, but it also has a positive result in business, because it has been proven that more diverse and inclusive companies tend to have better results. At Colbun, we assume responsibility for this issue and work to become a diverse and inclusive company that promotes a culture of respect where everyone has a place.

#### Related Risks:

- Cases of discrimination within the company
- Failure to comply with regulations
- Failure to meet defined goals.
- Losing talent that could add value to the company.

#### How we manage it:

We defined a diversity and inclusion policy that promotes the incorporation of people with disabilities in the workplace. KPIs and goals were also defined, and a work program was developed to achieve them. In addition, agreements were signed to increase the participation of women in Colbun and to support the development of women in decision-making positions. At the same time, throughout the year, all employees are made aware of inclusion and diversity.

SDGs related:



### MATERIAL ISSUE: Health and Safety

#### Why it is relevant for Colbun:

For Colbun, the health and safety of its employees, contractors and the community surrounding its operations is essential. There is no situation that justifies putting their integrity at risk. In 2020, the health issue had a priority focus associated with the COVID-19 pandemic, maintaining the health of the company's stakeholders and especially the mental health of the work team.

#### Related Risks:

- Potential accidents
- Potential occupational illnesses
- Damage to people' health in the communities where we operate
- Damage to facilities
- Damage to public infrastructure
- Impact on operations

#### How we manage it:

A predominant focus in Colbun's internal management has been to create a safety culture, so there are KPIs and goals that are associated with the performance evaluation. The company has several programs to manage its work in this area: Healthy Life; Occupational 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, implements signage and measures to prevent accidents, and works on education campaigns. This, in addition to having a Safety, Occupational Health, Environment and Quality Policy. In 2020, in the face of the health emergency, prevention measures were activated early and had very good results in Chile and Peru.

SDGs related:



### MATERIAL ISSUE: Internal Culture

#### Why it is relevant for Colbun:

Providing quality employment in a good work environment that promotes professional and personal development is a very important way to promote employee and contractor performance and is a competitive advantage when it comes to retaining or attracting talent. In the midst of a pandemic like the one the world is facing, flexibility and adaptation are key to a better operation and work environment.

#### Related Risks:

- Labor and union conflicts
- Work stoppage
- Loss of technicians and employees
- Inability to attract new talent
- Operational rigidity
- Loss of competitiveness

#### How we manage it:

Periodically, the company develops surveys and applies 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. In addition, in order to enhance communication and dialogue with our employees, in 2020 we continued to carry out different instances of reflection associated with the moment the country is going through (social outbreak, pandemic and constituent process).

Another relevant focus of the year was given by the implementation of teleworking in the positions that could operate in this way, putting in the center the care of the employees and their physical and mental health.

SDGs related:



### MATERIAL ISSUE: Community Engagement and Development

#### Why it is relevant for Colbun:

The harmonious relationship with the communities where the Company's operations are located, together with their economic and social development, is of vital importance for Colbun. This requires mutual knowledge, good operational and environmental performance. It is also important to be in tune with their expectations of better opportunities for growth and quality of life at the local level.

#### Related Risks:

- Community opposition
- Conflicts with local authorities
- Damage or shutdown of our facilities
- Local frustration due to unmet expectations

#### How we manage it:

The Company has a Community Relations Policy (see here) and a Communities Manual, which sets the main guidelines for establishing a relationship with communities, and includes a Community Relations Strategy to address this challenge, whose ultimate expression is a series of social plans and programs tailored to the needs and conditions of each locality.

There are numerous listening channels to raise concerns or risks in community relations, such as annual surveys, consultation lines, WhatsApp groups and local conversations. In addition, there is a Sustainability Policy and a Donations Policy.

In 2020, the challenge was to maintain the relationship through virtual channels and support the communities in the face of the health contingency.

SDGs related:





# ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE



- 6.1. Environmental Footprint
- 6.2. Climate Change
- 6.3. Water Resources and Drought
- 6.4. Waste Management
- 6.5. Local Gas Emissions
- 6.6. Biodiversity
- 6.7. Summary - Chapter 6





# 6.1

## Environmental Management and Footprint

103-2, 103-3

### Management Model

Colbun has an environmental management model that guides its actions in this area and is based on four axes.



#### Water

We take care of the water resource in our different types of power plants, promoting the efficient use of the resource and seeking to maintain its self-regenerating capacity.



#### Air

We seek to minimize the effects of our 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 responsibly managing waste from 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 located.

### The Sustainable Development Goals

The activities carried out by the Company in its environmental management have a direct relationship and contribution to the following 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.



**SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.



**SDG 12:** Ensure sustainable consumption and production patterns







## Improvement in the Environmental Footprint

The power system must supply energy in a reliable, competitive and sustainable manner for the country's population and productive activities. Given that solar and wind renewable energies are intermittent, and as long as there are no cost-efficient storage systems (e.g., batteries), the base power plants, particularly thermal power plants, are the ones called upon to operate in order to guarantee the safety of the system. Additionally, when facing periods of low rainfall or low snowmelt, thermoelectric power plays a very important role in providing operational continuity to the system. In a company like Colbun, these elements can have a relevant impact on its environmental footprint, since the safety criteria of the National Electric System may demand a greater operation of its thermal power plants.

Against this backdrop, at the beginning of 2020, Colbun's Board of Directors instructed management to develop a project to further deepen and improve the management of the Company's environmental footprint, establishing goals, indicators and additional initiatives associated with this footprint. This project involved the coordinated work of six management departments, the holding of workshops and the deployment of an internal campaign to raise associated initiatives (37 were presented), which made it possible to generate the proposed goals. To formulate the goals, the following steps were taken: definition of baseline and KPI's; definition of abatement curve; benchmark; linkage with our clients and regulatory analysis.

Based on the above, during 2020 specific goals were proposed to reduce Colbun's environmental footprint in the coming years, which were ratified by the Board of Directors at the beginning of 2021:

### CLIMATE CHANGE AND CARBON FOOTPRINT STRATEGY

#### • What are we committed to?

- Colbun will contribute to the fulfillment of national commitments regarding GHG emissions, **aiming to be a carbon neutral company by 2050**, in the context of the goal of the Framework Law on Climate Change.
- On the road to carbon neutrality, for the next decade we are committed to:

➤ **Reduce the net CO<sub>2</sub> emission factor<sup>1</sup> of Colbun in Chile<sup>2</sup> by 30% by 2025 and 40% by 2030 (compared to 2018, in ton CO<sub>2</sub>e/ MWh generated) and;**

➤ **Maintain this indicator below the average of the National Electric System, contributing in a relevant way to the reduction of the emission factor of the system as a whole.**

- We reaffirm the commitments made in the Decarbonization Agreement of June 2019. We understand the urgency of climate action, which must be in line with an energy transition that contemplates the monitoring of the following variables:

- Reliability of the operation of the Power System.
- Environmental impacts of decarbonization.
- Operating costs of the power system.

#### • How can we accomplish this?

- Development of Renewable Energy Plan (Solar and Wind).

- Use of cost efficient market instruments (carbon credits or functional equivalents).
- Implementation of offset initiatives through nature-based solutions.
- Development of energy efficiency programs in the Company's operations.

### WATER FOOTPRINT

#### What are we committed to?

- In the context of the "mega-drought" that has affected Chile, at Colbun we understand the need to take care of water, its productive use and ecosystem services. For this reason, the Company makes permanent efforts to achieve an efficient use of the resource.
- Although hydroelectricity does not consume water, its availability is key for the generation of clean energy and the composition of the energy matrix. In this line, Colbun has generated collaboration agreements with irrigators and other stakeholders in the basins to promote an efficient use of water resources.
- Regarding freshwater consumption at our facilities in Chile, the company differentiates between two types of consumption: 1) OPERATIONAL, when the water is used for generation activities, such as cooling processes in thermal power plants; and 2) NONOPERATIONAL, when the water resource is used for administrative purposes such as irrigation and human consumption.

- With the aim of contributing to an increasingly sustainable power matrix, we are committed to:

➤ **Operational Goal: Reduce the intensity of freshwater withdrawal per unit of energy generated at Colbun<sup>3</sup> by 40% by 2025 and 45% by 2030 (compared to 2018, in m<sup>3</sup> water/MWh generated).**

➤ **Non-Operational Goal: Reduce the volume of freshwater withdrawal used for non-operational activities by 40% by 2025 (compared to 2018, in thousands of m<sup>3</sup> water).**

#### How can we accomplish this?

- Development of a Renewable Energy Plan (Solar and Wind).
- Use of our Reverse Osmosis Plant at the Nehuenco Complex, which allows us to reduce fresh water consumption.
- Initiatives for the reuse of treated water, technified irrigation, rainwater harvesting, among others.

### WASTE FOOTPRINT

#### ¿A qué nos comprometemos?

- The ash produced at Santa Maria Power Plant represents 98%-99% of the total waste generated annually by Colbun. Therefore, by managing to value it (avoiding its final disposal), we are getting closer to being a ZERO WASTE Company.
- In the medium term, we are committed to:

➤ **Achieve 98% ash recovery by 2025.**

#### How can we accomplish this?

- Reuse or recycling of ashes with cement plants and other users.
- Slag (bottom ash) applications.



### ENVIRONMENTAL INCIDENT MONITORING 102-11

Corporate guidelines and practices related to management and compliance with environmental standards in the territory in which we operate consider the application of the preventive approach as part of the Company's actions.

Colbun has defined specific controls, such as the execution of on-site inspections, which seek to identify, in a preventive manner, substandard actions and conditions, defining the necessary control measures (mitigation or elimination), in order to prevent situations that may cause injury to people, damage to property and/or the environment.

For its management, the Company has a formal procedure, which establishes the stages and methodologies associated with environmental incident management. The classification of an incident is governed by clear and specific guidelines regarding the level or degree of impact on an environmental component. During 2020 there were no relevant environmental incidents in the Company.

<sup>1</sup> Net Emission Factor (ton CO<sub>2</sub>e/MWh) = (Emissions generated - Emissions offset)/Energy Produced / <sup>2</sup> Target does not include Fenix

<sup>3</sup> Santa Maria seawater is not included. This target does not consider Fenix, as it does not consume fresh water (100% seawater).



# 6.2

## Climate Change

103-2, 103-3, 201-2, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5



For almost two decades, Colbun has been managing measures and actions related to its carbon footprint and Climate Change, thus contributing to SDG 13 “Climate Action”, in particular with indicator 13.2.1, as well as SDG 7 on “Affordable and Clean Energy”.

In accordance with Colbun’s **Climate Change Strategy**, whose update was approved by the Board of Directors in March 2021, and which was described in the previous section “Environmental Footprint”, Colbun’s commitment is to be a **carbon neutral Company by 2050**, thus contributing to the national commitments regarding Greenhouse Gas (GHG) emissions and to the efforts required to limit the temperature increase to 1.5°C.

Initiatives such as Science Based Target (SBT) are being monitored by the Company in the context of evaluating the goals and commitments undertaken on the road to carbon neutrality. In 2020, numerous evaluations were carried out to analyze the possibility that Colbun will have an emissions target linked to SBT.

At present, this type of initiative does not consider the contribution of compensation instruments for meeting targets, a necessary complement for those sectors that cannot reduce emissions in the short and medium term in a cost-effective manner.

The Corporate Risks area monitors and analyzes the main risks faced by the Company, including those associated with changes in weather patterns. The latter have been analyzed and evaluated together with the Climate Change area, including possible regulatory modifications. Thus, the way in which the lower levels of rainfall observed in recent years, and the consequent lower availability of water resources for power generation, could have an impact on generation levels and costs has been quantified.

Colbun annually reports its climate change management to the Carbon Disclosure Project (CDP), a leading international non-governmental reporting organization, whose questionnaire has included the recommendations of the Task Force on Climate Related Financial Disclosures (hereinafter TCFD).

During 2020, the Company was working with the TCFD guidelines in the analysis of our risks related to climate change. During the year 2021, the Company has proposed to deepen this analysis.

**In 2020 our Company obtained the Leadership A- category in its report to the CDP, the highest score among the six Chilean companies that report to this NGO.**

### Our Management Model

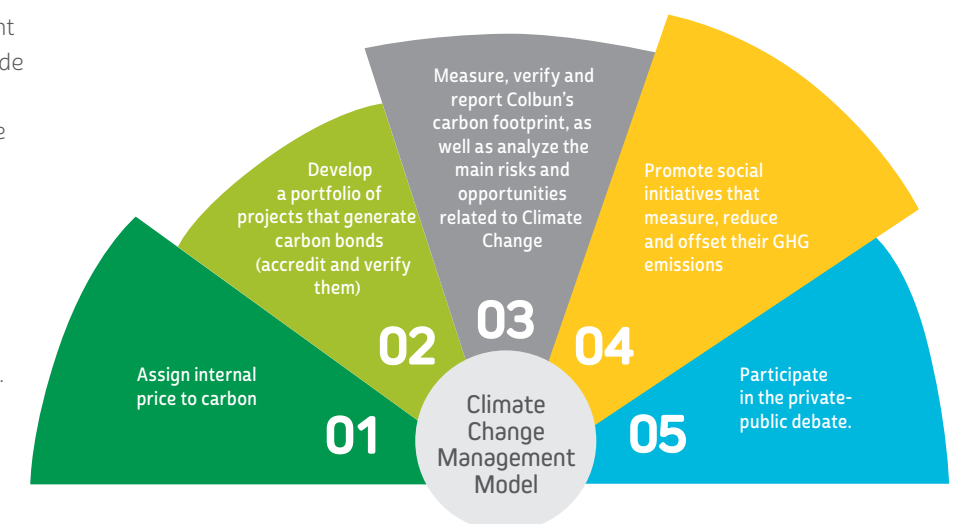
We seek to transform the risks associated with climate change into opportunities, for which we have a model that allows us to better manage the required transition to a low-carbon economy.

Our experience in the accreditation and certification of projects before the Verified Carbon Standard (VCS) and the Clean Development Mechanism (CDM), in addition to the subsequent generation of carbon credits, provide us with competitive advantages to develop more robust and profitable energy projects that allow us to reduce net CO2 emissions.

In addition, our company actively participates in various instances related to climate change, both in terms of mitigation and adaptation.

In 2020 we participated in the “Impacta Positivo” and “Futuro Sostenible” programs of Acción Empresas, whose objective is 1) that companies manage their greenhouse gas (GHG) emissions and contribute to Chile’s commitment to be carbon neutral by 2050, and 2) to encourage companies to assume the risks and opportunities that climate change

brings to their business. In addition, we continue to be part of the Power Sector Climate Change Adaptation Roundtable, led by the Chilean Ministry of Energy, where one of the main objectives is to share national and international experiences among companies in the sector.





## CO<sub>2</sub> Emission Factor Below System Average

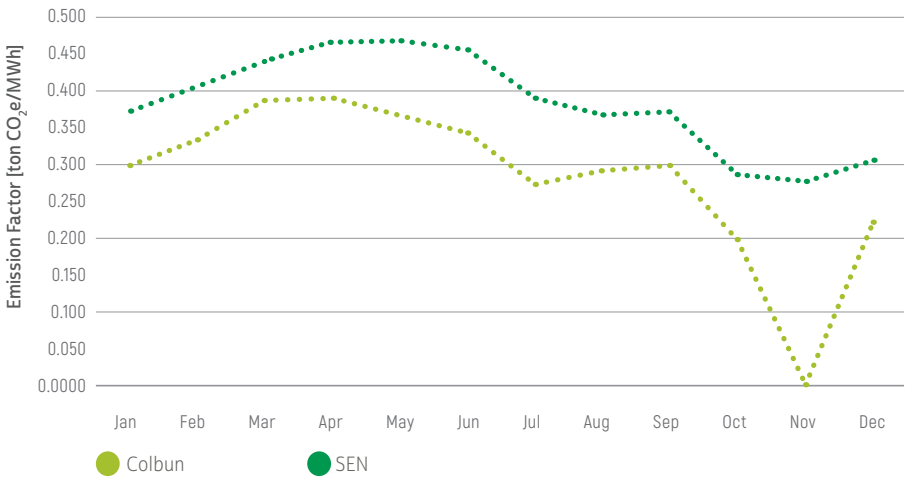
Under the context of a balanced generation matrix, with an important component of hydroelectric renewable energy, the Company has set the goal of maintaining a CO<sub>2</sub> emissions indicator below the average of the Chilean electricity system, thus contributing positively to lowering the level of emissions per energy generated of the system as a whole.

The Greenhouse Gas (GHG) Emission Factor indicator allows measuring the behavior of emissions

per unit of energy generated (tons of CO<sub>2</sub>e per MWh generated). For 2020, the GHG emission factor of the National Electric System (SEN) was 0.3834 ton CO<sub>2</sub>e/ MWh, while Colbun's was 24% lower, reaching 0.292 ton CO<sub>2</sub>e/ MWh in Chile, 1% higher than in 2019.

As noted in the preceding section, Colbun has assumed the goal of lowering this indicator by 30% by 2025 and 40% by 2030 (compared to the 2018 baseline).

Evolution of Colbun's Emission Factor in Chile 2020



**Note:** The SEN CO<sub>2</sub> emission factor is published by the Ministry of Energy on the website Energía Abierta (<http://datos.energiaabierta.cl/dataviews/245975/factor-de-emision-promedio-anual/>). Figures are calculated with generation data published by the National Energy Commission. Colbun's emission factor is calculated with gross generation data from the Company's facilities.

Colbun Greenhouse Gas Emission Factor in Chile (305-4)

Emissions coming from fuel consumption	2016	2017	2018	2019	2020
Diesel (ton CO <sub>2</sub> e)	182,858	156,504	60,109	54,644	57,743
Coal (ton CO <sub>2</sub> e)	2,109,631	2,280,148	2,193,464	1,646,739	1,901,532
Thermal Gas (ton CO <sub>2</sub> e)	1,372,081	1,418,150	1,436,476	1,668,957	1,547,129
Gross Generation (GWh)	11,180	12,599	12,880	11,647	11,991
<b>Emission Factor (ton CO<sub>2</sub>e/MWh)</b>	<b>0.328</b>	<b>0.306</b>	<b>0.286</b>	<b>0.289</b>	<b>0.292</b>

**Note:** The emission factor reported in this table is calculated based on gross generation.

## Clients with Renewable Energy

Our customers are increasingly favoring the use of energy from renewable sources. Three facts support this trend:

- As of December 2020, Colbun had 61 customers with 100% renewable energy contracts, reflecting a growing demand for this type of energy from our own customers.
- In 2020, the company signed 15 contracts with renewable certification, totaling 61 customers with this type of contract to date.
- To date, the company has renewable energy contracts for close to 4,450 GWh per year committed.



61

clients with renewable certified contracts.







Power Plants Certified to Reduce Emissions

Colbun has five hydroelectric power plants and a solar photovoltaic plant accredited to international standards to issue carbon credits, which in 2020 generated an estimated reduction in CO<sub>2</sub> emissions of 309,717 tons CO<sub>2</sub>e.

This figure represents a 12% decrease compared to 2019, which is explained by the lower energy generation at the Quilleco and San Clemente hydroelectric plants due to lower rainfall.

As part of the Company’s Climate Change Strategy, it has been defined that all eligible projects must be registered under carbon market standards.

La Mina hydroelectric power plant completed its first issuance of carbon credits in 2020, and this was also the first operation carried out in the context of the World Bank’s Warehouse program, which is in the pilot phase and seeks to lay the foundations for creating a national market for offsets or emissions compensation.

Reduction of CO<sub>2</sub> Emissions in Colbun’s CDM and VCS Power Plants (305-5)

Power PLant	Commissioning	MW Quantity	Acreditation Date	Ton CO <sub>2</sub> e Reductions				
				2016	2017	2018	2019	2020
Chacabuquito	2002	25.7	2007	55,532	74,789	57,087	45,148	53,777
Hornitos	2008	61	2008	149,486	117,674	87,927	80,447	60,674
Quilleco	2007	70.8	2008	126,810	159,559	156,826	167,680	130,429
San Clemente	2010	5.9	2011	9,623	7,452	8,194	5,773	5,029
La Mina	2017	34	2017	-	22,219	45,254	39,048	47,449
Ovejería	2018	9	2019	-	-	6,508	12,761	12,359
Total reductions of CO <sub>2</sub> e Emissions				262,104	381,693	361,796	350,857	309,717

In 2020, La Mine issued 50,613 carbon credits in the VCS standard, which positions Colbun as the main issuer of this type of credits from hydroelectric generation.

In addition to La Mina, the Chilean Ministry of Energy, the Japanese Ministry of the Environment, the Gold Standard Foundation and Verra, the latter two nongovernmental organizations that seek to promote climate action, are participating in this pilot plan. The project was supported by the governments of Spain, Switzerland and the Netherlands.



## Our Carbon Footprint

Since 2001 Colbun has been measuring and verifying its carbon footprint annually in Scopes 1, 2 and 3. This inventory of greenhouse gas (GHG) emissions includes our Company's operations in Chile and Peru, as well as the corporate offices located in the city of Santiago.

## CHILE

**Scope 1:** In 2020 direct GHG emissions (Scope 1) increased by 4% compared to 2019, mainly due to higher generation from thermal units operating with coal and diesel. In particular, the Santa María and Los Pinos power plants generated 13% and 280% more, respectively, compared to 2019. The 2020 operation of thermal units accounted for 99.8% of Colbun's carbon footprint.

**Scope 2:** Regarding indirect emissions from energy consumption and distribution (Scope 2), at certain times our plants need to consume electricity from the grid (when they are out of service or during maintenance processes, for example). In 2020, we reduced our Scope 2 emissions by 22% due to a 21.8% reduction in energy consumption from the grid.

**Scope 3:** Regarding other indirect emissions, which include transportation of workers, business travel, fuel transportation (land and sea) and solid waste generation, there is a decrease of 18% compared to 2019, due to a lower number of aerial trips due to the context of the pandemic, as well as a decrease in fuel transportation, both sea and land, to our thermal units.



The carbon footprint corresponding to the emissions of the corporate offices located in Santiago was neutralized with our own carbon credits. Since 2012 our Company has had Carbon Neutral offices.

Colbun's Total GHG Emissions in Chle305-1, 305-2, 305-3)

	Scope 1 (ton CO <sub>2</sub> e)	Scope 2 (ton CO <sub>2</sub> e)	Scope 3 (ton CO <sub>2</sub> e)	
	Direct Emissions	Indirect Emissions	Indirect Emissions	
	Company Vehicles Thermal generation units		Business trip Maritime Coal Transport	TOTAL (ton CO <sub>2</sub> e)
	SF6 leaks in electrical equipment	Own electricity consumption	Breakdown of organic waste Leased assets	
	Methane emissions in reservoirs (they are low in Chile)		Movement of coal and ash Workers transportation	
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
2020	3,509,147	7,932	22,445	3,539,524

**Note:** This table considers the GHG emissions of all Colbun's power plants in Chile, plus Head Office. With respect to Colbun Transmisión S.A., only emissions from vehicles owned by the Company are considered.



# PERU

The quantification of Fenix emissions in 2020 contemplated 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 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	2020
Diesel (ton CO <sub>2</sub> e)	4,089	0	7,983	1,059	5,913
Thermal Gas (ton CO <sub>2</sub> e)	1,251,707	1,883,993	1,719,040	1,499,049	1,005,329
Gross Generation( GWh)	3,407	3,772	3,791	3,779	2,861
Emission Factor (ton CO <sub>2</sub> e/MWh)	0.369	0.499	0.456	0.397	0.353

\*Generation Reported to COES in 2020

Colbun's Total GHG Emissions in Peru (305-1, 305-2, 305-3)

	Scope 1 (ton CO <sub>2</sub> e)	Scope 2 (ton CO <sub>2</sub> e)	Scope 3 (ton CO <sub>2</sub> e)	
	Diesel and natural gas consumption for power generation.			
	Diesel consumption for Company vehicles.	Power Plant's own energy consumption	Waste decomposition and business trips	TOTAL (ton CO <sub>2</sub> e)
	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
2020	1,011,242	1,505	1,108	1,013,855





## Good Practices Regarding Climate Change

### Huella Chile Seal

In 2020 and for the third consecutive year, Colbun received the highest recognition from the Huella Chile program of the Ministry of the Environment, awarding it the seal of Excellence in the management of its Greenhouse Gas emissions. This recognition is in addition to the distinctions also awarded in the categories of Quantification and Reduction.

### Associative Action

Colbun is a member of the Center of Business Leaders for Climate Action (CLG Chile), which promotes policies and actions for a transition to a less emissions-intensive economy. From 2017 until October 2020, our CEO, Thomas Keller, was chairman of the Board of Directors of CLG Chile.

Colbun also actively participates in the Climate Change Executive Committee of Acción Empresas and the SDG 13 Leaders group “Climate Action” of the Global Compact.

### Carbon Zero Hotels Program

In 2019 Colbun, in partnership with For the Planet, developed the Zero Carbon Hotels program, through which six hotels in Santiago measured, verified and neutralized their carbon footprint, accrediting that their CO2 emissions were duly offset. The neutralization of emissions was carried out in 2020 with carbon credits generated by Colbun facilities certified to emit this type of attribute.

## New Green Tax Regulation

EU5

On February 24, 2020, Law 21,210 was published in the Official Gazette, it includes the environmental management instruments. For green taxes, the regulation establishes that the tax will be applied to air emissions of particulate matter (PM), nitrogen oxides (NOX), sulfur dioxide (SO2) and carbon dioxide (CO2), produced by establishments whose emitting sources, individually or as a whole, emit 100 or more tons per year of particulate matter (PM), or 25,000 or more tons per year of

carbon dioxide (CO2). On the other hand, it is stated that taxpayers subject to the green tax may offset all or part of their taxable emissions by implementing projects to reduce emissions of the same pollutant, provided that such reductions are additional, measurable, verifiable and permanent.

Compensation through the implementation of reduction projects opens the possibility of a national offsets market in the

medium term. During 2020, Colbun participated in the process of developing the regulations that will allow emissions offsets.

At Colbun we value positively the changes made to the green taxes, which go in the right direction and provide adequate signals for initiatives that effectively reduce emissions costs.

Green Taxes paid by Colbun in Chile (EU5)

Atmospheric Emissions	2017	2018	2019	2020
CO <sub>2</sub> (tons)	4,253,367.19	4,127,828.10	3,710,979.70	3,979,937.00
NO <sub>x</sub> (tons)	4,218.36	4,138.40	3,124.60	3,733.00
MP (tons)	71.92	106	100	79.1
SO <sub>2</sub> (tons)	1,526.50	1,809.90	1,470.3	1,384.0
Paid Taxes(USD)	23,255,492.03	23,255,492.03	20,766,997.37	*
*As of the closing date of this report, the amount of the green tax has not been issued by the SII.				



# 6.3

## Water Resource and Drought

103-2, 103-3, 302-4, 303-1, 303-3

Chile continues to face what specialists have termed a “megadrought”, characterized by a persistent decrease in precipitation in most of the basins in the centralsouthern part of the country. As of December 2020, all rainfall monitoring stations between the regions of Antofagasta and Los Lagos recorded rainfall deficits with respect to the historical average, with a total of 146 communes with a water shortage decree.

The Company is permanently making efforts to use water more efficiently, to minimize the effect of rainfall variability on hydroelectric generation, and to establish goals to reduce water use in thermal generation and administrative uses.

### Water Use in Hydroelectric Generation (operational use)

303-3

Although hydroelectricity does not consume water, since the water is captured from the riverbed, turbinated and then returned to the source under the same conditions, its availability is key for the generation of clean energy and the composition of the energy matrix.

Hydroelectric power plants with the capacity to regulate their generation (Colbun, Machicura and Canutillar power plants) become even more important in the current scenario, as they allow very rapid adjustments to be made to the power supply when consumption increases in the system, and are an excellent complement for renewables from variable sources technologies such as solar and wind (whose generation is intermittent).



# 12%

increase in Colbun's hydroelectric generation in 2020

**In 2020, dry hydrological conditions persisted in the Aconcagua, Maule, Laja and Biobío basins, which are the main ones in terms of hydroelectric generation in the country and where several of our facilities are located.**

However, the Aconcagua and Colbun Complexes increased their generation by 4% and 25%, respectively, compared to 2019. In addition, efforts to interact and coordinate with irrigators and other stakeholders in these basins, also affected by the drought, had to be redoubled.

From an overall perspective, the use of water to generate energy in our hydroelectric power plants in 2020 increased by 12% compared to the previous year.



Total water collected, turbined for hydroelectric generation, and returned to the source in Chile (Nonconsumptive use) (303-3)

Power Plant	Water source	Unit	2017	2018	2019	2020
Colbún Complex	Collected and turbined	million m³/year	4,134	5,078	3,776	4,629
	Returbined	million m³/year	5,621	6,618	4,523	6,023
Canutillar	Collected and turbined	million m³/year	1,658	1,708	1,165	2,002
Carena	Collected and turbined	million m³/year	277	258	132	131
Rucúe-Quilleco	Collected and turbined	million m³/year	1,931	1,853	2,011	1,635
	Returbined	million m³/year	1,848	1,786	1,943	1,511
Aconcagua Complex	Collected and turbined	million m³/year	1,305	999	834	908
	Returbined	million m³/year	61	79	71	32
Angostura	Collected and turbined	million m³/year	9,188	10,396	9,805	7,859
TOTAL WATER COLLECTED AND RETURNED TO SOURCE		million m³/year	18,492	20,293	17,722	17,164
TOTAL TURBINED WATER (Captured and Returbined)		million m³/year	26,023	28,776	24,258	24,730

- Total water turbined (captured + returbined)” = “Total water captured directly from the source, turbined” + “Total water returbined, not captured directly from the source”.  
 - In hydroelectric generation, all water withdrawn is returned to the source.



RETURBINED WATER: WATER REUSE IN HYDROELECTRIC POWER PLANTS

303-3

In order to promote energy efficiency and the sustainable use of this resource, several of Colbun’s power plants are in “hydraulic series” and allow reusing the same water before its return to the natural source, maximizing power generation. In this water reuse process, the Machicura and San Ignacio power plants stand out, which in 2020 contributed 22% of the total generation of the Colbun

Complex, and the Quilleco power plant, which contributed 28% of the generation of the Rucúe-Quilleco series of power plants for the same year.

Today, 44% of the flows that Colbun collects from the watercourses and uses for its operation are reused in more than one of the Company’s power plants.

TURBINED WATER BEFORE DELIVERY TO IRRIGATION

In some of Colbun’s hydroelectric facilities, water is returned through different agricultural irrigation systems, in accordance with established rights. Some hydroelectric power plants of the Colbun Complex stand out:

**Machicura Dam Power Plant:** Part of its generated water is delivered to the Maule Sur 1, 2 and 3, San Clemente and Duao Zapata irrigation canals, among others.

**San Ignacio run-of-river power plant:** Uses part of the water generated by the Machicura power plant to be returned to the Maule River, where it is captured by irrigators

**Chiburgo run-of-river power plant:** Generates water from the Colbun reservoir, which is then delivered to the Maule Sur irrigation canal.

**San Clemente run-of-river power plant:** Taking advantage of the difference in level generated along the Sanatorio stream, it generates energy with water that is then delivered to irrigation.



24%

Was the increase on power generation by the Machicura, San Ignacio, Chiburgo and San Clemente power plants.

Description	Power Plant	Unit	Generated power			
			2017	2018	2019	2020
Power plants that use water flows prior to their delivery for irrigation.	Machicura	GWh	305	351	263	322
	San Ignacio	GWh	121	147	87	133
	Chiburgo	GWh	60	66	67	70
	San Clemente	GWh	13	16	13	11
	TOTAL	GWh	498	580	430	535





### Water Use in Thermoelectric Generation (Operational Use)

Colbun uses seawater and fresh water in the cooling processes of its thermoelectric power plants.

#### USE OF SEAWATER

(301-1, 303-3)

In Chile, Santa Maria Thermoelectric Power Plant uses seawater for its cooling processes (operational use), returning it to the same source after use.

Seawater collected and returned to source in Chile (301-1, 303-3)

Source of water	Unit	2017	2018	2019	2020
Seawater collected	m³/year	336,714,557	343,196,782	267,179,782	346,197,079
Seawater returned to the source	m³/year	s/i	s/i	266,839,525	345,670,699
SEAWATER CONSUMPTION	m³/year	-	-	340,257	526,380

#### FRESH WATER USE

Starting in 2020, Colbun accounts for the fresh water captured and consumed in a differentiated manner, according to the initial purpose of use: 1) operational, when water is used for generation activities, such as cooling processes in thermal power plants, and 2) non-operational, when the water is used for administrative purposes such as irrigation and human consumption.

We identify as discharged water the portion of fresh water that, after being captured and used in internal processes, is returned to the source, remaining available in the same basin from which it was extracted. By deducting the water discharged from water collected, the result corresponds to the consumption of fresh water.

24% decrease in total fresh water withdrawals in 2020.

Extraction, discharge and consumption of fresh water in Chile (consumptive) (303-3, 303-4, 303-5)

Water extraction in Chile					
Water source	Unit	2017	2018	2019	2020
Surface water (river/lake)	m³/year	9,820	10,278	8,924	49,758
Operational use					0
Non operational use					49,758
Groundwater	m³/year	5,208,120	5,244,076	5,199,068	3,920,707
Operational use					3,762,807*
Non operational use					157,899
Municipal waters	m³/year	73,492	90,758	71,744	26,138
Operational use					10,871
Non operational use					15,267
Total water withdrawn	m³/year	5,291,432	5,345,112	5,279,735	3,996,603

Discharge of treated water					
Source of receiving water	Unit	2017	2018	2019	2020
Surface water (river/lake)	m³/year	1,977,040	2,456,927	2,038,015	423,284
Total water discharged	m³/year	1,977,040	2,456,927	2,038,015	423,284

Water consumption in Chile					
Source of water	Unit	2017	2018	2019	2020
Surface water (river/lake)	m³/year	9,820	10,278	8,924	49,758
Groundwater	m³/year	3,231,080	2,787,149	3,161,053	3,521,088**
Municipal waters	m³/year	73,492	90,758	71,744	26,138
Total water consumed	m³/year	3,314,392	2,888,185	3,241,721	3,597,265

\* Includes a fraction of groundwater supplied by third parties.  
\*\* Total net consumption of fresh water = [total fresh water withdrawn] - [total water discharged].



In Chile, total water withdrawal decreased 24% during 2020, mainly due to the operation of the Reverse Osmosis Plant (POI) at the Nehuenco Complex, a decrease that occurred even though the Company’s thermoelectric generation decreased by only 1.3% compared to the previous year. In this way, the POI has contributed to SDG No. 6 on “Clean Water and Sanitation”, in particular to indicators 6.4.1 and 6.4.2.



**WATER REUSE AT  
THERMOELECTRIC POWER  
PLANTS**

Although net water consumption was higher than in 2019, a greater volume of waste water was also generated as a result of the operation of the Reverse Osmosis Plant (POI) at the Nehuenco Complex, water that allows a receiving industry to reduce its fresh water withdrawals, generating an overall positive effect on the efficient use of water resources.

The volume of discard water generated by the POI, which is reused by a receiving industry, totaled 332,596 m3 in 2020, which implies an increase of 2.8 times the volume generated in 2019. This shared and circular use of water, especially in areas facing water scarcity conditions, constitutes a model of efficiency in water management that the Company is interested in promoting.

**Water Use in  
Administrative Offices  
(Non- Operational Use)**

The administrative offices of all our power plants (hydroelectric and thermoelectric), including the offices of the head office, consume water for domestic use (human consumption) and for irrigation of green areas. As of 2020, Colbun differentiates the water captured and consumed into operational and non-operational water, the latter consumption reaching a total of 223 thousand m<sup>3</sup>.

**Efficient Water  
Management in Colbun  
Facilities**

During 2020, we continued to develop projects focused on efficient water management.

**Nehuenco Thermoelectric Complex:** Intensive use was made of the reverse osmosis system, whose main objective is to improve the quality of the water extracted from the water table, along with the reduction of water

extraction during the periods in which the system operates, especially during periods of water stress. In 2020, water extraction was reduced by 18% compared to 2019, with intensive use of the osmosis plant for 8 continuous months. In this same Complex, a numerical model of the aquifer under the power plant has been developed and improved for several years, to anticipate its availability condition, providing relevant information for the security of supply.

**Biobío Hydroelectric Complex:** The monitoring of extracted flow and phreatic levels of all the wells in the Angostura, Rucue and Quilleco power plants was designed and installed, whose design includes the transmission of data to a Scada, facilitating the availability and analysis of the records. The purpose of this measurement is to comply in advance with the regulation established by the authority as of 2019, in the sense of strengthening the control systems of effective extractions.



The Company maintains collaborative work with irrigation associations in different basins in the south-central zone.





## Water Management with the Community and User Organizations

303-1

In 2020, several initiatives were promoted with communities and stakeholders near its facilities to provide water for human and animal consumption and irrigation for subsistence plantations, all of which have contributed to SDG N°6 on “Clean Water and Sanitation”, in particular indicators 6.3.1 and 6.4.2.



### Aconcagua Complex:

We continued to support the regularization of water rights of neighbors, cleaning of intakes in canals and participatory monitoring of watercourses.

Also noteworthy is the work with the Board of Surveillance of the First Section of the Aconcagua River, in the search for spaces to strengthen the management of water resources through timely communication and the optimal use of existing infrastructure.

### Colbún Complex:

The strengthening of the relationship with the irrigators and other stakeholders in the basin continued, with a view to achieving an efficient, collaborative and sustainable use of water resources, which was achieved through various initiatives, such as:

• *Operational agreement with the Maule River Surveillance Board and Enel: Agreed for 5 years, it allows saving water for irrigators in the Colbun and Pehuenche reservoir system, so that users can use this water during the irrigation season, supplementing the low natural flows observed in recent years.*

• *Savings agreement with some Irrigation Associations:* Allows storing in Colbun reservoir generation water that Enel extracts from the Maule Lagoon, which is used during the irrigation season to supplement available flows.

• *Collaboration agreements with the Maule Sur Irrigation Association:* These agreements are focused on the efficient use of the resource, enabling the Association to strengthen its technical office and support small irrigators in applying for irrigation projects.

• *Multisectoral roundtable for the Maule River Basin:* Colbun participates in this roundtable along with government

agencies and other stakeholders in the basin, and its purpose is to develop initiatives and studies to recover the levels of the Maule Lagoon, in addition to strengthening the integrated management of water resources in the basin.

### Angostura and Canutillar Power Plants:

Continued support to Rural Drinking Water Systems (APR) in obtaining their water rights, strengthening the legal certainty of their community drinking water supply activity.

### Biobio Basin:

Special mention should be made of the constitution of the Biobio River Basin Surveillance Board, after a voluntary process that involved more than 2 years of work and rapprochement of different stakeholders, irrigators, electricity, industrial, sanitary, etc., and diverse visions in relation to water resource management.

### Laja River Basin:

Participation in the process of conformation of the Laja River Surveillance Board, which constitutes a water system related to various activities of interest (tourism, human consumption, agriculture, hydroelectric generation) has meant an important challenge for the actors involved, among which is Colbun.





## PERU

In the case of Peru, Fenix Power Plant uses water captured from the ocean for its processes and avoids all consumption of water from groundwater and surface water.

The process that requires the largest amount of seawater is the cooling system, whose value in 2020 was 236 million m3. A portion of the water captured goes through a desalination and potabilization process, which can

generate up to 2,500 m<sup>3</sup> of drinking water daily. A small percentage of this last resource goes for internal consumption at the plant, and the majority is delivered to the District Municipality of Chilca, which is responsible for its distribution for the benefit of the local population. **This practice means a relevant contribution to SDG No. 6 on “Clean Water and Sanitation”, in particular indicator 6.1.1.**



## Water Reuse at Thermal Power Plants in Peru

Fenix power plant in Peru continued with the treatment and reuse system for 80% of domestic wastewater, recycling 4,055 cubic meters of gray water to supply part of the irrigation requirements of green areas and the plant screen (live perimeter) of the power plant.

Fenix power plant in Peru continued with the treatment and reuse system for 80% of domestic wastewater.

Seawater collected and returned to the source in Peru (301-1,303-3, 303-4 y 303-5)

Use of water	Unit	2017	2018	2019	2020
Water used for cooling processes at Fenix Power Plant *	m³/year	290,786,513	288,407,521	260,220,997	235,755,113
Water supplied to the community **	m³/year	374,210	399.027	414,601	386,777
Water used for plant's administrative offices ***	m³/year	3,648	4,982	4,896	5,069
Water consumed for firefighting system and irrigation of green areas ****	m³/year	23,683	18,157	17,188	12,787
Total seawater collected	m³/year	291,188,055	288,829,687	260,657,683	236,159,747
Total seawater returned to source	m³/year	290,786,513	288,407,521	260,220,997	235,755,114
SEAWATER CONSUMPTION	m³/year	401,542	422,166	436,686	404,633

\* Seawater used for cooling is returned to its source (includes industrial effluent).  
\*\* Corresponds to desalinated and potable water delivered to the District Municipality of Chilca.  
\*\*\* Corresponds to desalinated and potable water for internal use of the Fenix plant operation.  
\*\*\*\* Corresponds to desalinated water.

Reused seawater in Peru (303-3)

Reused water	Unit	2017	2018	2019	2020
Water used by the plant's administrative offices	m³/year	3,648	4,982	4,896	5,069
Wastewater reused for irrigation*	m³/year	2,919	3,985	3,916	4,055
% Water reused water	m³/year	80%	80%	80%	80%



# 6.4

## Waste Management

306-1, 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 into categories and managed independently, according to its hazardousness and the possibility of recovering it. No significant impacts are considered in terms of waste, considering that all our waste is recovered or disposed of in environmentally and sanitary authorized sites.

### Ashes

The company's waste generation corresponds to 99% of the ashes (fly ash and slag) from the Santa Maria thermoelectric power plant (that is why the goal of recovering 98% of the ashes by 2025 brings us closer to being a "Zero Waste" company by that year). Some 58% of this ash was valorized and used in cement plants in 2020, and the rest was sent to a collection site, owned by the Company, specially authorized for this purpose.

### Other waste

Non-hazardous waste other than ashes corresponds to waste assimilated to domestic waste and includes organic waste, bags, plastics and others. Hazardous waste generated by the operation of our facilities includes fabrics contaminated with fuels, used industrial oils, fluorescent tubes, paint containers, solvent containers, batteries.

Waste generation at Colbun's thermoelectric power plants in Chile increased compared to 2019, mainly due to the increase generated at Nehuenco Complex as a result of the scheduled maintenance of the water-oil separator and failures and maintenance of the wastewater treatment system at the same plant. This meant that the plant increased the generation of hazardous waste from 7 to 313 tons and non-hazardous waste from 66 to 360 tons.

### Initiatives

During 2020, an open innovation process was carried out in collaboration with Corfo, in order to seek innovative solutions to Colbun's waste management needs. This process resulted in the selection of two companies to reuse the company's corporate clothing and filter membranes from the Nehuenco Reverse Osmosis Plant (POI) (see details in Chapter 2, Innovation section).

Another initiative consisted of the pilot "Reuse of Colbun S.A. Corporate Clothing", where 1200 kg of new clothes were delivered to the Municipality of Maipú, so that they could be used by the recyclers that the Municipality groups together.

**These initiatives contribute to SDG No. 12 on Responsible Consumption and Production, in particular 12.5, which states "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse".**



99%

of the company's waste corresponds to ash from Santa Maria power plant

58%

of this ash was valorized and used in cement plants in 2020.





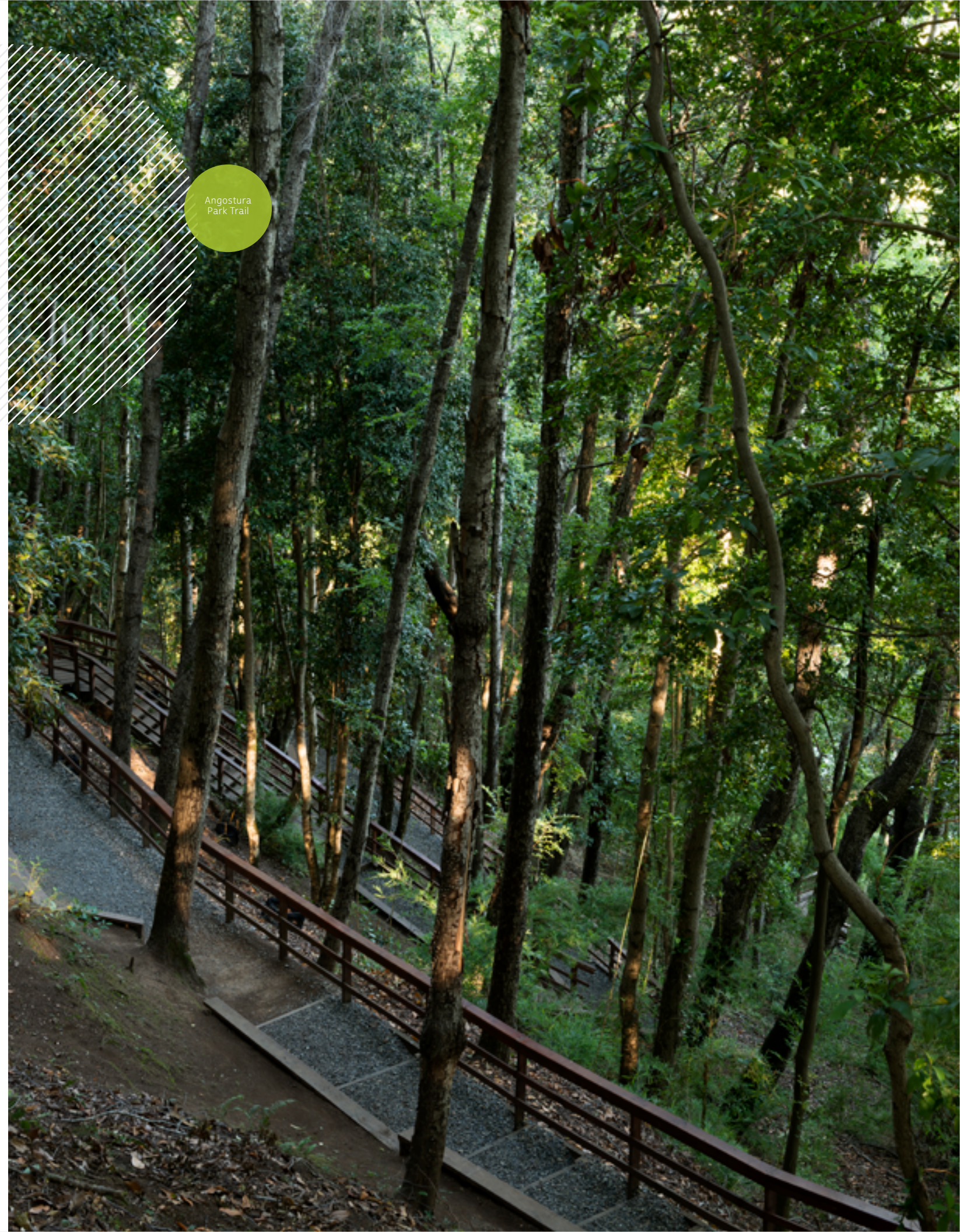
Total weight of waste generated - Chile (in tons) - (306-3, 306-4, 306-5)

	Waste generated			Waste not destined for disposal (recycled or reused)			Waste for disposal		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
<i>Waste composition</i>									
Total hazardous waste	270	262	422	0	0	0	270	262	422
Total non-hazardous waste	103,452	75,145	85,328	49,012	47,817	48,516	54,440	27,328	36,812
Ashes	102,962	74,793	84,760	48,983	47,776	48,511	53,979	27,017	36,249
Other waste	490	352	568	29	41	5	461	311	563
<b>Total Waste</b>	103,722	75,407	85,750	49,012	47,817	48,516	54,710	27,590	37,234

Total weight of waste generated - Peru (in tons) - (306-3, 306-4, 306-5)

	Waste generated			Waste not destined for disposal			Waste for disposal		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
<i>Waste composition</i>									
Hazardous waste	105	92	59	s/i	s/i	2	s/i	s/i	58
Non-hazardous waste	135	598	433	s/i	s/i	11	s/i	s/i	423
<b>Total Waste</b>	240	690	493	s/i	s/i	12	s/i	s/i	480

Angostura Park Trail





6.5

## Local Gas Emissions

103-2, 103-3, 305-7

Local atmospheric emissions come exclusively from the thermal power plants that Colbun operates. The main pollutants are particulate matter (PM), nitrogen oxides (NOX) and sulfur dioxide (SO<sub>2</sub>). These emissions are governed by the emission standards for thermal power plants and their respective environmental qualification resolutions. There are also general air quality standards and local plans that define the concentration levels in the air that are acceptable for people and the environment.

**In 2020, all of Colbun's power plants complied with the limits established for stack emissions.**

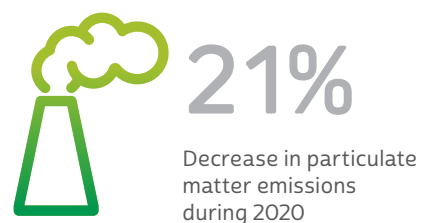
### Emissions Monitoring

#### Online data validation and availability:

Emissions monitoring and tracking is performed through continuous emissions monitoring systems (CEMS) redundant for the Santa Maria power plant and the two combined cycles of the Nehuenco power plant, with a monitoring rates rates of around 99%. The CEMSs follow rigorous validation and quality assurance validation and quality assurance protocols information, and are tested annually by the supervisory authority. For the backup power plants (Nehuenco III, Los Pinos and Candelaria) an abbreviated methodology approved by the supervisory authority called Low-Mass Emission (LME) is used. During 2020, the online connection of CEMS and availability of historical data on atmospheric emissions from Santa Maria and Nehuenco power plants with the Superintendence of Environment was developed, a process that was successfully completed in February 2021.

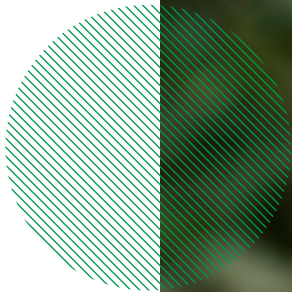
#### Decontamination Plan in Concepcion:

With the entry into force of the Atmospheric Prevention and Decontamination Plan for the Metropolitan Concepcion Communes (PPDA of Gran Concepcion), prevention and mitigation measures were established during the critical episode management period for MP2.5 and/or MP10, such as a ban on the operation of wood-burning stoves or the shutdown of industrial sources. Due to the low levels of particulate matter emitted by Santa Maria, this power plant was exempted from this obligation. Even so, Colbun voluntarily presented an Operational Adjustment Plan with measures for the control and reduction of atmospheric emissions to be implemented in the event that the environmental authority decreed a critical episode, which was favorably accepted by the authority.



#### Variation in emissions:

At the consolidated level, in 2020 mass emissions of particulate matter noted a decrease of 21%, explained by the adjustment of the correlation curve made to the Nehuenco II PM CEMS, which allowed for a more accurate quantification. SO<sub>2</sub> mass emissions decreased with respect to previous years, mainly due to the use of bituminous coal with lower percentages of sulfur. Mass emissions of nitrogen oxides (NOX) decreased compared to previous years, mainly due to the use of bituminous coal with lower percentages of sulfur. (NOX), meanwhile, rose with respect to 2019 due to a greater number of hours of operation of Santa Maria power plant. Similarly, the reduction in mass emissions of NOX emissions from Fenix power plant is due to the lower number of operating hours compared to 2019.



## Air Quality Monitoring

### Open and online information:

Regarding air quality monitoring around our thermal power plants, in 2020 the online connection of the three air quality stations of Nehuenco Complex with the National Air Quality Information System (SINCA) of the Ministry of Environment was successfully carried out. Thus, both emissions data from this Power Plant and Santa Maria (connected in 2019) are in real time and fully available to the authority and the community.

### Connection with the SMA:

In addition, based on a requirement from the Superintendence of Environment, during the second half of 2020, all air quality monitoring

stations and meteorological variables -13 in total-, of the Santa Maria, Nehuenco, Candelaria and Los Pinos power plants were connected online with the SMA.

### Transfers of monitoring stations:

In 2020, the process of technical transfer and supervision of the air quality stations located in the commune of Coronel to the Ministry of Environment began. From now on, the ME, will ensure their correct operation and timely delivery of information to citizens and supervisory bodies.

### Decontamination Plan for the Valparaíso Region:

Colbun also participated in 2020 with technical background in the drafting process of the preliminary draft of the Prevention and Atmospheric Decontamination Plan for Particulate Matter PM10 for the Province of Quillota and the municipalities of Catemu, Panquehue and Llaylay in the Province of San Felipe de Aconcagua.

### Atmospheric emissions from Colbun's fixed sources in Chile (ton/year) (305-7)

Type of emission	2016	2017	2018	2019	2020
NO <sub>x</sub>	3,571	4,218	4,138	3,133	3,733
SO <sub>2</sub>	1,479	1,527	1,810	1,470	1,384
MP	50	72	106	100	79

### Atmospheric emissions from Colbun's fixed sources in Peru (ton/year) (305-7)

Type of emission	2016	2017	2018	2019	2020
NO <sub>x</sub>	948	1,112	1,124	1,071	812

**Notes:** The figures for Colbun Chile were obtained through the respective continuous emissions monitoring methodologies (CEMS or LME), while for Fenix a calculation methodology with EPA USA AP- 42 emission factor was used, since there is no emission standard that establishes a continuous measurement standard. / It should be noted that, since the Fenix power plant operates with natural gas, PM and SO2 emissions are not relevant.

### Emission levels of the Santa Maria power plant

Year	PM (mg/ Nm <sup>3</sup> )	Standard Limit PM (mg/Nm <sup>3</sup> )	NO <sub>x</sub> (mg/ Nm <sup>3</sup> )	Standar Limit NO <sub>x</sub> (mg/Nm <sup>3</sup> )	SO <sub>2</sub> (mg/ Nm <sup>3</sup> )	Standar Limit SO <sub>2</sub> (mg/Nm <sup>3</sup> )
2018	6.8	50	338	500	173	400
2019	8.2	50	310	500	188	400
2020	7.9	50	336	500	131	400

In accordance with the requirements of the D.S.13/2011 ME, it is required to perform specific sampling 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 2020 indicated an average concentration of Mercury (Hg) of 0.001 mg/m3N. This value is well below the DS.13/2011 limit of 0.1 mg/Nm<sup>3</sup>.

### Nehuenco Complex Emission Levels\*

Tecnology	Year	PM (mg/Nm <sup>3</sup> )	Standard Limit PM (mg/Nm <sup>3</sup> )	NO <sub>x</sub> (mg/ Nm <sup>3</sup> )	Standar Limit NO <sub>x</sub> (mg/Nm <sup>3</sup> )	SO <sub>2</sub> (mg/ Nm <sup>3</sup> )	Standar Limit SO <sub>2</sub>
Gas Natural	2018	No aplica		22.2	50	No aplica	
	2019			22.3			
	2020			22.7			
Diésel	2018	0.25	30	80	200	1.3	30
	2019	-		-		-	
	2020	-		-		-	

\* During 2019 and 2020 the Nehuenco Complex did not consume diesel.

The decrease in total SO2 emissions compared to 2019 is explained by the use of coal with a lower percentage of sulfur. In the case of PM, the decrease is explained by improvements in the correlation curve of the Nehuenco II PM CEMS. On the other hand, the increase in CO2 and NOX emissions is mainly explained by a higher number of operating hours of Santa Maria Power Plant, compared to 2019.



# 6.6

## Biodiversity

103-2, 103-3 , 304-1, 304-2

Biodiversity management at Colbun has two areas of action. First, there are the regulations: power generation, like any other anthropic intervention, has impacts on

the environment, which is why environmental regulations require companies to evaluate their impacts prior to the construction of projects, in order to eliminate and/or minimize them. Accordingly, Colbun develops mitigation, repair and compensation measures for these impacts, in order to comply with the regulations and minimize the impact on biodiversity and ecosystems.

There is a second area of voluntary action, where the Company seeks to go beyond regulations. To this end, we have a Sustainability Policy, where we have committed to “consider in our environmental management the recognition of biodiversity, natural habitats and the management of greenhouse gas emissions in order to achieve environmental viability in our activities”.

Within this framework and in accordance with the Global Compact Principles and the Union for the Conservation of Nature IUCN, Colbun

has four guidelines in order to approach biodiversity management in an integral way in our activities:



1. Consider the impact on biodiversity of projects in their early stages, using methodologies that address biodiversity in an integrated manner and applying the mitigation hierarchy to minimize the residual impact.



2. Maintain plans focused on biodiversity conservation, promoting awareness of endemic species or species in conservation categories in areas surrounding our facilities.



3. Promote in situ conservation of biodiversity through the protection or rehabilitation of natural areas or areas of interest.



4. Promote knowledge and understanding of biodiversity in all employees of the Company.



# Main Projects in Biodiversity

304-3

In recent years, we have been promoting initiatives to add value to the ecosystems and environments where we are present, both by educating about the existing biodiversity and by promoting the development of associated activities that allow the participation of the communities.

## CONSERVATION ON THE SHORES OF LAKE CHAPO

### Background

For a couple of years Colbun has been working on a biodiversity conservation project on its own land. As a new way of adding value to the land, ensuring biodiversity conservation, protecting vulnerable species and facilitating environmental research and education, we have been reviewing instruments to enhance biodiversity conservation.

### Agreement with the Tierra Austral Foundation

In this area, after almost a year of working with Tierra Austral Foundation, in January 2021 the Company signed an agreement with this NGO to develop a conservation project on 430 hectares of land that the company owns at the northern

En enero de 2021 la Compañía firmó con la ONG Tierra Austral un acuerdo para desarrollar un proyecto de conservación en un terreno de 430 hectáreas que tiene la empresa en la entrada norte de la Patagonia, entre el Parque Alerce Andino y la ribera del Lago Chapo,

entrance to Patagonia, between the Alerce Andino Park and the shore of Lake Chapo, in the municipality of Puerto Montt. This is an unprecedented agreement, the first of its Royal Right of Conservation

### Conservation Royal Right

For this project, a new legal tool was used called Conservation Royal Right, according to which the Company gives these lands in perpetuity for exclusive conservation purposes, through an unrenounceable mandate in favor of the aforementioned NGO (although Colbun continues to own the lands).

This ensures a biological corridor in lands of the highest ecological quality, which are part of the biosphere reserve, known as temperate rainforest, in pristine lands that are next to two protected areas, the

Alerce Andino National Park and the Llanquihue National Reserve.

**This project contributes to SDG No. 15 on “Life of Terrestrial Ecosystems,” which seeks to “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”.**







## BIRD WATCHING

304-4

### Background

The particular conditions of the Angostura Reservoir -which originated in 2014 with the Angostura Power Plant- have allowed the natural development of an area where the avifauna has established itself with 76 different species of birds, 98% of which are native. To highlight this phenomenon, an interactive module was designed at the Angostura Park Visitor Center for tourists and visitors, where it is possible to observe the birds live, virtually, by means of cameras that can be operated remotely.

### Next Steps

If sanitary conditions allow it, we are evaluating the feasibility of building a walkway and a lookout with universal access in 2021, so that visitors can access the viewing area without affecting or interfering with the tranquility of the birds and their environment. and their environment. The new lookout will have an automobile access and a walkway over the water, which will take visitors into the reservoir and bring them closer to the cove where the birds are concentrated, ending in a covered lookout that allows a 360° view of the area without scaring the birds.

For this second stage of the bird watching project, a mobile application will be available for visitors to take

tours with the educational infography on their mobile devices, facilitating the recognition of the species in the area. As a precursor to this project, and considering that due to Covid-19 the Visitor Center had to be closed, in 2020 the website [www.avesangostura.cl/](http://www.avesangostura.cl/) was launched, where it is possible to access information on the existing species and their main characteristics and habitats.

**This complements the existing Birdwatching project, contributing to SDG N°15 on “Life on Land”, in particular for its indicator 15.1.2.**



## COMMUNITY APICULTURE

### Background

The three-year-old Community Apiculture program was established in 2018 with the purpose of making available to local apiculturists the native forests and reforestations associated with the facilities where Colbun is present, in order to take advantage of their flowering for melliferous purposes. In this way, the aim is to convert what in many cases is an environmental obligation - plantations created as compensation established in the environmental qualification resolutions of Colbun projects - into opportunities that favor local development and biodiversity. It is important to note that Colbun currently has approximately 6,500 hectares of native forest and 900 hectares of reforestation in Chile.

### Benefits

In this regard, it already has 400 hectares for the production of differentiated honeys, which has benefited 70 apiculturists in eight municipalities, including Codegua, Los Andes, Coronel, Quilleco, Cabrero and Santa Barbara, among others. and Santa Barbara. In 2020 Cochamo (Canutillar Power Plant) joined the program. The program

was recognized as one of the best projects in the “Good practices for a more sustainable electric future” contest organized by Generadoras de Chile, obtaining second place out of 19 initiatives presented.

The land was also transformed into a scientific laboratory to promote studies on the potential for beekeeping production and the differentiating attributes of honey. These results will be shared and will serve the more than 10,000 beekeepers nationwide. The main benefits are:



# 70

Apiculturists from eight municipalities are the beneficiaries of the Community Apiculture program.

### Program Benefits



Facilities Linked to Protected Areas or Areas of High Biodiversity Value

304-1

The following table summarizes the facilities that are adjacent to or within a protected area in Chile. In the case of Fenix, there are no facilities within or adjacent to protected areas or areas of high biodiversity value.

Colbun Operation Center	Type of operation (Operation, office etc.)	Name of biodiversity-rich site	Geographic location of area	Area and/or Surface (Km²)	Company locatoion regarding protected area	Description of the area (protected/ non-protected)	Biodiversity value of area
Canutillar Power Plant	Canutillar Power Plant civil works	Parque Nacional Alerce Andino	Los Lagos Region	392.5	Adjacent	Protected	Evergreen forest species
Canutillar Power Plant	Canutillar Power Plant civil works	Llanquihue National Reserve	Los Lagos Region	339.7	Adjacent	Protected	Evergreen and larch forests, fauna associated with these natural environments, important volcanic and geomorphological features and scenic values of remarkable attraction.
Los Maquis-Hornitos LAT	Transmission Line	Forestal Rio Blanco Reserve	Valparaíso Region	101.8	Inside (portion)	Protected	The most frequent species were Haplopappus multifolius and Haplopappus sp., Bromus berterioanus, Quillaja saponaria and Talguenea quinquinervia, and Kagenneckia angustifolia and Mulinum spinosum. Regarding the fauna, the presence and reproduction of pairs of condors on steep cliffs stands out, as well as the presence of puma, vizcacha, eared lauchon, culpeo and chilla fox, eagle, harrier, jote, chercan, loica and partridge, among other species.
Carena- Lo Prado LAT	Transmission Line	Quebrada de la Plata Wildlife Sanctuary	Metro-politana Region	11.1	Adjacent	Protected	The Wildlife Sanctuary represents the Mediterranean ecosystem located in the Scrub and Sclerophyllous Forest Region, Subregion of the Scrub and Thorn Forest. It is home to 113 species of vertebrate fauna, 408 species of invertebrate fauna, 254 species of flora, 91 species of macrofungi and 8 species of lichens, totaling a richness of 874 species for the proposed area. Of these, there are 14 native species of mammals, 59 native species of birds, 9 species of reptiles and 2 species of amphibians.
Polpaico - Maitenes LAT	Transmission Line	Predio Los Nogales Sanctuary	Metro-politana Region	110.23	Inside (portion)	Protected	It corresponds to a medium and high mountain ecosystem with vegetational formations characteristic of the central zone of the country. The species associated with the Andean sclerophyllous forest are found in the middle to low areas, are evergreen foliage and hard leaves capable of retaining moisture, some of them are the quillay, litre, bollen, guayacan, chequén or white myrtle, maqui, oreganillo, among others.

Impacts on Biodiversity and Protected or Restored Habitats

304-2, 304-3, 304-4

Regarding management of our impacts on biodiversity, in the framework of the Environmental Assessment of Angostura Power Plant, Colbun committed to the enrichment of a degraded forest with species with conservation problems in a total area of more than 35 hectares as compensation for the need to cut species in a state of conservation for the construction of the power plant. This initial commitment, already fulfilled, today makes up a Preservation Forest of more than 40 hectares, with an enrichment to date of more than 4,500 new trees of native species: Avellanillo, Avellano, Boldo, Bollen, Canelo, Guindo Santo, Lingue,

Maqui, Molle, Naranjillo, Olivillo, Peumo, Tepa and Trevo.

In the case of Fenix, there is no evidence of impacts in terms of a reduction in the number of species or their impact. Historical biological results were presented again in the EIA update.

Biotic monitoring was changed from quarterly to semiannual due to the results obtained. There are no protected or restored areas in the area.

Based on the studies carried out, our facilities and operations do not affect any protected species in Chile or Peru.



Alerce Andino National Park

Protected/Restored Habitats in Chile(304-3)

Name of protected or restored habitat	Geographic Location	Protected and/or restored area (hectares)	Restoration Measures
Villa Rivas Farm	Commune of Contulmo, Arauco Prov.	0.3	Ecological enrichment with 4 species in conservation status
Cabaña Eugenia Farm	Angostura Power Plant, Sta. Barbara commune, Biobío Prov.	40	Ecological Enrichment of degraded forest
Angostura Reservoir Riverbank	Angostura Power Plant, Sta. Barbara commune, Biobío Prov.	7.5	Reforestation of riverbanks for wildlife refuge
Native forest with melliferous potential	Angostura Power Plant, Sta. Barbara commune, Biobío Prov.	125	A pilot project is being developed to see the potential for honey and soil recovery.
Conversion of exotic plantations to native forests	Los Pinos Power Plant, Biobio Prov.	20	Conversion of exotic plantations (pine) to native forest (quillay).
Nehuenco Native Park	Nehuenco Complex, Quillota commune	3.6	Reforestation for conservation and promoting the incorporation of flora and fauna.
Native forest with melliferous potential	Aconcagua Complex, Los Andes commune	15.5	Reforestation for conservation and melliferous potential
Native forest with melliferous potential	Canutillar Power Plant, Cochamo commune	200	Native Forests for conservation and melliferous potential
Lake Chapo Royal Right of Preservation Land	Canutillar Power Plant, Pto. Montt commune	430	Native forest destined for conservation through the instrument of the Royal Right of Conservation.



# 6.7

## SUMMARY - CHAPTER 6

# Relevant issues, associated risks and management

Chapter 6 addresses two topics that were identified in the Materiality Assessment as relevant to consider for our stakeholders **Environmental Footprint and Transition to a 100% renewable matrix and Climate Change.**



## MATERIAL ISSUE: Environmental Footprint

### Why it is relevant for Colbun:

The construction of projects and operation of power plants can have environmental impacts of increasing relevance to society and our stakeholders.

Therefore, all issues related to water, local emissions, waste, biodiversity, and environmental standards are relevant to the operation of our facilities.

### Related risk:

- Regulatory noncompliance
- Conflicts with communities
- Availability of water for plant operation
- Regulatory changes
- Conflicts over water at the local level

### How we manage it:

Colbun has a Safety, Occupational Health, Environment and Quality Policy that is applicable to all its operations. A methodology has been developed to identify environmental incidents, as well as permanent monitoring to raise challenges and opportunities for improvement. Several listening systems - whistleblower hotline, local whatsapp groups, etc. - allow us to raise local perceptions about our performance in this area. To go further, in 2020 we defined the Environmental Footprint Project, where we defined goals agreed with the Board of Directors associated with the performance of CO<sub>2</sub> emissions, water consumption and waste management, as well as KPIs and an action plan to achieve the goals set.

### SDGs related:



## MATERIAL ISSUE: Transition to a 100% renewable matrix and climate change\*.

### Why it is relevant for Colbun:

Renewable energies have become the most competitive technologies in this industry and the preferred source of generation for many clients. It is expected that in the future, solar and wind energy will lead the growth of the energy matrix. Along with this, a renewable matrix will make a significant contribution to meeting Chile's CO<sub>2</sub> emission reduction targets. The company is also part of the decarbonization agreement.

### Related risk:

- Regulatory changes
- Increased competition
- Market price evolution
- Safe operation of the system
- Increase in green taxes
- Hydrology

### How we manage it:

Colbun has a management model to identify risks and opportunities in Climate Change, with a program in vigour for 20 years that has been strengthened over time. This includes using a carbon price in our decision making; developing projects to issue carbon credits; measuring, verifying and reporting our carbon footprint. Colbun also began developing a roadmap four years ago to build close to 4,000 MW of solar and wind projects by 2030, of which 1,800 MW are at an advanced stage of development. Despite the complexities of a pandemic year, significant progress was made in 2020: construction began on two solar projects; environmental approval was granted for a third, and significant progress was made on the Horizonte wind project.

### SDGs related:

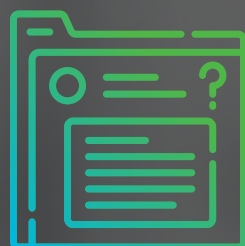


\* Also see chapter 4





# GENERAL INFORMATION



- 7.1 Scope of the Annual Integrated Report
- 7.2 Methodology
- 7.3 Materiality Assessment
- 7.4 Annual Integrated Report Validation
- 7.5 Statement of Responsibility





# Scope of the Annual Integrated Report

102-10, 102-49

This document includes the 2020 performance of Colbun S.A. and its subsidiaries in Chile and Peru, including all activities related to the Company's business cycle, from the development and construction of projects to power sales, including power generation and transmission.

This document does not present indicators for Electrogas or Transquillota, as they are affiliated companies of Colbun S.A.

## The most significant changes in 2020 were:

- In September 2020, the Company acquired 100% of the energy solutions company Efizity. Although in this report the information on final results includes Efizity, in general, all other indicators -such as

number of employees, training, water use, emissions, etc.- were not considered, since the management control only took place in the last part of the year.

- Despite the COVID-19 pandemic, significant progress was made in the development of Colbun's portfolio of solar and wind projects, starting the construction of two photovoltaic power plants during the year: Diego de Almagro Sur (230 MW) and Machicura (9 MW).





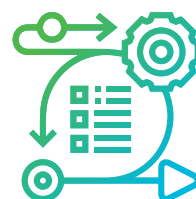
# 7.2

## Methodology

102-48, 102-51, 102-54

This Annual Integrated Report was prepared in accordance with the Comprehensive approach of the GRI Standards (Global Reporting Initiative) and in accordance with the principles of the International Integrated Reporting Committee (IIRC), also contemplating the mandatory requirements of the Financial Market Commission (CMF). As for the restatements regarding the 2019 Annual Integrated Report, they apply to the following GRI standards:

- Ex 403-2: In relation to the labor absenteeism indicator in Fenix, the calculation formula was corrected.
- The Company had a projected CO<sub>2</sub> emission factor reduction of 47% by 2030, taking 2018 as the baseline. However, in 2020 the company has decided to consider a more cautious scenario regarding the demand for power in Chile, so that the goal of reducing the net CO<sub>2</sub> emission factor is 40% by 2030.





# 7.3

## Materiality Assessment

102-32, 102-44

The following is a detail of the elaboration process of the Annual Integrated Report, following the “materiality assessment” process proposed by the methodology of the GRI Standards. Materiality corresponds to the process through which the relevant topics for the Annual Integrated Report are determined, either because they evidence the economic, environmental and social effects of the organization, or because they significantly influence the decisions of stakeholders.

To identify the materiality of the Annual Integrated Report 2020, and establish an order of priority for both the Company and stakeholders, a

Materiality Study was conducted by an external company. This work included the review, firstly, of numerous internal and external documentation to the Company, such as press analyses, benchmarking of other companies, and various Colbun work documents.

We then proceeded to prioritize the issues identified, conducting interviews with 12 Colbun managers (including our CEO in Chile and Fenix’s General Manager) and analyzing the results of the surveys that the company conducts with its stakeholders (customers, investors, communities, employees, suppliers and providers). Finally, we also considered the results of the reflection sessions

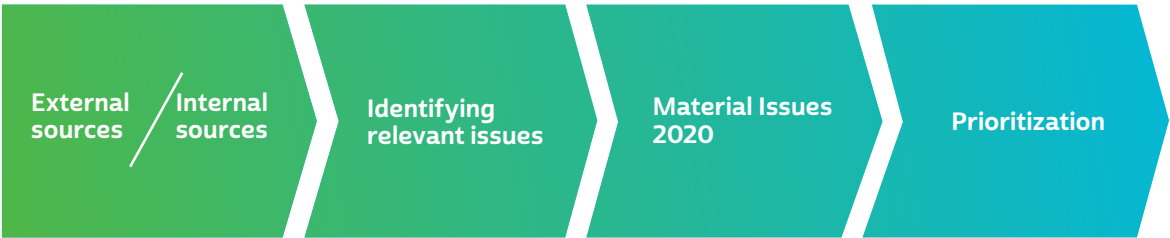
that the company developed with its own employees during the year 2020 in a pandemic context.

### Relevant information for the power industry and Colbun: External and internal sources

In order to identify the characteristics, projections and main challenges of the power sector and Colbun, as well as to know the main concerns of our different stakeholders -information that provides a basis to address the material issues-, the following information was analyzed:

#### Sources of information for materiality assessment 2020

Internal Sources
Colbun Strategy 2020-2025
Corporate Risk Matrix 2020
Colbun’s Dow Jones Sustainability Index Results
Human Rights Focus Groups in Chile
GPTW 2020 Survey
Internal Reflection Days 2020
Investor Day 2020 Presentation
Quarterly Management Presentations and Goals 2019-2020
Colbun’s Gender Equity Plan
External Sources
Benchmark: national and international power companies’ Reports and Integrated Annual Reports
Sustainability Accounting Standards Board (SASB) Sectorial Materiality Map for the power industry (Electric Utilities & Power Generators / Renewable Resources & Alternative Energy)
Press review: news concerning Colbun
ESG Stakeholder Surveys in Chile and Peru 2020: <ul style="list-style-type: none"> <li>- Clients (Chile: 111, Peru: 30)</li> <li>- Investors (Chile+Peru: 37)</li> <li>- Providers and Suppliers (Chile: 123, Peru: 63)</li> <li>- Relevant Local Stakeholders (Chile: 72, Peru: 55)</li> <li>- Community Thermometers (Chile: 300)</li> </ul>
Complaints filed in the Whistleblower Hotline (Chile and Peru)
Investor Inquiries Received



Identification of Relevant Issues

102-46

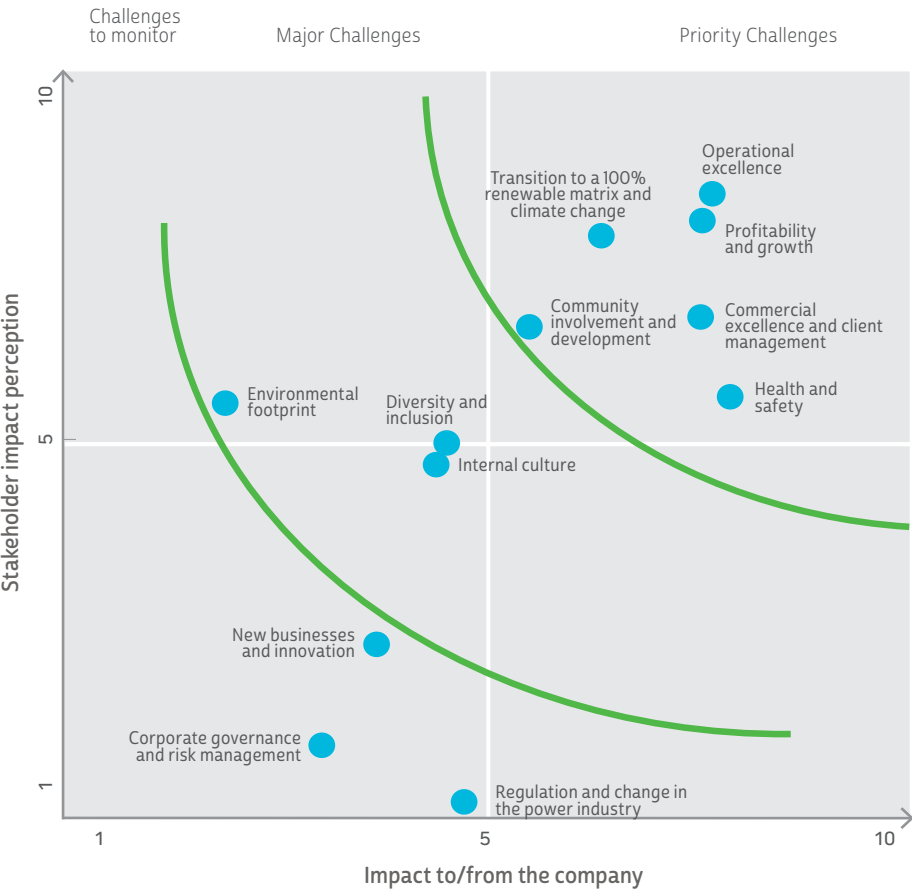
Based on the information analyzed from external and internal sources, 61 issues were identified as relevant to Colbun’s value creation process. These topics range across a broad spectrum of challenges, from financial and operational aspects to community concerns and/or environmental opportunities or achievements, among others. These 61 issues were grouped into 12 macro-issues, which were prioritized according to the methodology described above.

Prioritization of Material Issues

The following Materiality Matrix was reviewed and validated by Thomas Keller, Colbun’s Chief Executive Officer. The members of the Board of Directors also received this Annual Integrated Report for their review and comments.

On the “X” axis, the level of impact that the subject matter may have on the Company or - conversely - the impact that the Company’s operation may have on the subject matter was established. On the “Y” axis, we established the level of relevance that the stakeholders gave to each of the 12 topics.

Materiality Matrix





Description of Material Issues

103-1, 102-40, 102-47

Each material issue and its scope, i.e. the specific issues involved in the general topics, are presented below. The internal and/ or external stakeholders for which they are relevant are also presented. It should be noted that at the end of each chapter of this Annual Integrated Report it is possible to find these same material issues, together with a description of the risks involved and how Colbun manages them, also including their link to the Sustainable Development Goals.

MATERIAL ISSUE	STAKEHOLDER	SCOPE
Profitability and growth	Investors, contractors, employees, clients, and communities	<ul style="list-style-type: none"><li>- Internationalization</li><li>- Diversification of revenues and risks</li><li>- Profitability and EBITDA</li><li>- Stock fluctuation</li><li>- Economic performance</li><li>- Competitive construction costs</li><li>- Energy pricing</li><li>- Cost efficiency</li></ul>
Operational excellence	Clients, contractors, communities, employees	<ul style="list-style-type: none"><li>- Operational efficiency</li><li>- Choice of excellence contractors</li><li>- Automation and digitalization</li><li>- Quality, availability and reliability</li><li>- Sustainable operation</li></ul>
Commercial excellence and client management	Investors, clients, contractors	<ul style="list-style-type: none"><li>- Interaction with the client</li><li>- Experience and satisfaction</li><li>- Client portfolio</li><li>- Expand service base</li><li>- Asset management according to client needs</li></ul>
Corporate governance and risks management	Investors	<ul style="list-style-type: none"><li>- Corporate governance and ethical conduct</li><li>- Board structure</li><li>- Transparency</li><li>- Integrity and DPM</li><li>- Conflict of interest</li><li>- Risk management</li><li>- Cybersecurity</li></ul>
Regulation and change in the power industry	Clients	<ul style="list-style-type: none"><li>- Regulation of the power market</li><li>- Regulatory management</li><li>- Flexibility, distribution and water code</li><li>- Electricity industry changes (decarbonization, portability, etc.)</li></ul>
New businesses and innovation	Investors and clients	<ul style="list-style-type: none"><li>- New market opportunities</li><li>- Research and Development</li><li>- Waste to Energy</li><li>- Desalination</li><li>- Storage</li></ul>

MATERIAL ISSUE	STAKEHOLDER	SCOPE
Health and Safety	Employees, contractors, clients and the communities	<ul style="list-style-type: none"><li>- Safety of employees and contractors</li><li>- Physical and mental health of employees and contractors</li><li>- Community safety</li><li>- Health care COVID</li></ul>
Internal Culture	Employees, contractors and the communities	<ul style="list-style-type: none"><li>- Way of doing business</li><li>- Change management in the face of new challenges</li><li>- Collaboration and horizontal organization</li><li>- Human capital</li><li>- Labor practices</li><li>- Labor climate</li><li>- Human rights</li><li>- Teleworking</li><li>- Working conditions of permanent contractors</li></ul>
Diversity and inclusion	Investors and employees	<ul style="list-style-type: none"><li>- Behaviors that leverage an inclusive culture</li><li>- Gender and pay equity</li><li>- Inclusion of people with disabilities</li></ul>
Community involvement and development	The communities and investors	<ul style="list-style-type: none"><li>- Socio-environmental and human rights impacts in localities.</li><li>- Community engagement.</li><li>- Community investment (education, infrastructure and local tourism).</li><li>- Local entrepreneurship and job opportunities.</li><li>- Contributions and support for the COVID health contingency.</li></ul>
Transition to a 100% renewable matrix and climate change	Clients, investors, contractors, the communities and employees	<ul style="list-style-type: none"><li>- Other power sources (VRE, green hydrogen).</li><li>- Decarbonization process</li><li>- Climate change impacts and opportunities</li></ul>
Environmental footprint	Communities, contractors, investors	<ul style="list-style-type: none"><li>- Emissions</li><li>- Water and water scarcity</li><li>- Waste</li><li>- Biodiversity</li><li>- Noise</li></ul>



# 7.4

## Annual Integrated Report Verification

102-56

The Annual Integrated Report was reviewed by the consulting firm PwC, in order to ensure the reliability of the information provided herein and compliance with the guidelines of the GRI Standards. This verification process also included a detailed review of the materiality assessment and allowed us to identify improvement opportunities.

Colbun's Carbon Footprint was also verified by the consulting firm Deloitte. It should be noted that the financial information related to the Annual Integrated Report requirements of the Financial Market Commission is audited by EY.







(A free translation from the original in Spanish)

Santiago, April 14, 2021

Messrs. Shareholders and Directors  
Colbún S. A.

**Report of Independent Professionals**

We have reviewed the sustainability information of Colbún S.A. for the year ended December 31, 2020 included in the 2020 Integrated Report. Colbún management is responsible for the presentation of sustainability information in accordance with the “comprehensive” option of the sustainability reporting standards of the Global Reporting Initiative (GRI standards). Our responsibility is to express a conclusion on the sustainability information based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) AT-C section 105, Concepts Common to All Attestation Engagements, and AT-C section 210, Review Engagements. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the sustainability information for it to be in accordance with the “comprehensive” option of the GRI standards. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the sustainability information is in accordance with the “comprehensive” option of the GRI standards, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

We performed the following procedures:

- Scoping and planning based on relevance and volume of the sustainability information presented in the 2020 Integrated Report;
- Understanding of the materiality criteria used by Colbún S.A., the material aspects identified, management approaches and selected indicators, in accordance with the "comprehensive" option under the GRI standards;
- Interviews with executives responsible for the sustainability information in the 2020 Integrated Report;
- Review, based on selective testing, to verify that the sustainability data included in the 2020 Integrated Report is consistent with supporting documentation and/or is extracted from verifiable supporting information sources;
- Review that the financial information included in the sustainability information is derived from accounting records or from financial statements as of December 31, 2020, audited by an independent firm of auditors.

In performing our review, we have also complied with the independence and other ethical requirements set forth in the Code of Professional Conduct and applied the Statements on Quality Control Standards

The information reviewed is detailed on pages 167 to 170 of Colbún S.A.’s 2020 Integrated Report.

Based on our review, we are not aware of any material modifications that should be made to the sustainability information of Colbún S.A. for the year ended December 31, 2020, included in their 2020 Integrated Report, in order for it to be in accordance with the “comprehensive” option of the sustainability reporting standards of the Global Reporting Initiative.

Colin Becker

# Deloitte.

## Independent Audit Report

Santiago, March 5<sup>th</sup>, 2020

Colbun S.A.

Present.

Independent Auditor's report on Greenhouse Gas Emissions Inventory – 2020- in 11 generating plants and offices located in Chile and a generating plant located in Peru of the Colbun.

### Scope

Colbun has requested from Deloitte the verification of the Greenhouse Gas Emissions Inventory – 2020 in 12 facilities mentioned in table 1.

Table 1. Facilities considered in the calculation 2020.

Country	Facilities	Type
Chile	Candelaria	Generating plant
Chile	Los Pinos	Generating plant
Chile	Nehuenco	Generating plant
Chile	Santa María	Generating plant
Chile	Aconcagua	Generating plant
Chile	Carena	Generating plant
Chile	Rucúe – Quilleco	Generating plant
Chile	Angostura	Generating plant
Chile	Canutillar	Generating plant
Chile	Complejo Colbún	Generating plant
Chile	Solar Ovejería	Generating plant
Chile	OCCC	Offices
Perú	Fenix	Generating plant

These calculations include the estimation of the Carbon Footprint for each of the facilities for the period from January 1 to December 31, 2020.

The verification process was carried out considering the analysis of each of the sources of emissions defined in the report, which are: Consumption of fuels for generation and company trucks, floods, electricity consumption, maritime transportation of coal, business travel by air, ash transportation, generation of domestic and industrial waste, employee commuting, transfer of personnel, transportation of supplies and ground transportation of fuel.

Table 2 present the results of emissions by scope for the years 2020.

Table 2. Total Emissions according to scope, year 2020.

Alcance 1 (tonCO2e)	Alcance 2 (tonCO2e)	Alcance 3 (tonCO2e)	Total (tonCO2e)
4,520.389	9,437	23,553	<b>4,553,379</b>

### Standards and Assurance Process

Our review of the Greenhouse Gas Emissions Inventory, period 2020, was conducted in accordance with the GHG Protocol standard guidelines and ISAE 3410, Assurance Engagements on Greenhouse Gas statements. It should benoted that a limited security check was carried out, this is not an audit and therefore we do not express an audit opinion on this statement.

Our revision consisted of collecting official information pertinent to this report, in addition to the application of analytic procedures and audit tests, as described below:

- Meetings with Patricio Campos and Paula Reyes, representing the areas related to the calculation of the carbon footprint for each facilities.
- Collecting the consolidated information and calculation tools for each asset (folders with information andevidence of the data that was considered in the calculations), starting in January 2021.
- Review of the consistency and coherence of calculations and conversion units for the Greenhouse Gas Emissions Inventory emissions for each facilities.
- Requesting and receiving evidence not included in the verification process of the Greenhouse Gas EmissionsInventory.

### Conclusions

- There is no evidence to suggest that the Greenhouse Gas Emissions Inventory for Colbun had not been prepared in accordance with international standards for implementation.
- All inconsistencies found were duly clarified and resolved, therefore, there is no evidence that the information provided for the Greenhouse Gas Emissions Inventory contains significant errors.



**Responsibilities of Colbun and Deloitte**

- The preparation of the Greenhouse Gas Emissions Inventory – 2020, as well as its contents, are the responsibility of Colbun, who is also responsible for defining, adapting and maintaining the internal management and control systems for obtaining the information.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of Colbun, adhering to the terms established in the Engagement Letter. We do not assume any liability to third parties other than the Company's Management.
- The verification findings made by Deloitte are valid for the Greenhouse Gas Emissions Inventory for the 13 facilities described in the scope.
- The scope of a limited security review is substantially less than that of a reasonable security audit or review. Therefore, we do not provide an audit opinion on the calculation of the Greenhouse Gas Emissions Inventory of the 13 facilities of the Colbun for the 2020 period.

Sincerely,



Fernando Gaziano

**Partner**

7.5

## Statement of Responsibility

In compliance with the dispositions of General Rule No. 283 of the Financial Market Commission, we, the undersigned, declare under oath that all the information included in this Annual Integrated Report is a faithful expression of the truth, for which we assume the corresponding legal responsibility.



**Hernán Rodríguez Wilson**  
Chairman  
7.051.490-7



**Vivianne Blanlot Soza**  
Vice President  
6.964.638-7



**Luz Granier Bulnes**  
Independent Director  
7.040.317-K



**Bernardo Larraín Matte**  
Director  
7.025.583-9



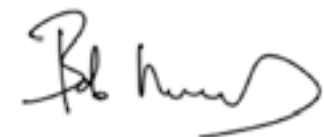
**Andrés Lehuedé Bromley**  
Director  
7.617.723-6



**Juan Eduardo Correa**  
Director  
12.231.796-k



**María Emilia Correa**  
Independent Director  
21.667.056-6



**Bernardo Matte Larraín**  
Director  
6.598.728-7



# Recognitions and Evaluations 2020

## ISO AND OHSAS CERTIFICATIONS

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

### ISO 14.001

This is a voluntary standard that certifies the environmental management system. The certification is valid until 2022 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 18.001

This is a voluntary standard that certifies occupational health and safety management systems. The certification is valid until 2022 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.

### The Sustainability Yearbook

In January 2021, the Company was included for the first time in The Sustainability Yearbook, a sustainability yearbook prepared by S&P Global based on the evaluation scores of the Dow Jones Sustainability Index. Of a total of 7,000 companies evaluated, less than 10% are included in this yearbook, and to be part of it requires being in the top 15% of each industry.

### Carbon Disclosure Project

The CDP, a prestigious international NGO that discloses the environmental management of companies, awarded Colbun a score of A- (Leadership) for its Climate Change management, being the highest classification for a Chilean company among the six national companies that report in this demanding standard.

### Huella Chile

Colbun received the Seal of Quantification, Reduction and Excellence for the period 2019-2020. The distinction is awarded by the HuellaChile program of the Ministry of the Environment.

### BRITCHAM Environmental Innovation

Colbun and Ecofibra received the "2020 Environmental Innovation Award" from the British-Chilean Chamber of Commerce (Britcham) for the project "Reuse of corporate clothing for thermal insulation in social housing". The initiative was a finalist along with 15 others in the "Large Companies" category, winning with the support of the public present with 52% of the votes.

### Dow Jones Sustainability Index (DJSI) MILA and Chile

Colbun S.A. was selected for the fourth consecutive year to be part of the Dow Jones MILA Pacific Alliance Sustainability Index (DJSI MILA), an index that includes companies that rank in the top 30% of sustainability in Chile, Colombia, Mexico and Peru. It was also selected for the fifth consecutive year in the DJSI Chile.

### Generators' Best Practices

Colbun obtained second place in the the "Good practices for a more sustainable electric future" contest, organized by Generadoras de Chile with its project "Community Beekeeping: sharing the best energy from our forests", which uses the melliferous attributes

of its native forests and plantations to promote community beekeeping.

### Informe Reporta

Colbun's Annual Integrated Report 2020 was recognized for the third consecutive year in first place by the Informe Reporta ranking. The survey conducted by the financial communications agency Deva evaluates the Integrated Annual Reports of all IPSA companies. S.A.

### FTSE4Good Index Series

In 2020 the Company was once again 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

In 2020 Colbun was included for the third consecutive year in this index, being one of the two Chilean companies present in it. This index, created by the Inter-American Development Bank (IDB), recognizes the 100 most sustainable companies operating in Latin America and the Caribbean.

### ProPYME Seal

Colbun has the ProPYME Seal, which certifies companies that pay their suppliers within 30 days. The Company has been certified consecutively since 2012.

### Fenix: Socially Responsible Company

In recognition of its socially responsible management, Peru 2021, the association that promotes social responsibility and sustainability in organizations in that country, awarded Fenix the Socially Responsible Company (ESR) Distinction for the fourth consecutive year.

### Blue Certificate

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

# GRI Standards Index

102-55

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SPECIFIC CONTENTS-SOCIAL PERFORMANCE					
Employment	401-1	New employee hires and employee turnover	5.1 Employees	89	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employees	101	
	401-3	Parental leave	Anex 8.5	202	
Labor / Management Relations	402-1	Minimum notice periods regarding operational changes	Anex 8.5	203	
Occupational Health and Safety	403-1	Occupational health and safety management system	5.3 Health and Safety Management	113	
	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Health and Safety Management	113	
	403-3	Occupational health services	5.3 Health and Safety Management	113	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Health and Safety Management	113	
	403-5	Worker training on occupational health and safety	5.3 Health and Safety Management	114	
	403-6	Promotion of worker health	5.3 Health and Safety Management	115	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Health and Safety Management	113	
	403-8	Workers covered by an occupational health and safety management system	5.3 Health and Safety Management	113	
	403-9	Work-related injuries	5.3 Health and Safety Management	113	
	403-10	Work-related ill health	5.3 Health and Safety Management	113	
Training and Education	404-1	Average hours of training per year per employee	5.1 Employees	98	

GRI STANDARD	DISCLOSURE	REPORTING REQUIREMENT	SECTION OF AIR	PAGE	OMISSIONS
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	5.1 Employees	98	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Employees	97	
Diversity and Equal Opportunities	405-1	Diversity of governance bodies and employees	5.1 Employees	90	
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Employees	95	
Non Discrimination	406-1	Incidents of discrimination and corrective actions taken	2.3 Sustainability Management	29	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.3 Sustainability Management	29	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	2.3 Sustainability Management	29	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.3 Sustainability Management	29	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	2.3 Sustainability Management	28	
Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	2.3 Sustainability Management	29	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	2.3 Sustainability Management	29	
	412-2	Employee training on human rights policies or procedures	2.3 Sustainability Management	28	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	5.2 Contractors and Suppliers	109	
Local Communities	413-1	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	5.4 Community Engagement	120	
	413-2	Operations with local community engagement, impact assessments, and development programs	5.4 Community Engagement	120, 128	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	5.2 Contractors and Suppliers	108-110	
	414-2	Negative social impacts in the supply chain and actions taken	2.3 Sustainability Management / 5.2 Contractors and Suppliers	29, 108-110	
Public Policy	415-1	Political Contributions	Anex 8.5	208	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories			N/A. Not a material issue
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			N/A. Not a material issue



GRI STANDARD	DISCLOSURE	REPORTING REQUIREMENT	SECTION OF AIR	PAGE	OMISSIONS
Marketing and Labeling	417-1	Requirements for product and service information and labeling			N/A. Not a material issue
	417-2	Incidents of non-compliance concerning product and service information and labeling			N/A. Not a material issue
	417-3	Incidents of non-compliance concerning marketing communications			N/A. Not a material issue
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Clients Relationship and Experience	65	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Anex 8.4	193	
GRI - Electric Utilities Sector Disclosures					
GRI - Electric Utility Sector Supplement	EU1	Installed electricity generation capacity, broken down by primary energy source and by regulatory regime	Colbun in Figures / 1.3 Our Facilities /4.4 Energy Management and Commercialization	3, 12, 66	
	EU2	Net energy output broken down by primary energy source and by regulatory regime	4.4 Energy Management and Commercialization	66-67	
	EU3	Number of residential, industrial, institutional and commercial clients	4.3 Clients Relationship and Experience / 4.5 The Transmission Business	60, 73	
	EU4	Length of above and underground transmission and distribution lines by regulatory regime	Colbun in Figures/ 4.5 The Transmission Business	3, 73	
	EU5	Allocation of CO2e missions allowances or equivalent, broken down by carbon trading framework	6.2) New Green Tax Regulation	139	
	EU6	Management approach to ensure short and long-term electricity availability and reliability	(4.4) Availability and Reliability of the Power Plants	70	
	EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	2.5 Innovation Strategy	35	
	EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Anex 8.4	188	
	EU11	Average generation efficiency of thermal plants by energy source	(4.4) Efficiency in Thermal Power Plants and Fuel Consumption	72	
	EU12	Transmission and distribution losses as a percentage of all energy	4.5 The Transmission Business	73	
	EU14	Programs and processes to ensure the availability of a skilled workforce	Anex 8.5	200, 201	
	EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	5.1 Employees / Annex 8.5	89, 203	
	EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	5.3 Health and Safety Management	114	

GRI STANDARD	DISCLOSURE	REPORTING REQUIREMENT	SECTION OF AIR	PAGE	OMISSIONS
GRI - Electric Utility Sector Supplement	EU19	Stakeholder participation in decision making processes related to energy planning and infrastructure development	5.4 Community Engagement	120-122	
	EU21	Contingency planning measures, disaster or emergency management plan and training programs, and recovery and restoration plans	5.3 Health and Safety Management	116-117	
	EU30	Average plant availability factor by energy source and by regulatory regime	4.4 Energy Management and Commercialization	70-71	
General Standard 386					
General Standard 386	NCG 386	Diversidad del Directorio y la Organización	(5.1) Diversity and Inclusion / Annex 8.5	93-95, 201, 202, 203	
Colbun Indicators					
Colbun Indicators	Colbún-3. SO	Social investment by initiative	(5.4) Community Development Programs: Generating Future	124-127	
	Colbún-4. SO	Describe the main socio-environmental conflicts that took place this year and how they were addressed	(5.4) Main Socio Environmental Challenges	128-129	
	Colbún-6 EC	Describe the status of the Company projects, future prospects and goals associated with growth.	4.6 Growth Prospects: Renewables /5.7 International Expansion	75-77, 78	
	Colbún-7 EC	Describe the status of the Company's projects, future prospects and goals associated with growth.	2.2 Strategyc Agenda / 3.1 General Context / 3.2 Regulatory Framework Evolution	21, 42-44, 45-49	
	Colbún-8. TR	Job vacancies filled through internal contest	(5.1) Compensation and Career Development	99	
	Colbún-10. TR	GPTW / Climate Survey Results	(5.1) Organizational Climate	100	



### Identification of the Company

102-1, 102-3, 102-4, 102-5

Company Name: Colbun S.A.  
Tax Number: 96.505.760-9  
Type of Entity: Sociedad Anónima Abierta (open stock corporation).  
Registration in the Securities Registry: No. 0295  
Address: Av. Apoquindo 4775, 11th floor, Santiago, Chile.  
Telephone: (56 2) 2460 4000  
Fax: (56 2) 2460 4005  
Website: [www.colbun.cl](http://www.colbun.cl)  
Twitter: @ColbunEnergia Facebook: [www.facebook.com/ColbunEnergia/](https://www.facebook.com/ColbunEnergia/)  
External Auditors Financial Statements: EY Servicios Profesionales de Auditoria y Asesorias SpA. External auditors  
Carbon Footprint: Deloitte Auditores y Consultores Ltda.  
External auditors economic, social and environmental indicators: PricewaterhouseCoopers Consultores Auditores SpA.  
Materiality: Gestión Social S.A  
Photographs: Colbun Archive  
Graphic design: Strong  
Printing: Fyrma



### Contact Information

102-53

For further information, suggestions, concerns, please write to:  
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8

ANNEXES





# 8.1

## Colbún: Who We Ares

### Our ambition: Ownership and corporate structure

102-5

Colbún has a total of 17,536,167,720 shares, of equal value each (“one share one vote”).

There are no government institutions with voting rights.

As defined in Title XV of Law No. 18,045, the companies holding shares representing 49.96% of the voting capital as of December 31, 2020 are listed below:

Controlling shareholder’s participation as of December 31, 2020

Shareholder Group	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 Participación	8,761,439,346	49.96

The control of the Company is exercised by virtue of a joint control and joint action agreement formalized regarding Forestal O’Higgins S.A. and other companies. It is expressly stated for the record that the aforementioned control and joint action agreement contemplates limitations on 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 manner and proportions indicated below:

- **Patricia Matte Larraín**, RUT 4.333.299-6 (6.49%) and their offspring María Patricia Larraín Matte, RUT 9.000.338-O (2.56%); María Magdalena Larraín Matte, RUT 6.376.977-O (2,56%); Jorge Bernardo Larraín Matte, RUT 7.025.583-9 (2,56%), and Jorge Gabriel Larraín Matte, RUT 10.031.620-K (2,56%).

- **Eliodoro Matte Larraín**, RUT 4.336.502-2 (7.21%) and his sons Eliodoro Matte Capdevila, RUT 13.921.597-4 (3.27%); Jorge Matte Capdevila, RUT 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, RUT 15.959.356-8 (3.27%).
- **Bernardo Matte Larraín**, RUT 6.598.728-7 (7.79%) and his offspring Bernardo Matte Izquierdo, RUT 15.637.711-2 (3.44%); Sofía Matte Izquierdo, RUT 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, RUT 16.612.252-K (3.44%).

The individuals identified above are related to the same business group.

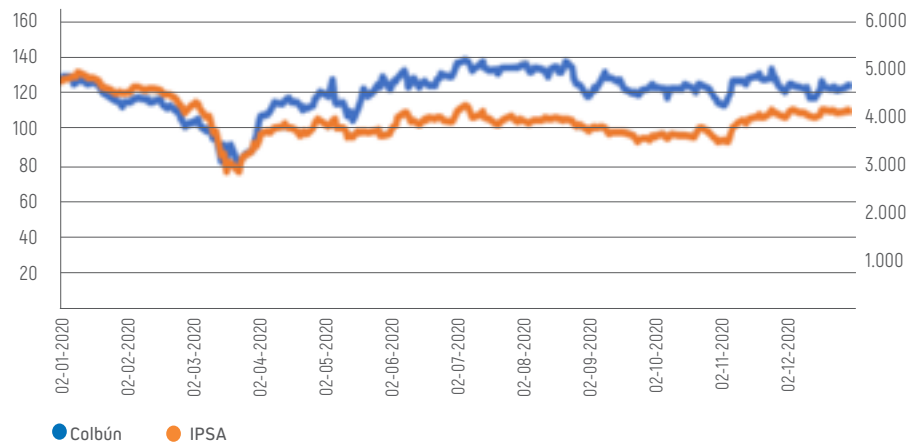
(NOTE: RUT = National ID Number)



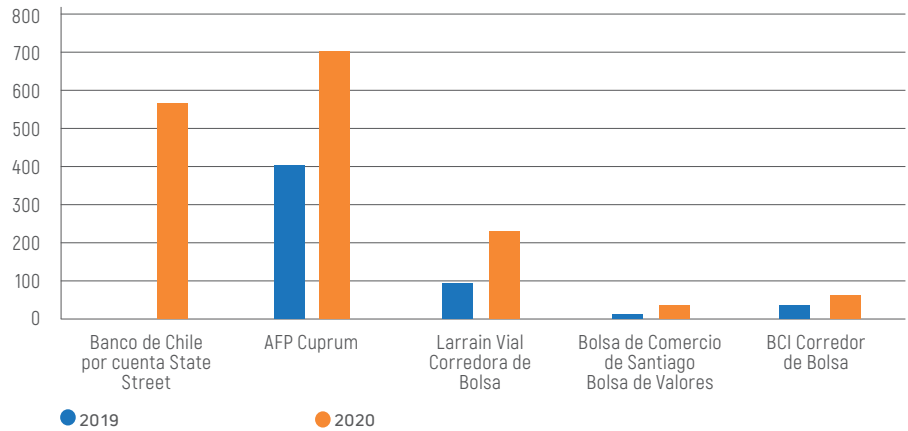


## Stock transaction

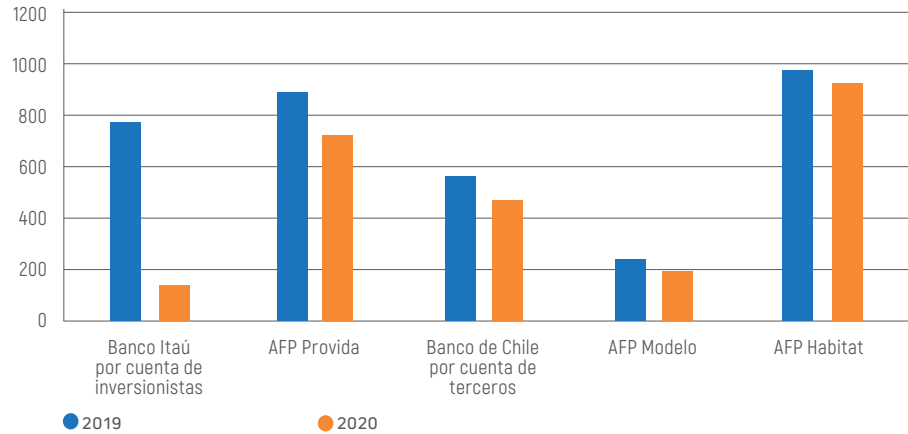
Evolution of Colbún's share price and the IPSA index during the year



5 largest shareholding increases 2019-2020



5 largest shareholding increases 2019-2020



## Colbún's stock exchange

Colbún's shares are traded on the Santiago Stock Exchange and the Electronic Stock Exchange. In both exchanges the stock market presence is 100%.

The following tables present information about the price, stock market presence, volume and amounts traded on these stock markets.

### Santiago Stock Exchange

Period	Volume (shares)	Total amount traded (CLP)	Average Price (CLP)	Lower Price (CLP)	Highest Price (CLP)	Closing 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	\$120.0
1T 2020	975,948,689	\$101,644,760,006	\$104.1	\$81.1	\$131.0	\$93.0
2T 2020	1,405,739,461	\$169,133,941,447	\$120.3	\$97.0	\$134.8	\$131.0
3T 2020	1,326,391,402	\$173,487,561,430	\$130.8	\$120.0	\$140.5	\$126.9
4T 2020	1,481,474,885	\$185,514,971,955	\$125.2	\$115.0	\$135.0	\$125.5

### Electronic Stock Exchange

Period	Volume (shares)	Total amount traded (CLP)	Average Price (CLP)	Lower Price (CLP)	Highest Price (CLP)	Closing 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	30,133,532	\$3,704,087,752	\$122.9	\$114.0	\$138.0	\$120.0
1T 2020	30,022,349	\$3,188,669,641	\$106.2	\$81.1	\$130.2	\$93.0
2T 2020	54,204,400	\$6,182,004,960	\$114.0	\$92.4	\$133.0	\$131.0
3T 2020	11,937,514	\$1,554,483,809	\$130.2	\$120.2	\$141.0	\$126.9
4T 2020	28,814,812	\$3,595,890,124	\$124.8	\$117.4	\$135.0	\$125.5



Dividends per share (CLP)

Año de Ejercicio	Provisorio	Definitivo	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
2020	4.07	2.37	6.45	

Management’s ownership requirements

At Colbún we do not have share ownership limits as a multiple of annual base salary. However, we are subject to regulations that prohibit the trading of shares in certain periods of time, in order to avoid insider trading. 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 Company shares.

Related companies

Colbún affiliates

Company name and legal nature	Corporate Purpose	General Information	Direct and indirect participation	Chairman	CEO	Members of the Board
COLBUN TRANSMISIÓN S.A.	Transmission of power; commercialization of transmission capacity and transformation of power; management and operation of power plants and provision of services related to its corporate purpose.	Private Limited Company. 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.
COLBUN DESARROLLO SPA	Generation, transportation, transformation, distribution, supply, purchase, sale and any other activity related to the commercialization of capacity and power; administration, operation and maintenance of hydraulic works and power plants; development of domestic and foreign power generation, transmission and distribution projects.	Private Limited Company. Incorporated on March 18, 2015. Colbún 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 power; construction, assembly and operation of power generation equipment and power plants with non-conventional renewable sources; purchase, sale, import, export, processing, marketing and distribution of all kinds of services, goods or supplies related to the energy business.	Joint Stock Company. Incorporated by public deed granted on July 31, 2015 at the Santiago notary's office of Mr. Iván Torrealba Acevedo. Colbún S.A. owns 100% of the shares.	100.0%	Representantes Legales: Juan Eduardo Vásquez M. Rodrigo Pérez S. Eduardo Lauer R.  Sebastián Moraga Z.	Note: This company does not have a Board of Directors or a General Manager; its administration is delegated exclusively to Colbún S.A.	
COLBUN PERU S.A.	Investment in all kinds of movable assets, including the acquisition of shares or rights in all kinds of companies, communities, foundations or associations, in all kinds of marketable 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 any other activity of commercialization of capacity and power, without any limitation whatsoever.	A closed corporation organized under the laws of the Republic of Peru, acquired by Colbún Desarrollo S.p.A. on September 28, 2015. Subsequently, by means of an Extraordinary Shareholders' Meeting held on December 15, 2015, Colbún S.A. was incorporated, who currently holds 99.9996% of the shares, with Colbún Desarrollo S.p.A. holding the remaining 0.0004%.	100.0%	Thomas Keller L	Olivia Heuts G.	Hernán Rodríguez W. (alternate Juan Eduardo Vásquez M.) Thomas Keller L. (alternate Sebastián Moraga Z.) Olivia Heuts G. (alternate Eduardo Lauer R.).
FENIX POWER PERU S.A.	The generation of power, secondary transmission and commercialization activities in accordance with the law of the matter; to develop any civil, industrial and commercial activity or operation and any other similar activity or operation that may 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 such generation of power, as may be necessary or appropriate and authorized for corporations.	A closed corporation organized under the laws of the Republic of Peru, incorporated on September 15, 2004 by Enrique Víctor Macedo Abreu, Fernando Enrique Macedo Abreu, and Horace Alfred Sklar. Inversiones de Las Canteras S.A. currently holds 100% of the shares.	51.0%	Juan Miguel Cayo	Juan Miguel Cayo	Hernán Rodríguez W. (alternate Juan Eduardo Vásquez M.) Thomas Keller L. (alternate Rodrigo Pérez S.) Olivia Heuts G (alternate Eduardo Lauer R.) Juan Miguel Cayo M. (alternate Sebastián Moraga Zúñiga) David Andrés Jana B. Laurent Bernard Fortino (alternate Mujeeb Ur Rehman Q.) Gonzalo de las Casas D. (alternate Craig Carleton-Smith)



Company name and legal nature	Corporate Purpose	General Information	Direct and indirect participation	Chairman	CEO	Members of the Board
INVERSIONES DE LAS CANTERAS S.A.	Investment in all kinds of movable assets, including the acquisition of shares or rights in all kinds of companies, communities, foundations or associations, in all kinds of marketable 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 any other activity of commercialization of power and electric energy, without any limitation whatsoever.	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 Colbún 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 Colbún 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. (alternate Juan Eduardo Vásquez M.)  Thomas Keller L. (alternate Sebastián Moraga Z.)  Olivia Heuts G. (alternate Eduardo Lauer R.)  Rodrigo Pérez S. (alternate Carlos Luna C.)  Luis Miguel Azenha  P. (alternate Mujeeb Rehman Q.)  Andrés Jana B. (alternate Laurent Fortino)  Gonzalo de las Casas  D. (alternate Craig Carleton - Smith)
Efizity Ingeniería SpA	The purpose of the Company shall be: One) In the power area: a) Make power certifications and qualifications of new and existing projects; b) Perform power simulation for efficiency and energy certification advisory purposes; c) Provide services, advisory and consulting services in the area of energy efficiency and sustainability; d) Develop, design, build and operate power generation projects, purchase and sale of power; e) Provide services of energy efficiency performance measurements; f) Provide services and consultancy in energy and sustainability matters, in building projects (Green building); g) Develop, implement, distribute and commercialize software and technological platforms for energy efficiency; h) Provide consultancy services in obtaining and processing information and data on water and energy consumption; i) Consultancy services in negotiation of Power Purchase Agreement (PPA) contracts; j) Provide negotiation and consultancy services to Small Means of Distributed Generation (PMGD) connections.		100% controlled by Colbún S.A.		Luis Enrique López Zabala	Juan Eduardo Vásquez Moya (titleholder);  Juan Elías Salinas Ulloa (titleholder);  Heinz Müller Court (titleholder);  Juan Pablo Fiedler (alternate);  Máximo Gacitúa (alternate);  Paulina Basualto (alternate).

Company name and legal nature	Corporate Purpose	General Information	Direct and indirect participation	Chairman	CEO	Members of the Board
Efizity SpA	a) The development, implementation, distribution and commercialization of all types of software and technological platforms; b) The rendering of services, advisory and consulting services in the area of energy efficiency and computing, software development, information technologies, advertising, marketing and the collection and processing of all types of information and data; c) The rendering of advertising services through all types of technological media, whether digital or analogous; d) To make all kinds of investments in movable and immovable property for long-term rental purposes, tangible and intangible, including the formation of and participation in other legal entities and companies of any type and purpose, the administration of such investments and the collection of their fruits or income; and e) Any other activity permitted by Chilean law that the partners may agree in the future. For such purposes, the corporation, among other acts, may always and at all times contract, subscribe and enter into all those obligations, contracts or agreements that are directly or indirectly convenient or necessary for the full, adequate and timely fulfillment of its corporate purpose.		100% controlled by Efizity Ingeniería SpA.		Luis Enrique López Zabala	Juan Eduardo Vásquez Moya (titleholder);  Juan Elías Salinas Ulloa (titleholder);  Heinz Müller Court (titleholder);  Juan Pablo Fiedler (alternate);  Máximo Gacitúa (alternate);  Paulina Basualto (alternate).
Efizity Peru S.A.C.	The purpose of the Company shall be: One) In the power area: a) Make power certifications and qualifications of new and existing projects; b) Perform power simulation for efficiency and energy certification advisory purposes; c) Provide services, advisory and consulting services in the area of energy efficiency and sustainability; d) Develop, design, build and operate power generation projects, purchase and sale of power; e) Provide services of energy efficiency performance measurements; f) Provide services and consultancy in energy and sustainability matters, in building projects (Green building); g) Develop, implement, distribute and commercialize software and technological platforms for energy efficiency; h) Provide consultancy services in obtaining and processing information and data on water and energy consumption; i) Consultancy services in negotiation of Power Purchase Agreement (PPA) contracts; j) Provide negotiation and consultancy services to Small Means of Distributed Generation (PMGD) connections.		99% controlled by Efizity Ingeniería SpA. and 1% by Colbún Peru S.A.		Alan Germán Vialen Estremadoyre.	Juan Eduardo Vásquez Moya (titleholder);  Juan Elías Salinas Ulloa (titleholder);  Heinz Müller Court (titleholder);  Juan Pablo Fiedler (alternate);  Máximo Gacitúa (alternate);  Paulina Basualto (alternate).
Desaladora del Sur S.A	Desalination of seawater, potabilization, conduction, commercialization and provision of potable water supply services to El Servicio de Agua Potable y Alcantarillado de Lima (SEDAPAL) or to third parties; as well as any other activity related to the foregoing that is permitted by Peruvian law, without any reservation or limitation whatsoever.	Corporation organized under the laws of the Republic of Peru, incorporated by Public Deed dated November 12, 2020 by Fenix Power Peru S.A. and Colbún Peru S.A.	51.0%	No chairman of the board has been appointed: To be held at the corresponding board meeting in accordance with the bylaws.	Juan Miguel Cayo Mata	Roxana Aliaga A.  Alejandro Galarza L  Dante Olcese C

Empresas relacionadas

Colbún coligadas

Company name and legal nature	Corporate Purpose	General Information	Direct and indirect participation	Chairman	CEO	Members of the Board
INVERSIONES DE LAS CANTERAS S.A.	Investment in all kinds of movable assets, including the acquisition of shares or rights in all kinds of companies, communities, foundations or associations, in all kinds of marketable securities and credit or investment instruments, together with the administration and exploitation of these investments and their results or products; and the generation, transportation, transformation, distribution, supply, purchase, sale and any other activity of commercialization of electric power and energy, without any limitation whatsoever.	Closed Corporation organized under the laws of the Republic of Peru, incorporated on November 16, 2015 by Inversiones Hacienda Moltanbán S.A. (now Colbún Peru S.A.) and Juan Carlos Escudero Verano who subsequently transferred his share to the former. On December 18, 2015, a capital increase was carried out, in which Colbún Peru S.A. subscribed and paid 51% of the shares and Sigma Fondo de Inversión en Infraestructura, with 13% of the shares, and Blue Bolt A 2015 Limited, with 36% of the shares, were incorporated as new partners.	51.0%	Thomas Keller L.	Thomas Keller L.	Hernán Rodríguez W. (alternarte Juan Eduardo Vásquez M.)  Thomas Keller L. (alternate Sebastián Moraga Z.)  Olivia Heuts G. (alternate Eduardo Lauer R.)  Rodrigo Pérez S. (alternate Carlos Luna C.)  Luis Miguel Azenha  P. (alternate Mujeeb Rehman Q.)  Andrés Jana B. (alterno Laurent Fortino)  Gonzalo de las Casas  D. (alternate Craig Carleton - Smith
Efizity Ingeniería SpA	The purpose of the Company shall be: One) In the power area: a) Make power certifications and qualifications of new and existing projects; b) Perform power simulation for efficiency and energy certification advisory purposes; c) Provide services, advisory and consulting services in the area of energy efficiency and sustainability; d) Develop, design, build and operate power generation projects, purchase and sale of power; e) Provide services of energy efficiency performance measurements; f) Provide services and consultancy in energy and sustainability matters, in building projects (Green building); g) Develop, implement, distribute and commercialize software and technological platforms for energy efficiency; h) Provide consultancy services in obtaining and processing information and data on water and energy consumption; i) Consultancy services in negotiation of Power Purchase Agreement (PPA) contracts; j) Provide negotiation and consultancy services to Small Means of Distributed Generation (PMGD) connections.		100% controlled by Colbún S.A.		Luis Enrique López Zabala	Juan Eduardo Vásquez Moya (titleholder);  Juan Elías Salinas Ulloa (titleholder);  Heinz Müller Court (titleholder);  Juan Pablo Fiedler (alternate);  Máximo Gacitúa (alternate);  Paulina Basualto (alternate).

SUBSCRIBED AND PAID-IN CAPITAL OF COLBUN’S SUBSIDIARIES AS OF DECEMBER 31, 2020(THUSD)

Affiliates	Currency	Capital Stock	Paid-in capital
Colbún Desarrollo SpA	MUS\$	160	160
Colbún Perú S.A.	MUS\$	219,635	219,635
Colbún Transmisión S.A.	MUS\$	99,235	99,235
Fenix Power Perú S.A.	MUS\$	425,093	425,093
Inversiones Las Canteras S.A.	MUS\$	425,698	425,698
Soc. Santa Sofía SpA	MUS\$	588	588
Termoeléctrica Nehuenco S.A.	MUS\$	17,484	17,484
Desaladora del Sur S.A.	MUS\$	3,262	3,262
Efizity Ingeniería SpA	MUS\$	106	106
Efizity SpA	MUS\$	1	1
Efizity SAC	MUS\$	3	3

COLBUN S.A.’S INVESTMENTS IN AFFILIATED COMPANIES AS OF DECEMBER 31, 2020 (THUSD)

Affiliates	Currency	Investment	% on assets *
Colbún Desarrollo SpA.	MUS\$	160	0.0027%
Colbún Perú S.A.	MUS\$	151,972	2.5414%
Colbún Transmisión S.A.	MUS\$	323,722	5.4135%
Soc. Santa Sofía SpA	MUS\$	-24	-0.0004%
Efizity Ingeniería SpA	MUS\$	45	0.0007%

% sobre activos representa la inversión en cada sociedad filiales sobre el total de activos de la sociedad matriz.

COLBUN S.A. INVESTMENTS IN SUBSIDIARIES AS OF DECEMBER 31, 2020 (THUSD)

Subsidiaries	Currency	Investment	% on assets *
Electrogas S.A.	MUS\$	16,572	0.277%
Transmisora Eléctrica de Quillota Ltda.	MUS\$	8,146	0.136%



Board Biographies

102-22

All of Colbún’s Directors are nonexecutive and the average length of service as a Director of the Company was 4.3 years as of December 2020. It is noteworthy that in August 2020, Bernardo Matte Larraín joined the Company’s Board of Directors, who has previously participated as a member of the Board; if we consider his previous participation, the average length of service on the Board would reach 5.3 years. All directors, with the exception of Director Bernardo Matte Larraín, have four or fewer mandate in other publicly traded companies.

HERNÁN RODRÍGUEZ WILSON

R.U.T.: 7.051.490-7

Born in 1963. He is an Industrial Civil Engineer from the Pontificia Universidad Católica de Chile and 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 Colbún as director.

VIVIANNE BLANLOT SOZA

R.U.T.: 6.964.638-7

She was born in 1955. She is a Business Administrator from the Pontificia Universidad Católica de Chile and holds a Master’s degree in Applied Economics from the American University in the USA. She has been a Director of Colbún since 2012, member of the Council for Transparency since 2011, Director of Antofagasta Minerals and CMPC. She previously served as Minister of National Defense, Executive Secretary of the National Energy Commission and Executive Director of the National Environmental Commission. She was also Member of the Board of Directors of Universidad de Santiago and Banco del Estado, and Director of EMOS.

MARÍA EMILIA CORREA PÉREZ

R.U.T.: 21.667.056-6

Born in 1958. She is a Lawyer from Universidad de Los Andes in Bogotá and has 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 Corpora 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

R.U.T.: 12.231.796-K

Born in 1972. He is an Industrial Civil Engineer from Pontificia Universidad Católica de Chile. He joined Colbún’s Board in 2014, assuming his Presidency from May 2017 to May 2019.

He has a trayectory 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

R.U.T.: 15.363.942-6

Born in 1982. He is a Business Administrator from the University of

Los Andes and obtained 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

R.U.T.: 7.040.317-K

Born in 1965. She is a Business Administrator from the University of Chile, mention in Economics.

She 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, she 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.

She 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

R.U.T.: 7.025.583-9

Born in 1966. He is a Business Administrator 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 Colbún 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

R.U.T.: 7.617.723-6

Born in 1968, he is a Business Administrator 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 CEO of Inversiones Siemes 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.

BERNARDO MATTE LARRAIN

R.U.T.: 16.612.252-K

Born in 1955, he is a Business Administrator from Universidad de Chile. He has 12 years of experience in the telecommunications industry. He was a member of the Board of Directors of Colbún during the period 29-10-2005 and 27-05-2014.

He currently serves as Chairman of Compañía Industrial El Volcán S.A., Banco Bice and Bicecorp. He is also a Director of Empresas CMPC and Entel.

# 8.2

## What We Do and How We Create Value

### Identification of stakeholders

102-42

Colbún’s Sustainability Policy, created in 2011, considers within its principles the identification and relationship with its stakeholders: Employees, Community and Society, Investors, Customers, Suppliers and Contractors. In the specific case of the Community and Society group, Colbún updates it periodically (or at least once a year)

based on new projects, identified impacts and risks, relationship programs and emerging leaders in civil society in each area where our facilities are located. Colbún’s Community Engagement Manual provides guidance for the stakeholder mapping process. For more information, [click here](#)

### Partnerships and collaborative areas where we participate

102-12, 102-13

#### Collaborative areas where we participate in Chile (102-13)

	Organization	Description	Level of participation	Date of adherence	Amount (USD)
1	Asociación Chilena de Energías Renovables ACERA <a href="http://www.acera.cl">www.acera.cl</a>	It promotes a regulatory framework that allows NCRE to compete on equal terms with other traditional sources.	Partners and work committees	2017	12,542
2	Red de PACTO GLOBAL (Universidad Andrés Bello) <a href="http://www.pactoglobal.cl">www.pactoglobal.cl</a>	The Global Compact seeks to promote sustainable growth and civic responsibility of companies, which commit to adopting the ten universal principles in their daily actions, worldwide.	Members, Board of Directors and work committees	2015	6,271
3	Corporación Municipal de Desarrollo Coronel CORCORONEL	It seeks to facilitate the social work of companies the commune of Coronel.	Partners and work committees	2015	4,889
4	Cámara Chilena De La Construcción CCHC <a href="http://www.cchc.cl">www.cchc.cl</a>	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	1,024
5	Cámara De Comercio E Industrias de Valdivia CCIV <a href="http://www.cciv.cl">www.cciv.cl</a>	It represents the interests of a large part of the commercial and industrial universe of Valdivia.	Partners	2015	1,284
6	Asociación Gremial De Generadoras De Chile AGG <a href="http://www.generadoras.cl">www.generadoras.cl</a>	Promotes the development of power companies in Chile.	Members, Board of Directors and work committees	2011	253,094
7	Acción Empresas ACCIÓN <a href="http://www.accionempresas.cl">www.accionempresas.cl</a>	Promotes the development of power companies in Chile.	Partners, Board of Directors, working committees, event sponsorship.	2011	9,049
8	Laboratorio Derechos Humanos (Acción Empresas) <a href="http://www.accionempresas.c">www.accionempresas.c</a>	Multistakeholder collaborative learning space that seeks to strengthen the respect of Human Rights by companies.	Partners	2018	1,882
9	Asociación De Industriales Del Centro ASICENT <a href="http://www.asicent.cl">www.asicent.cl</a>	Seeks to collaborate with the development of its associates and the progress of the Maule Region.	Partners	2011	859
10	Cámara De La Producción Y Comercio de Concepción CPCC <a href="http://www.cpcc.cl">www.cpcc.cl</a>	Promotes the productive development of the Biobío Region.	Partners	2010	3,263
11	Corporación Industrial para el Desarrollo Regional del Biobío CIDERE <a href="http://www.ciderebiobio.cl">www.ciderebiobio.cl</a>	Works for the development of the Biobio Region.	Partners, Board of Directors, innovation and CSR work groups	2010	10,722



	Organization	Description	Level of participation	Date of adherence	Amount (USD)
12	Corporación para el Desarrollo de la Región de Los Ríos CO-DEPROVAL <a href="http://www.codeproval.cl">www.codeproval.cl</a>	A corporation with multisectoral work that promotes the growth of the Los Ríos Region.	Partners and event sponsorship	2010	10,781
13	Instituto de Ingenieros de Chile <a href="http://www.iing.cl">www.iing.cl</a>	Seeks to contribute to the promotion of science and engineering in Chile.	Partners	2010	1,106
14	Sociedad de Fomento Fabril SOFOFA <a href="http://www.sofofa.cl">www.sofofa.cl</a>	Promotes and disseminates good business practices.	Partners and Board Member	2009	40,341
15	Centro de Medio Ambiente y Energía SOFOFA <a href="http://www.sofofa.cl">www.sofofa.cl</a>	Design, develop and implement pilot projects that contribute to the development of cost-effective environmental and energy policies and technical excellence.	Partners	2016	23,772
16	Red Empresas Inclusivas REIN <a href="http://www.empresainclusiva.cl">www.empresainclusiva.cl</a>	Integrating people with disabilities into the workforce.	Partners	2018	574
17	Corporación De Desarrollo Del Valle De Aconcagua PROA-CONCAGUA <a href="http://www.proaconcagua.cl">www.proaconcagua.cl</a>	Promotes the sustainable development of the Aconcagua Valley in the Valparaíso Region.	Partners and Board of Directors	2009	10,874
18	Centro de Líderes Empresariales para el Cambio Climático CLG (Universidad de Chile) <a href="http://www.clgchile.cl">www.clgchile.cl</a>	Promotes policies and actions to address climate change in Chile.	Partners and Board of Directors	2009	8,750
19	Centro de Estudios Públicos CEP <a href="http://www.cepchile.cl">www.cepchile.cl</a>	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	14,214
20	Instituto Chileno de Administración Racional de Empresas ICARE <a href="http://www.iare.cl">www.iare.cl</a>	Promotes business excellence in Chile.	Partners	2008	1,055
21	Asociación Chilena de Hidrogeno <a href="http://www.h2chile.cl">www.h2chile.cl</a>	A platform to teach, educate, collaborate, encourage and actually produce a significant change in the way society views hydrogen, thus positioning Chile as a leader in the production and use of "Green Hydrogen".	Partners	2020	13,214
22	Consejo Internacional de Grandes Redes Eléctricas <a href="http://www.cigre.cl">www.cigre.cl</a>	Its objective is to facilitate and develop the exchange of know-how among all countries in the field of production and transmission of high voltage electrical energy.		2020	1,176
23	Corporación Nacional de Desarrollo de la Región del Biobío <a href="http://www.desarrollabiobio.cl">www.desarrollabiobio.cl</a>	The main purpose is to contribute to public-private articulation by promoting meeting spaces for dialogue and debate on strategic orientations.	Partners and Board of Directors	2020	4,821
24	Cámara Chilena Norteamericana (AMCHAM) <a href="http://www.amchamchile.cl">www.amchamchile.cl</a>	Promotes free trade, investment and full integration between Chile and the United States, creating value for partners and society.	Partners and work committees	2018	3,112

	Organization	Description	Level of participation	Date of adherence	Amount (USD)
25	Imagine Lab <a href="http://www.imaginelab.cl">www.imaginelab.cl</a>	We promote entrepreneurship, create value through innovation, use of technology and apply it to digital transformation.	Partners	2020	8,555
26	Instituto de Auditores Internos España <a href="http://www.iai.es">www.iai.es</a>	International Standards for the Professional Practice of Internal Auditing, and provides training, information and meeting opportunities to its members on all aspects related to the day-to-day work of the internal auditor.	Partners	2020	396
27	Instituto de Auditoria Interna Chile <a href="http://www.iaichile.org">www.iaichile.org</a>	Promotes the development of internal auditing through the active participation of its associates, united under the slogan "Innovating in Auditing".	Partners	2020	560
28	Redes de Innovación LTDA <a href="http://www.clubdeinnovacion.cl">www.clubdeinnovacion.cl</a>	Its objective is to link and articulate the innovation needs of our partner companies with the local and international ecosystem, acting neutrally in the development of projects that add value to the business, promoting learning and collaboration.	Partners	2020	10,550
TOTAL					458,728

Collaborative entities to which we adhere in Chile (102-12)

Organization	Description	Date of adherence
Water Disclosure Project (Water CDP) www.cdp.net/water	Promotes the monitoring and measurement of water resources use worldwide.	2011
Carbon Disclosure Project (CDP) www.cdp.net	Promotes the monitoring of carbon emissions of private companies and governmental entities worldwide.	2009
Plan Energía +Mujer, del Ministerio de Energía	Seeks to increase labor insertion and reduce gaps for women in the power industry	2018
Target Gender Equality (TGE) de Pacto Global https://pactoglobal.cl/target-gender-equality/	Impact initiative to accelerate women's representation and leadership in business.	2020
Iniciativa de Paridad de Género (IPG) www.iniciativaparidadgenero.cl	A public-private alliance, promoted by the IDB and the World Economic Forum, whose purpose is 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 seeks to achieve that 30% of IPSA and IGPA company boards are composed of women through commitments from CEOs and Presidents.	2019
Programa Bota por mi Vida www.fundacionsanjose.cl	Paper recycling in offices in the Metropolitan Region and Valparaíso Region in Chile.	2011

Associations with which we are affiliated in Peru (102-13)

Organization	Description	Level of participation	Date of adherence	Amount (USD)
Asociación de Buenos Empleadores (ABE) de la Cámara Americana de Comercio	Institution belonging to the American Chamber of to the American Chamber of Commerce, which promotes social responsibility at work, fostering good practices in people management.	Promoting partner	2017	-
Cámara de Comercio Americana (AMCHAM)	Promotes the free market system, encouraging trade, investment and exchange between Peru and the United States.	Partners	2011	808
Cámara de Comercio Chilca Pucusana	Seeks to promote and encourage business entrepreneurship and the economic, social and commercial development of its members.	B Membership Category (Only from the 4th quarter 2019)	2019	265
Club de la Energía, Hay Group	International consulting firm that works with business leaders in order to make their strategies a reality.	Membership to the "Energy Club".	2012	5,000
Sociedad Nacional de Minería, Petróleo y Energía (SNMPE)	Guild that brings together the Peruvian power industry.	Members and representatives of the generator subcommittee	2013	34,509
TOTAL				40,582

Collaborative entities to which we adhere in Peru (102-12)

Organization	Description	Date of adherence
ANIQUEM	Framework cooperation agreement with the Asociación de Ayuda al Niño Quemado (ANIQUEM) for the promotion of an internal campaign to collect recycled material and its subsequent donation by Fénix to ANIQUEM.	2016
World Vision Perú	Contract / Agreement with NGO World Vision Peru to execute the "Play to Learn" project, which seeks to improve the academic performance of primary school students at Las Salinas school in the subjects of mathematical reasoning and reading comprehension through playful strategies.	2018



# Risk Management

102-15, 102-30, 102-31

## A. Risk Management Policy

The Risk Management strategy is aimed at safeguarding the Company’s principles of stability and sustainability, identifying and managing the sources of uncertainty that affect or may affect the Company.

Comprehensive risk management involves identifying, measuring, analyzing, mitigating and controlling the different risks incurred by the Company’s various management areas, as well as estimating the impact on the Company’s consolidated position, and monitoring and controlling them over time. This process involves both Colbún’s senior management and the risk-taking areas.

Tolerable risk limits, risk measurement metrics and the frequency of risk analysis are policies established by the Company’s Board of Directors.

The risk management function is the responsibility of the CEO, as well as of each management division of the Company, and is supported by the Risk and Management Control Department and the supervision, monitoring and coordination of the Risk and Sustainability Committee, which meets every two months.

## B. Risk Factors

The Company’s activities are exposed to various risks that have been classified into Power Industry risks and financial risks.

### B.1. Power Industry Risks

#### B.1.1. Hydrological Risk

In dry hydrological conditions, Colbún must operate its combined cycle thermal power plants, or by default operate its backup thermal power plants or resort to the spot market. This situation could increase Colbún’s costs, increasing the variability of its results depending on hydrological conditions.

The Company’s exposure to hydrological risk is reasonably mitigated by a commercial policy that aims to maintain a balance between competitive generation (hydro in an average to dry year, and cost-efficient coal and natural gas-fired thermal generation, and other cost-efficient renewable energies duly complemented by other sources of generation given their intermittency and volatility) and commercial commitments.

In conditions of extreme and repeated droughts, an eventual lack of cooling water would affect the generating capacity of combined cycle plants. In order to minimize water use and ensure operational availability during periods of water scarcity, in 2017 Colbún built a Reverse Osmosis Plant that allows reducing up to 50% of the water used in the cooling process of the combined cycles of the Nehuenco Complex.

In Peru, Colbún has a combined cycle power plant and a commercial policy aimed at committing through medium and long-term contracts, such base power. Exposure to dry hydrological is limited as it would only impact in the

event of eventual operational failures that would force the company to resort to the spot market. Additionally, the Peruvian electricity market has an efficient thermal supply and sufficient availability of local natural gas to back it up.

#### B.1.2. Fuel price risk

In Chile, in situations of low inflows to the hydroelectric generation plants, Colbún must use mainly of its thermal power plants or buy energy in the spot market at marginal cost. This generates a risk due to variations in international fuel prices. Part of this risk is mitigated with contracts whose sales prices are also indexed to fuel price variations.

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, in the event of an abundant hydrology, the Company could find itself in a surplus position in the spot market whose price would be partly determined by the price of fuels.

In Peru, the cost of natural gas is less dependent on international prices, given a significant domestic supply of this hydrocarbon, which allows limiting the exposure to this risk. As in Chile, the proportion that is exposed to international price variations is mitigated through indexation formulas

in energy sales contracts. As a result of the above, the exposure to the risk of fuel price variations is partially 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, which came into force on January 1, 2018. This agreement allows having natural gas to operate two combined cycle units during most of the first half of the year, a period of the year in which there is usually a lower availability of water resources. In addition, there is the possibility of accessing additional natural gas via spot purchases, allowing for efficient backup in unfavorable hydrological conditions in the second half of the year. Additionally, gas supply contracts have been signed with Argentinean producers to complement the supply of LNG.

In Peru, Fénix 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 thermal power plant, periodic tenders are held (the last one in June 2019), inviting important international suppliers, awarding the supply to competitive and supported companies. The above following an early purchase

policy and an inventory management policy in order to substantially mitigate the risk of not having this fuel.

#### B.1.4. Equipment Failure and Maintenance Risks

The availability and reliability of Colbún’s generation units and transmission facilities are fundamental for the business. For this reason, Colbún’s policy is to perform scheduled, preventive and predictive maintenance on its equipment, in accordance with the recommendations of its suppliers, and it maintains a policy of coverage for this type of risk through insurance for its physical assets, including coverage for physical damage and damages due to stoppage.

On November 26, as a result of a landslide, the flow of water transported through the Pataguilla tunnel, part of the Las Mercedes canal, was obstructed.

This landslide caused a lack of water availability to agricultural areas in the communes of Curacavi and Maria Pinto, until December 18, when the tunnel operation was reestablished. The study of the root cause of the collapse is currently underway.

#### B.1.5. Project Construction Risks

The development of new projects may be affected by factors such as: delays in obtaining permits, changes in the regulatory framework, legal

proceedings, increases 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 these types of risks is managed through a commercial policy that considers the effects of possible project delays. In addition, slack periods are incorporated in the estimates of construction time and cost. Additionally, the Company’s exposure to this risk is partially covered by taking out “All Risks Construction” policies that both physical damage and loss of profit due to delay in commissioning as a result of an accident, 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 stakeholders, mainly from neighboring communities and NGOs, which are legitimately demanding more participation and protagonism. As part of this complexity, environmental processing deadlines have become more uncertain, which are sometimes followed by extensive judicial processes. This has resulted in less construction of projects of relevant size.

Colbún’s policy is to integrate with excellence the social and environmental dimensions in the development of its projects. For its part, the Company has developed a social bonding model that

allows it to work with neighboring communities and society in general, initiating a transparent process of citizen participation and confidence building in the early stages of the projects and throughout their life cycle.

**B.1.6. Regulatory Risks**

Regulatory stability is fundamental for the energy sector, where investment projects have considerable time frames in terms of obtaining permits, development, execution and return on investment. Colbún believes that regulatory changes should be made considering the complexities of the power system and maintaining adequate incentives for investment. It is important to have a regulation that provides clear and transparent rules that consolidate the confidence of the sector's agents.

**Chile**

In the context of the constitutional process originating from the so-called "Agreement for Peace and a New Constitution", and the subsequent approval by plebiscite of a new Constitution, next April 11, the 155 constituents in charge of its drafting must be elected and the text must be submitted to a new plebiscite in 2022.

The constitutional process may result in changes to the institutional framework applicable to business activity in the country.

On Saturday, December 12, on the occasion of the outbreak of COVID-19

affecting the country, classified as pandemic by the World Health Organization, the President of the Republic decided to extend the State of Constitutional Exception of Catastro-phe, due to public calamity, declared in Chilean territory by Supreme Decree N° 104, of 2020, of the Ministry of the Interior and Public Security, and its modifications, for an additional period of 90 days.

Under this context, within the framework of the serious sanitary crisis affecting the country, Law No. 21,301 was enacted on January 5, 2021, extending the effects of Law No. 21,249, which contemplates exceptional measures in favor of final users of sanitary services, electricity and gas network. This initiative extends the term of the benefits to end users, which were in force until November 2020.

In addition, the Environment and Natural Resources Committee of the Chamber of Deputies is reviewing the indications that were presented on the Bill that seeks to bring forward the closure of coal-fired power plants, which was approved in general by the Chamber. This bill, initiated as a parliamentary motion, seeks to prohibit the installation and operation of coal-fired thermoelectric power plants throughout the national territory as from January 1, 2026. The Ministries of Energy and Environment, the CNE and the National Electricity Coordinator have exposed before the Commission the inconvenience of bringing forward the closure of coal-fired power plants by legal means. It is important to remember that in 2019 the generators signed a voluntary agreement with the

government through which they committed not to build new coal-fired power plants and agreed to the progressive closure of coal-fired power plants.

On November 16, a new bill began to be processed, as part of a parliamentary motion introduced by the Senate, which seeks to "ensure water certainty for the different productive uses of water" and which establishes modifications to the Water Code and the General Law on Electric Services. Its amendments are aimed at limiting the possibility of performing water rights intended for hydroelectric generation, particularly that coming from natural or artificial sources (such as reservoirs), when these affect other uses of water, such as for human consumption and irrigation, in which case a coordination must be made to allow the simultaneous use of both rights. It also establishes the obligation for companies with hydroelectric generation to have plans for the transformation of their productive matrix (towards renewable sources other than water) within a period of 5 years.

The Climate Change Framework Bill, submitted to the Senate by the Executive on January 13, 2020, is in its first constitutional procedure, is currently being discussed by the Senate Environment and Natural Resources Committee and has the highest urgency. The objective of this bill is to create a legal framework to "face the challenges of climate change; to move towards a development low in greenhouse gas emissions, until reaching and maintaining the neutrality of these

emissions; to reduce vulnerability and increase resilience to the adverse effects of climate change; and to comply with the international commitments assumed by the State of Chile in this matter".

On the other hand, the Government continues to promote the following On the other hand, the Government continues to promote the following regulatory changes that, depending on how they are implemented, could represent opportunities or risks for the Company:

(i) The "Modernization of the Distribution segment", which aims to update the regulation of the distribution sector to better address the technological and market advances that have occurred and that are expected for the future, promote investment and improve the quality of service to end users. In the context of the modernization and comprehensive reform of this segment, the Executive submitted to the Chamber of Deputies the bill that establishes the right to power supply portability, creating the concept of the marketer as a new market agent, in addition to considering the modernization of the supply bidding mechanism and the introduction of the role of the information manager to reduce information asymmetries and protect customers' consumption data.

This bill corresponds to the first of three initiatives into which the Executive subdivided the Long Distribution Law. The other two bills that have not yet been submitted to Congress correspond to:

a. Quality of Service, which seeks to improve the efficient tariff scheme, define a long-term strategic plan for quality of service and establish compensations in favor of customers for excessive interruptions of time; and b. Distributed Generation, the purpose of which is to promote distributed generation, define new actors and enable pilot projects, based on a longterm strategic plan with a coordinated expansion of the distribution and transmission networks.

The Mining and Energy Committee of the House of Representatives has convened the private sector, civil society, academics and the public sector in order to capture the opinion of the different organizations so that the parliamentarians can make the necessary indications to the bill.

(ii) The "Flexibility Strategy", which has the objective of addressing the systemic and market consequences that will arise from the increasing incorporation of renewable energy from variable sources.

Recently, the Ministry of Energy published the final Strategy disclosing the three axes or pillars it considers: (a) Market Design for the development of a Flexible System, (b) Regulatory Framework for Storage Systems, and (c) Flexible System Operation. Within the framework of this Strategy, working groups are being formed with industry representatives to address the measures proposed in each of the pillars.

(iii) At the regulatory and resolution level, the following developments may be commented on:

a. On December 26, 2020, Decree N°42 of 2020 of the Ministry of Energy was published in the Official Journal, which introduces modifications to the DS N°62 of 2006 that approved the regulation of power transfer between generating companies. The main modifications introduced by this decree are the recognition of sufficiency power to power plants with Storage Systems and the incorporation of the Strategic Reserve Status in the framework of the exit of coal-fired power plants.

b. Regarding the Complementary Services market (CCSS), in September 2020 the Coordinator published the final update report of CCSS 2020, in which it suspended the CCSS auctions of secondary frequency control (SFC) and tertiary frequency control (TFC). Due to this, discrepancies were presented to the Panel of Experts for not agreeing with the form and conclusions of the Coordinator's decision.

In this context, the CNE and the Coordinator worked on changes, in their opinion, necessary to resume the auctions, which were materialized in the resolutions of November 23rd that modified the CCSS definition report and the resolution maximum price resolution. After this, on December 16, 2020, the auctions of these CCSS's were resumed and, at the same time, letters of withdrawal of the discrepancies presented before the Panel were submitted.

**Peru**

After Luz del Sur filed a complaint against the Ministry of Energy, because



-in the opinion of the power plant- Decree 043-2017-EM, related to the declaration of fuel prices by the power plants, had both legal and constitutional violations, the Supreme Court declared

#### *B.1.7. Risk of variation in demand/supply and energy sale prices*

The projection of future power consumption demand is very relevant information for the determination of the market price.

In Chile, a low growth in demand, a drop in fuel prices and an increase in the entry of variable solar and wind renewable energy projects determined a drop in the short term price of energy (marginal cost) during the last few years.

Regarding long-term values, the tenders for the supply of regulated customers concluded in August 2016 and October 2017 resulted in a significant drop in the prices submitted and awarded, reflecting the greater competitive dynamics that exist in this market and the impact that the irruption of new technologies - mainly solar and wind - is having, with a significant reduction in costs due to their massification.

In addition, and given the difference in energy prices between unregulated and regulated clients, certain clients have opted for the unregulated client regime.

This may be possible due to the option contained in the power legislation that allows clients with connected power between 500 kW and 5,000 kW to be categorized as regulated or

unregulated clients. Colbún has one of the most efficient generation matrix in the Chilean system, so it has the potential 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 market) of renewable energy from variable sources such as solar and wind generation, may generate integration costs and therefore affect the operating conditions of the rest of the power system, especially in the absence of a market for complementary services that adequately remunerates the services necessary to manage the variability of the indicated generation sources.

Regarding the impact of COVID19 on energy demand, there is still uncertainty on how and for how long this contingency will extend. Energy demand in Chile has grown by approximately 1.6% during 4Q20 with respect to 4Q19 and by 0.4% during 2020 with respect to 2019, while Peru has experienced a drop of approximately 0.3% during the quarter and 7.0% during 2020.

Additionally, there is a complex global economic outlook, which may lead to a contraction of the economies in Chile and Peru, which will surely have an effect on future power demand.

## **B.2 Financial Risks**

These are risks related to the impossibility of carrying out transactions or non-compliance with obligations arising from activities due to lack of funds, as well as to variations in interest rates, exchange rates, bankruptcy of counter-parties or other financial market variables that may affect Colbún's net worth.

### *B.2.1 Exchange rate risk*

Exchange rate risk is mainly due to currency fluctuations arising from two sources. The first source of exposure arises from flows corresponding to investment income, costs and disbursements that are 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 in the Statement of Financial Position denominated in currencies other than the functional currency.

Exposure to cash flows in currencies other than the U.S. dollar is limited since practically all of the Company's sales are denominated directly or indexed to the U.S. dollar.

Similarly, the main costs correspond to purchases of natural gas and coal, which incorporate pricing formulas based on international prices denominated in dollar.

With respect to 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 U.S. dollar.

Exposure to the mismatch of balance sheet accounts is mitigated by the application of a maximum mismatch policy between assets and liabilities for structural items denominated in currencies other than the U.S. dollar.

For this purpose, Colbún maintains a significant proportion of its cash surpluses in dollar and additionally resorts to the use of derivatives, the most widely used being currency swaps and forwards.

### *B.2.2 Interest rate risk*

This refers to variations in interest rates that affect the value of future flows referenced to variable interest rates, and variations in the fair value of assets and liabilities referenced to fixed interest rates that are recorded at fair value.

Fixed interest rate swaps are used to mitigate this risk. As of December 31, 2020, the Company's financial debt, incorporating the effect of the interest rate derivatives contracted, 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 counterparty may fail to comply with its contractual obligations, resulting in an economic or financial loss. Historically, all counterparties with which Colbún has maintained energy delivery commitments have made the corresponding payments correctly.

Recently, Colbún has expanded its presence in the segment of medium and small unregulated customers, for which it has implemented new procedures and controls related to risk assessment of this type of clients and follow-up of their collection. On a quarterly basis, allowances for doubtful accounts are calculated based on the risk analysis of each customer, considering the customer's credit rating, payment behavior and industry, among other factors.

Regarding cash investments and derivates, Colbún carries out transactions with entities with high credit ratings. Additionally, the Company has established limits per counterparty, which are approved by the Board of Directors and reviewed periodically.

As of December 31, 2020, cash surpluses are invested in interestbearing accounts, mutual funds (of banking subsidiaries) and time deposits in local and international banks. The latter correspond to short-term mutual funds, with a duration of less than 90 days, known as "money market".

Information on the credit rating of customers is disclosed in note 11.b of the Financial Statements.

### *B.2.4 Liquidity risk*

This risk arises from different funding requirements to meet investment commitments and business expenses, debt maturities, among others. The funds necessary to meet these cash flow outflows are obtained from Colbún's own resources generated by

its ordinary activities and by contracting credit lines that ensure sufficient funds to support the projected needs for a period of time.

As of December 31, 2020, Colbún has cash surpluses of approximately US \$967 million, invested in Term Deposits with an average term of 83 days (including deposits with a term of less than and more 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 term of less than 90 days.

Also, the Company has available as additional sources of liquidity: (i) three bond facilities registered in the local market, two for a combined total amount of UF 7 million and one for an amount of UF 7 million and (ii) uncommitted bank facilities for approximately US\$150 million. Fénix has committed lines of credit totaling US\$25 million, with a oneyear term, contracted with two local banks. In addition, Fénix has uncommitted credit lines of a total of US \$34 million, contracted with three local banks.

In the next twelve months, the Company will have to disburse approximately US \$110 million for interest and amortization of financial debt. Interest and amortization payments are expected to be covered by the Company's own cash flow generation.

As of December 31, 2020, Colbún has AA national credit ratings from Fitch Ratings and Feller Rate, both with a stable outlook. Internationally, the Company's rating is Baa2 by Moody's,

BBB by S&P and BBB+ by Fitch Ratings, all with stable outlook.

As of December 31, 2020 Fénix has international credit ratings Ba1 by Moody's and BBB- by S&P and by 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 23.c.2 of the Financial Statements.

*B.2.5 Risk measurement*

The Company periodically analyzes and measures its exposure to the different risk variables, as described 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.

With respect to business risks, specifically those related to variations in commodity prices, Colbún has implemented mitigating measures consistent of indexers in energy sales contracts and hedges with derivative instruments to cover possible remaining exposure. For this reason, sensitivity analyses are not presented.

To mitigate the risk of equipment or project construction failures, the Company has insurance with coverage for damage to its physical assets, damages due to stoppage and loss of profit due to delay in the commissioning of a project. This risk is considered to be reasonably limited.

With respect to financial risks, in order to measure its exposure, Colbún prepares sensitivity and value at risk analyses in order to monitor the possible losses assumed by the Company in the event that exposure exists.

Exchange rate risk is considered to be limited because the Company's main cash flows (revenues, costs and project disbursements) are denominated directly or indexed to the U.S. dollar.

Exposure to the mismatch of accounting accounts is mitigated by the application of a maximum mismatch policy between assets and liabilities. Based on the above, as of December 31, 2020, 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 at 95% confidence.

There is no interest rate risk, since 100% of the financial debt is contracted at a fixed rate.

Credit risk is limited because Colbún only operates with local and international banking counterparties with high credit ratings and has established maximum exposure policies for each counterparty that limit the exposure to credit risk specific concentration with these institutions.

In the case of banks, local institutions have a local risk rating equal to or higher than BBB and foreign entities have an international risk rating of investment grade. international risk rating of investment grade.

At the end of the period, the financial

institution with the highest share of cash surpluses was 23%. With respect to existing derivatives, the Company's international counterparties have a risk equivalent to BBB+ or higher and the domestic counterparties have a local rating of BBB+ or higher. It should be noted that in derivatives no counterparty concentrates more than 24% in terms of notional.

Liquidity risk is considered to be low due to the Company's relevant cash position, the amount of The Company's cash position, the amount of financial obligations in the next twelve months and access to additional sources of financing.



# 8.3

## Regulatory Framework Evolution

103-2, 103-3, Colbún-7.EC

This section considers regulatory or legal changes in addition to those mentioned in the main body of the Annual Integrated Report.

### Start of Long-Term Energy Planning (LTEP)

Article 83 of the General Law of Electric Services (GLES) establishes that every five years the Ministry of Energy must develop a Long Term Energy Planning Process (LTEP), for the different energy scenarios of generation and consumption expansion, in a horizon of at least thirty years.

The main objective of the LTEP is the modeling and development of energy scenarios that include long-term trends, together with the behavior of

consumption and future energy supply of the country, and is used as input by the National Energy Commission (CNE) to develop the Annual Electricity Transmission Expansion Plan defined in Article 87° of the LGSE. The first PELP process was the one corresponding to the 2018-2022 period, which was approved on March 9, 2018 through Exento Decree N°92.

On December 22, 2020, the registration process in the citizen participation registry of the PELP process corresponding to the 2023-2027 period was published in the Official Gazette, in which Colbún was registered.

### New developments in the transmission system during 2020

The Ministry of Energy announced by decree that it will not submit the “New Kimal - Lo Aguirre Electric Transmission Line” project, which is a new direct current transmission (HVDC) project of approximately 1,500 km, and which will connect the northern and central areas of the national electric system, to the procedure for determining the “Fringe Study” indicated in the General Law of Electric Services.

This decision was based on the fact that, considering that this project will be very important for the power system in the coming years, particularly due to the decarbonization process, by submitting it to the Strip Study, its entry into service would be delayed between 2 and 3 years more than the construction period without this study (which is estimated to be about 8 years).

Regarding the processes of valuation of transmission facilities, during 2020 the-

re was a progress in the development of the valuation processes corresponding to the tariff period 2020-2023 of the transmission works classified as national, zonal and dedicated that supply regulated consumption.

In relation to the process of the Annual Transmission Expansion Plan 2019, in 2020 the decrees of expansion and new transmission works were published. Colbún Transmisión, being the owner of some of the transmission works in which an expansion was determined, was responsible for the development of some works, all of which are in the bidding process by the Coordinator.

### Stabilized client tariffs

During 2020, power tariffs paid by regulated end customers in the three segments of the business: Generation, Distribution and Transmission, which measures were promoted by the government during 2019 with the

objective of avoiding increases in the power tariff, due to the context of the social agenda announced by the government after the social crisis of October 2019, continued to be stabilized.

- Generation: Law No. 21,185 of November 2019 created a transitory mechanism for the stabilization of power prices for clients subject to tariff regulation, the objective of which was to stabilize the price of energy generation at the price levels in effect as of the first half of 2019, without any adjustments until December 2020, after which they will be adjusted according to the variation of the Consumer Price Index (CPI). Colbún signed an agreement on January 2021,

- Distribution: was effected in Law No. 21,194 of December 2019 (known as the “Short Distribution Law”), which also lowered the profitability of distribution companies from 10% before taxes to a band of between 6% and 8% after taxes and improved the electricity distribution tariff process.

In this context, it should be noted that during the year 2020, the process of valuation of the Distribution Added Value for the period 2020-2024 began, this process is currently underway.

- Transmission: this segment stabilized its tariff in December 2019, through exempt resolution No. 815 of the National Energy Commission (CNE), which corresponds to the Single Transmission Charge that applies from January 2020, and establishes that these tariffs will remain stabilized, at the levels of the tariffs in force since July 2019, until the publication of the new decree of valuation of transmission facilities corresponding to the four-year period 2020-2023, which is in force from January 2020 but whose process is delayed and its decree would have an estimated publication date of July 2022.

## Anuncio Announcement

### Announcement of the Superintendence of Energy

In July 2020, when the Ministry of Energy unveiled the energy supply portability bill through the Mining and Energy Commission of the Chamber of Deputies, it also announced that it will present a package of initiatives to continue with the modernization of the distribution sector and to provide more protection to Chileans. In this regard, he announced that a bill will soon be introduced to strengthen the role of the Superintendency of Electricity and Fuel, to improve its oversight capacity, as well as to improve its sanctioning tools.





# 8.4

## Economic Performance and Governance

### Client relationship and experience

Results of customer perception and satisfaction survey, consolidated Chile and Peru

Client Satisfaction	2017	2018	2019	2020	Goal 2020
Client Satisfaction	70.14%	74.14%	68.26%	75.0%	75%
Coverage*	100%	100%	100%	100%	

\*Coverage corresponds to the % of clients interviewed (including those who responded and those who did not respond), out of the total number of clients. The survey was sent to all Colbún's clients in Chile and Peru at the time of the survey.

### Growth prospects

103-2, 103-3, EU10

At Colbún, we continue our commitment to maximize the value of our business by exploring and identifying growth opportunities in Chile that will allow us to meet the power demand with competitive, reliable and sustainable energy.

Planned installed capacity (MW) together with its respective maximum achievable generation versus projected long-term power demand, analyzed by energy source - Chile (EU10)

Cassification		2020	2021	2022	2023	2024	2025
Power Source	Hydro reservoir	1,058.1	1,058.1	1,058.1	1,058.1	1,058.1	1,058.1
	Run-of-river hydro > 10 MW	551.6	551.6	551.6	551.6	551,6	551.6
	Run-of-river hydro < 10 MW	17.4	17.4	17.4	17.4	17,4	17.4
	Thermal coal	350.0	350.0	350.0	350.0	350,0	350.0
	Thermal LNG	1,143.7	1,143.7	1,143.7	1,143.7	1.143,7	1,143.7
	Thermal diesel	107.7	107.7	107.7	107.7	107,7	107.7
	Wind power	-	-	-	-	607,7	607.7
	Solar power	9.0	18.0	248.0	248.0	248.0	248.0
Total planned installed capacity		3,237.5	3,246.5	3,476.5	3,476.5	4,083.5	4,083.5
Maximum projected generation installed capacity P70 (GWh)		19,917.4	19,919.0	20,189.7	20,440.8	22,036.0	22,036.0
Total projected demand		70,948.0	72,996.0	75,194.0	77,273.0	79,804.0	82,256.0
Generación máxima proyectada, versus demanda proyectada (%)		28%	27%	27%	26%	28%	27%

Planned installed capacity (MW) together with its respective maximum achievable generation versus projected long-term power demand, analyzed by energy source - Peru

Cassification		2020	2021	2022	2023	2024	2025
Fuente de energía	Térmico GNL	567	567	567	567	567	567
Total capacidad planificada		567	567	567	567	567	567
Máxima capacidad de generación proyectada P70 (GWh)		2,887	2,887	2,887	2,887	2,887	2,887
Total de demanda proyectada		49,179	54,990	55,164	55,165	55,166	55,167
Generación máxima proyectada, versus demanda proyectada (%)		5.9%	5.3%	5.2%	5.2%	5.2%	5.2%



Corporate Governance

INDEPENDENCE OF THE BOARD OF DIRECTORS

102-22, 102-24

Colbún complies with LSA 18,046 (Corporations Law), which establishes in Article 50 bis that Chilean open stock corporations must appoint at least one independent director to their Board of Directors in cases where their stockholders' equity is greater than or equal to 1,500,000 Unidades de Fomento and at least 12.5% of their issued voting shares are held by shareholders who individually control or own less than 10% of such shares.

Colbún complies with this requirement by having two independent directors in accordance with Chilean law (María Emilia Correa P. and Luz Granier B.). According to LSA 18,046, Article 50 bis, those who have been in any of the following circumstances at any time within the last eighteen months shall not be considered independent:

- 1) Maintain any economic, professional, credit or commercial relationship, interest or dependence, of relevant nature and volume, with the company, the other companies of the group of which it forms part, its controller, or with the main executives of any of them, or have been directors, managers, administrators, main executives or advisors of them.
- 2) Maintain a kinship relationship up to the second degree of consanguinity

or affinity with the persons indicated in the previous number.

- 3) Had been directors, managers, administrators or principal executives of non-profit organizations that have received contributions or relevant donations from the persons indicated in number 1).
- 4) Had been partners or shareholders who have owned or controlled, directly or indirectly, 10% or more of the capital; directors; managers; administrators or principal executives of entities that have provided legal or consulting services, for relevant amounts, or external audit, to the persons indicated in number 1).
- 5) Had been partners or shareholders who have owned or controlled, directly or indirectly, 10% or more of the capital; directors; managers; administrators or principal executives of the company's main competitors, suppliers or clients.

It should be noted that, under international criteria, Colbún has three independent directors (María Emilia Correa P., Luz Granier B. and Andrés Lehuedé B.), who meet the following criteria:

- The Director cannot be a member of the family of a person who is, or has been during the last 3 years employed by the company/parent/ subsidiary as an executive officer.

- The director must not have been employed by the company in an executive capacity 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 personal service 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 during the last three years.

BOARD EFFECTIVENESS

The average attendance at Board meetings during 2020 was 95%.

APPOINTMENT AND ELECTION OF THE BOARD OF DIRECTORS

102-24

Regarding the appointment and selection processes of the governing body, any natural person who is a free administrator of its 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 as a Director of the Company. In addition, in order to be an Independent Director, as defined in Article 50 bis of the LSA, the conditions set forth in said article must be met.

REQUIRED INFORMATION

Shareholders who wish to promote the nomination of any person for a Director position or who wish to present themselves directly may submit the following information to the Chief Executive Officer of the Company:

- 1) Experience and professional profile of the candidate.
- 2) Statement of the candidate indicating acceptance of his nomination and compliance with all requirements to perform the position established by law and its regulations.
- 3) Statement of contractual, commercial or other relationships with the controller, competitors or suppliers for the last 18 months.

The Company will not be responsible for the veracity of the background information, which will be limited to receiving it and making it available to the shareholders through its website.

INFORMATION DELIVERY

The background information must be sent to the Company's Chief Executive

Officer at least three business days prior to the date of the Shareholders' Meeting, by e-mail to the address [rsperez@colbun.cl](mailto:rsperez@colbun.cl) or by letter delivered to the Company's domicile.

APPLICATION

The Chief Executive Officer shall make available to the shareholders through the Company's website, at least two days prior to the Shareholders' Meeting, the information provided 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 to present any interested person as a candidate for Director at the same time the corresponding Shareholders' Meeting is held.

ELECTION

At the Shareholders' Meeting, the 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 this regard, proposals are received from shareholders representing one percent or more of the Company's shares, within the corresponding deadlines.

DURATION

The Board of Directors shall have a term of three years, after which time it must be renewed in its entirety. Directors may be re-elected indefinitely. In the event of vacancy of a director's position, the Board of Directors shall be completely renewed at the next Ordinary Shareholders' Meeting to be held by the corporation and, in the meantime, the Board of Directors may appoint a replacement.

2020 MANAGEMENT OF THE DIRECTORS' COMMITTEE

During the year 2020, the Directors' Committee met 10 times to review the proposals of the Management to the Board of Directors and also the operations with related parties regulated by Article 147 of Law No. 18,046, in which it agreed to propose to the Board of Directors the approval of the same, since they were in accordance with the prevailing market conditions for this type of operations, or they were part of the ordinary operations of the Company's business.

During 2020, the Directors' Committee made decisions on the following transactions:



**RENEWAL OF THE DIESEL  
TRANSPORTATION CONTRACT  
WITH ELECTROGAS S.A.**

This is a new renewal of the contract in force since 2007, which allows the use of the pipeline between Concon and Quillota, owned by Electrogas S.A., to transport diesel to the Nehuenco Complex. The Committee reviewed this operation as it is an operation between related parties, since it is carried out between the parent company and an affiliated company.

**LEASE AGREEMENT WITH BICE  
INSURANCE.**

This is a lease agreement for office 401 of the building located at Avda. Apoquindo 4775, Las Condes, where the Head Office offices are located, with BICE Seguros (formerly Sura Seguros de Rentas Vitalicias S.A.). This contract will provide additional office space for external consultants and employees of Colbún S.A. The Committee reviewed this operation as it is an operation between related parties, due to the fact that BICE Seguros is a subsidiary of Bicecorp S.A., a company related to the directors Juan Eduardo Correa G., Bernardo Larraín M., Francisco Matte I. and Rodrigo Donoso M.

**DONATION TO THE NETWORK OF  
SCHOOLS OF THE PRIMARY  
INSTRUCTION SOCIETY (PIS).**

This is a contribution of CL\$ 300,000,000 to the network of schools of the Sociedad de Instrucción Primaria, destined to the infrastructure of 3 schools in the Metropolitan Region.

The Committee reviewed this donation for being a related party transaction, given that the director Mr. Larraín M. is a second degree blood relative of Mrs. Magdalena Larraín M., director of Red de Colegios SIP.

**APPROVAL OF THE Colbún  
FOUNDATION BUDGET**

This is the approval of the Colbún Foundation's budget, which was already approved by the Board of Directors as part of the Company's usual annual budget approval procedure, since it is part of the Public Affairs Management budget, as well as by the Colbún Foundation itself. The Committee reviewed this operation as it implies the transfer of funds from Colbún S.A. to the Colbún Foundation for the fulfillment of its objectives.

**EXTENSION OF CONTRACTS OF  
TELECOMMUNICATION SERVICES  
WITH ENTEL**

This is the extension of contracts with Entel for the provision of data link and

local telephony services until December 31, 2020, since the current bidding process has been delayed as a result of the health emergency caused by Covid 19. This operation was reviewed by the Directors' Committee because it is an operation between related parties, given the director's father Mr. Francisco Matte I. is a director of Entel, and additionally because both companies are part of the same Controlling Group.

**RENEWAL OF INTERRUPTIBLE  
NATURAL GAS TRANSPORTATION  
CONTRACT WITH ELECTROGAS S.A.**

This is a renewal of the interruptible natural gas transportation contract with Electrogas S.A. from Chena to Quillota.

This operation was submitted to the consideration of the Directors' Committee because it is an operation between related parties, given that Electrogas is an affiliated company of Colbún S.A.

**ANNUAL MEMBERSHIP OF  
SOCIEDAD DE FOMENTO FABRIL**

This is the Committee's approval of the Annual Membership to SOFOFA, which has an annual cost of UF 1,112. The Committee reviewed this as it is an operation between related parties given that the directors Mr. Hernan Rodríguez W. and Bernardo Larraín M. are director and president of SOFOFA, respectively.

**EXTENSION OF LEASE  
AGREEMENTS WITH BICE VIDA  
COMPAÑÍA DE SEGUROS S.A.**

This is the modification of several lease contracts for several floors of the building located at 4775 Apoquindo Avenue, Las Condes district, where the offices of the Head Office are located, in order to extend the term of the same. The Committee reviewed this operation due to the fact that Bice Vida Compañía de Seguros S.A. is a subsidiary of Bicecorp S.A., a company related to directors Juan Eduardo Correa G., Bernardo Larraín M. and Francisco Matte I.

**CONTRIBUTIONS TO COLBUN  
FOUNDATION**

These are two contributions to the Colbún Foundation. The first for the amount of \$650 million, destined to continue, for 6 more years, the community relations program in the commune of Coronel, and the second, for \$12 million, for the implementation of the project "Pozo APR Sector San Pedro", to be executed in the sector called "San Pedro", in the commune of Quillota. The Committee reviewed the background information and approved them, considering that they are in line with the Company's donation policies.

**EASEMENT AND LEASE FOR  
EXPANSION OF CANDELARIA  
SUBSTATION TO COLBUN  
TRANSMISIÓN S.A.**

This is the subscription of an easement and lease contract for the execution of the work "Candelaria Substation Expansion", which was tendered by the National Electric Coordinator and in which Colbún Transmisión S.A. will be the principal, in its condition of owner of the substation. Colbún S.A. is the owner of the land site where the expansion works of the substation will be built. The Committee reviewed the background as it is a parent company operation with a subsidiary company.

**PURCHASE OF LAND FROM  
COMINCO S.A.**

This is the purchase of a 991 hectare plot of land, located in the mountain range sector of the commune of Los Andes, where there are currently Colbún S.A. facilities, which will also be used for other activities complementary to the operation of the Aconcagua Complex facilities. The purchase price was \$567.5 million. The Committee reviewed this transaction as it is a transaction between related parties, since Cominco S.A. is a shareholder of Colbún S.A.

**CONTRIBUTION TO ACCIÓN  
EMPRESAS**

This is a contribution of \$6,800,000 to Fundación Acción Acción Social Responsabilidad Empresarial ("Acción Empresas") as a sponsor for the event "Encuentro de Desarrollo Sostenible" ("Sustainable Development Meeting"). This operation was reviewed by the Committee due to the fact that the Public Affairs Manager, Mr. Pedro Vial L., is also a director of Acción Empresas.

**SETTLEMENT OF MERCANTILE  
CURRENT ACCOUNT AND DEBT  
AGREEMENT WITH COLBUN  
TRANSMISIÓN S.A.**

This is the liquidation of the current account between Colbún S.A. (as creditor) and Colbún Transmisión S.A. (as debtor), which implies the subscription of a debt contract. The Committee reviewed this transaction as it is a transaction between related parties, since Colbún Transmisión S.A. is an affiliate of Colbún S.A.

**LOAN TO EFIZITY**

This is a loan agreement with Efizity S.A. in the amount of \$200 million, an sociedad filial de Colbún S.A. operation that was considered at the time of the purchase of the shares of this company. The Committee reviewed this transaction as it is a transaction between related parties, since Efizity S.A. is a affiliate of Colbún S.A.

**REAL ESTATE LEASE AGREEMENTS WITH EMPRESAS CMPC S.A. AND SUBSIDIARIES FOR THE JUNQUILLOS WIND FARM PROJECT.**

This is the subscription of lease agreements for land owned by Empresas CMPC S.A. or any of its subsidiaries, which are necessary for the implementation of the Junquillos wind power project. The Committee reviewed this transaction because it is a related party transaction, given that the directors Mr. Bernardo Larraín M., Bernardo Matte L. and director Vivianne Blanlot S. are also directors of Empresas CMPC S.A.

**TELECOMMUNICATIONS LINKS AND DATACENTER CONTRACT**

The background of the bidding process for telecommunications and datacenter services was reviewed, in which ENTEL and GDT, among others, were selected. Additionally, a new extension of the term of the current contracts with ENTEL was authorized, since the implementation of the new services has been delayed due to the travel restrictions caused by the pandemic due to Covid 19. The Committee reviewed this transaction because it is a related party transaction, given that the directors Bernardo Matte L. and Bernardo Larraín M. are members of the controlling group of Entel, and the director Hernán Rodríguez W. is also a director of GTD.

**DONATION TO THE NETWORK OF SCHOOLS OF THE PRIMARY INSTRUCTION SOCIETY (PIS).**

This is a contribution for a total amount of \$251,850,771 to the Network of Schools of the Primary Instruction Society, which will be used for the construction of new classrooms and the adaptation of playgrounds and bathrooms for preschool, and also for the construction of classrooms for student attention, a resource room and the provision of the necessary furniture for the implementation of the same in two schools of the Network.

The Committee reviewed this donation because it is a related party transaction, given that the director Mr. Larraín M. is a second-degree blood relative of Mrs. Magdalena Larraín M., director of Red de Colegios PIS.

**TRANSFER OF TRANSMISSION ASSETS OF SAN PEDRO HYDROELECTRIC POWER PLANT PROJECT FROM COLBUN TRANSMISION TO COLBUN S.A.**

This is the transfer to Colbún S.A. of the transmission assets called “LT SPCiruelos”, required for the implementation of the San Pedro Hydroelectric Power Plant project, which includes studies and easements, in the same conditions in which they had been transferred to Colbún Transmisión S.A. in 2018. The Directors’ Committee reviewed this transfer

of assets as it is an operation of the parent company with a subsidiary company.

**CASH SUPPORT AGREEMENT WITH FENIX**

This is an agreement for a term of 3 years, in which Colbún S.A. participates as the main shareholder of Fénix, and in which both ADIA and Sigma would also participate, with the purpose of committing financial contributions to try to maintain Fénix’s international rating at the “Investment Grade” level. This transaction was submitted to the consideration of the Directors’ Committee because it constitutes a transaction between related parties, since it is a contract to be entered into by Colbún S.A. and its Peruvian subsidiary Fénix.

Additionally, during the year 2020 the Board of Directors Committee carried out the following activities:

- Reviewed the compensation system and compensation plans for managers, executives and principal employees of the company.
- Reviewed the proposal to contract the additional services of the external audit firm KPMG Auditores for the issuance of a “Comfort Letter” in the framework of a potential refinancing in the international bond market.
- Reviewed the Company’s Financial Statements as of December 31, 2019;

- Met with representatives of the external audit firm KPMG Auditores Consultores Ltda, the Company’s external auditors, to discuss the scope of services provided during 2019, the accounting criteria used and the results of the audit as of December 31, 2019;
- Reported on the activities carried out by the Committee during 2019, issuing the Annual Management Report.
- Evaluated Management’s proposals for the appointment of external audit firms for the year 2020, and agreed to request the Board of Directors to propose to the Shareholders’ Meeting to appoint as external auditors for the year 2020, as first option, EY Servicios Profesionales de Auditoria y Asesorías SpA; KPMG Auditores Consultores Ltda. as second option and Pricewaterhouse Coopers Consultores, Auditores y Compañía Limitada as third option.
- Reviewed the background information provided by Management for the maintenance of Feller Rate and Fitch Rating as Colbún S.A.’s local risk rating agencies.
- Reviewed the proposal to contract additional services from EY, the current external audit firm of Colbún S.A., for the preparation of financial and accounting reports in the framework of the arbitration process with Codelco.

**TO THE FINANCIAL MARKET COMMISSION**

Summary of Relevant Events reported to the Financial Market Commission during the year 2020:

**1.** On March 4, 2020, the Company announced the placement in the international markets of bonds for a total amount of US\$500,000,000 (five hundred million United States dollar), with maturity in 10 years, at an annual rate of 3.15%. The issuance was executed in accordance with Rule 144 and Regulation S of the Securities and Exchange Commission under the Securities Act of 1933 of the United States of America. The proceeds of this placement will be used primarily for the partial repurchase of bonds previously issued in the international markets by Colbún S.A., maturing in

- 2024, and the remainder, if any, for general corporate purposes.
- 2.** On April 1, 2020, it was reported that at the Board of Directors’ meeting held on March 31, 2020, they agreed to call the Company’s shareholders to an ordinary shareholders’ meeting to be held on April 30, 2020, in order to submit the following matters to the consideration of the shareholders:
- Review of the Company’s situation and report of the External Auditors and the Statutory Auditors;
  - Approval of the Annual Integrated Repot and Financial Statements as of December 31, 2019; • Distribution of profits and distribution of dividends;

**SIGNIFICANT EVENTS REPORTED**





- Approval of the Company's investment and financing policy; Policies and procedures on profits and dividends;
- Appointment of External Auditors for the 2020 fiscal year; • Appointment of Auditors and their remuneration;
- Determination of the remuneration of the Directors;
- Report of activities of the Directors' Committee;
- Fixing of the remuneration of the Directors' Committee and determination of its budget;
- Information on resolutions of the Board of Directors related to acts and contracts governed by Title XVI of Law No. 18,046,
- Designation of the newspaper in which notices of shareholder meetings are to be published; and
- Other matters of corporate 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 final and definitive dividend of US\$110,629,686.79 be distributed, corresponding to US\$0.00631 per share, which added to the interim dividend of US\$92,415,603.89, corresponding to US\$0.00527 per share, approved by the Board of Directors on November 26, 2019 and paid on December 18, 2019, would

amount to 100% of the Net Distributable Profit for 2019, of US \$203,045,290.68 and, additionally, to distribute an eventual dividend, charged to retained earnings from previous years, in the amount of US\$ 50,000,000, corresponding to US\$ 0.00285 per share.

It was noted that due to the recommendations and restrictions dictated to contain the COVID-19 contagion, the holding of the Meeting could be affected in order to carry it out within the deadlines established by the to be held within the terms established by Law No. 18,046 and other complementary regulations.

It was also informed that the Company's Financial Statements as of December 31, 2019 were available on the Company's website ([www.colbun.cl](http://www.colbun.cl)).

Finally, it was informed that the Annual Integrated Report would be available to shareholders and the general public on the same website, as of April 15, 2020.

**3.** On April 30, 2020, it was reported that at the ordinary meeting held on the same date, it had been agreed to appoint EY Servicios Profesionales de Auditoría y Asesorías SpA and that a final and definitive dividend of US\$110,629,686.79 corresponding to US\$0.00631 per share and a contingent dividend charged to retained earnings of previous years in the amount of

US\$50,000,000 corresponding to US\$0.00285 per share had been approved.

**4.** On August 26, 2020, it was reported that at the ordinary meeting of the Board of Directors held on August 25, 2020, Mr. Francisco Matte Izquierdo resigned as a Director of Colbún S.A., effective as of that same date. At that same meeting, the Board of Directors agreed to appoint Mr. Bernardo Matte Larraín as his replacement until the next Ordinary Shareholders' Meeting, when the Company's Board of Directors will be completely renewed.

**5.** On September 9, 2020, it was reported that on September 8, 2020, the Board of Directors, in an extraordinary meeting, agreed to carry out a process that involves the invitation of actors with experience in the electricity transmission, infrastructure and financial industry, in order to explore their interest and the conditions under which their eventual participation could be agreed either (i) as a strategic partner, (ii) acquiring a majority position, or (iii) acquiring up to all the shares of its subsidiary Colbún Transmisión S.A. (the "Process"), for which the Company has hired the services of financial advisors BTG Pactual and J.P. Morgan. (the "Process"), for which the Company has hired the financial advisory services of BTG Pactual and J.P. Morgan.



**6.** On November 25, 2020, Colbún's Board of Directors reported that in an ordinary meeting held the previous day, it had agreed to distribute an interim dividend out of the profits for the year ending December 31, 2020, in the total amount of US\$81,217,832.68, corresponding to US\$0.00463 per share.

#### TAXATION AND CRIME PREVENTION MODEL

103-2, 103-3

Companies in Chile must fully comply with their tax obligations, all of which derive from the economic movements

they carry out as legal entities and which 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 Tax Law (DL 824), the VAT Law (DL 825), etc.

Accordingly, Colbún fully complies with the laws and regulations applicable to this Act and there is no better way to develop a tax policy/strategy or guidelines other than the Act.

In addition, we publish quarterly Financial Statements and annually the Company's Annual Integrated Report.

In these public reports sent to the Financial Market Commission (FMC), the tax situation is explained clearly, among other matters, the Effective Tax Rate and the Reconciliation from the Tax Rate. In addition, on a monthly and annual basis, we send tax documentation to the tax authority (SII: Internal Revenue Service) with all the openness and detail required by current regulations. Fenix, on its part, fully complies with the laws and regulations applicable to this Law; and on a monthly and annual basis, we send tax documentation to the tax authority (SUNAT: Superintendencia Nacional de Administración Tributaria)



with all the openness and detail required by current regulations.

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 Entities, which seeks to prevent the risks of bribery, money laundering, financing of terrorism, receiving, unfair administration, corruption among individuals, misappropriation and water pollution.

During 2020 Colbún S.A. has not 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 force in which Colbún S.A. has these categories.

Notwithstanding the above, the National Economic Prosecutor's Office (FNE) has requested information from Colbún in confidential investigation processes that the FNE carries out as part of its functions.

In the case of Fenix, it has not 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 proceeding in force.

Information and training on anti-corruption procedures within the organization.

	Board	Employees Chile	Employees Peru
Total number of members	9	984	102
Members informed of procedures	9	984	102
Percentage of informed members	100%	100%	100%
Members trained in procedures	9	906	102
% trained	100%	92%	100%

DETAIL OF FINES AND SANCTIONING PROCESSES FOR THE YEAR 2020

307-1, 419-1

During 2020, no fines or non-monetary sanctions were applied for non-compliance with environmental regulations in Chile. It is worth mentioning that currently two lawsuits for environmental damage that are being processed jointly against the Santa Maria power plant are pending to be resolved, which were ruled in first instance in favor of Colbún by the Environmental Court of Valdivia, and are pending the final judgment by the Supreme Court.

In the case of Fénix, in Peru, during 2020 it has not been sanctioned for violations to environmental legislation and regulations. However, in 2020 an Administrative Sanctioning Procedure was initiated with OEFA, for an alleged breach of EIA commitments, which in case of an unfavorable outcome, would not imply an economic penalty but an administrative liability.

In 2020 there were no significant fines in Chile or Peru. The fines issued were in the economic area.

Detail of Fines in Chile in 2020 (419-1)

Sanctions for non-compliance in social matters	Description of the sanction	Monetary / Non-monetary	Amount USD	Sanction Status	Sanction Date	Subsidiary to which sanction was issued
Municipalidad de Las Condes	Updating of the Apoquindo 4775 Office License. The foregoing arises due to obtaining commercial licenses for all floors of the building that are used by the Company.	Monetary	126.15	Paid for	13-02-2020	Colbún
Servicio de Impuestos Internos	Fine Giro Impto. AT 2018, the aforementioned as a result of the excessive use of credits for donations for social purposes.	Monetary	2,304.70	Paid for	11-09-2020	Colbún
Servicio de Impuestos Internos	Difference to be paid May 2020 for PPM differential due to adjustments subsequent to the accounting closing.	Monetary	52,217.95	Paid for	30-06-2020	Colbún Transmisión
Servicio de Impuestos Internos	Penalty for untimely update of Legal Rep.	Monetary	18.86	Paid for	06-07-2020	Colbún Transmisión

Note: Colbún considers significant fines to be those in excess of US\$100,000.

Detail of Fines in Peru in 2020 (419-1)

Sanctions for non-compliance in social matters	Description of the sanction	Monetary / Non-monetary	Amount USD	Sanction Status	Sanction Date
Contribution inspection fine due to regulation February 2017	Fine Ministry of Energy and Mines	Monetary	1,677	Closed	Nov-20
Contribution inspection fine due to regulation July 2015	Fine Ministry of Energy and Mines	Monetary	1,851	Closed	Nov-20
Penalty for closed payment of nondomiciled income tax for January 2020	Fine National Superintendence of Customs and Tax Administration	Monetary	22	Closed	Mar-20



# 8.5

## Employees



### Number of employees

102-8

All workforce tables are as of December 31 of each year.

#### Workforce by type of contract in Chile (102-8)

Type of contract	2017		2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Indefinite-term contract	171	796	171	787	177	761	180	759
Contract for Works	7	9	3	4	0	0	1	14
Fixed - term contract	4	5	0	6	7	4	13	17
<b>TOTAL</b>	<b>182</b>	<b>810</b>	<b>174</b>	<b>797</b>	<b>184</b>	<b>765</b>	<b>194</b>	<b>790</b>

#### Workforce by type of contract in Peru (102-8)

Type of contract	2017		2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Indefinite-term contract	19	71	19	68	19	73	20	76
Contract for Works	0	0	0	0	0	0	0	0
Fixed - term contract	0	2	0	1	0	0	2	4
<b>TOTAL</b>	<b>19</b>	<b>73</b>	<b>19</b>	<b>69</b>	<b>19</b>	<b>73</b>	<b>22</b>	<b>80</b>

#### Staffing by type of workday in Chile (102-8)

Type of employ	2017		2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Full Journey	182	810	174	797	184	765	194	790
Partial journey	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>182</b>	<b>810</b>	<b>174</b>	<b>797</b>	<b>184</b>	<b>765</b>	<b>194</b>	<b>790</b>

#### Staffing by type of workday in Peru (102-8)

Type of employ	2017		2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Full Journey	19	73	19	69	19	73	22	80
Partial journey	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>19</b>	<b>73</b>	<b>19</b>	<b>69</b>	<b>19</b>	<b>73</b>	<b>22</b>	<b>80</b>

Workforce by employment contract, by geographic location in Chile 2020 (102-8)

Region	2017		2018		2019		2020	
	Indefinite-term contract	Temporary contract	Indefinite-term contract	Temporary contract	Indefinite-term contract	Temporary contract	Indefinite-term contract	Temporary contract
II Antofagasta	0	0	0	0	0	0	0	1
III Atacama	0	0	0	0	0	0	0	2
Metropolitan Region	416	16	408	8	401	9	417	30
V Region	174	3	180	2	185	2	182	10
VI Region	25	0	27	0	25	0	27	0
VII Region	98	1	90	0	89	0	86	1
VIII Region	214	4	215	2	214	0	208	0
X Region	21	0	20	0	19	0	19	1
XIV Region	19	1	18	1	5	0	0	0
Total	967	25	958	13	938	11	939	45

Workforce by employment contract, by geographic location in Peru 2020 (102-8)

Region	Indefinite-term contract		Fixed-term contract		Total
	Females	Males	Females	Males	
Magdalena Headquarters	16	28	2	3	49
Fénix power plant (Chilca)	4	48	0	1	53
Total	20	76	2	4	102

Diversity of employees

405-1

For Colbún, diversity is a relevant value not only from an ethical point of view, but it is also good business. We believe that having diverse teams contributes to the competitiveness of our company, adds value to decision making and makes us a more representative organization and closer to the expectations of our customers and society in general.

One of the focuses to which we have committed ourselves through different initiatives is to promote a Gender Equity Agenda, which we measure

through goals and indicators that allow us to know its impact. Colbún has generated four axes of action to advance in this matter, all articulated through a Gender Roundtable installed in 2018, which set concrete actions to address this issue.

One of these axes is related to “general staffing”, where the goal is that by 2025 25% of the total staff will be women, a figure that reached 20% during 2020.

In this line, we seek to promote the “hiring of women in masculinized

areas and roles”, encouraging diversity in work teams. As a result of our focus on hiring women, we have managed to increase the hiring of women in these specific areas from 18% in 2018 to more than 30% in 2020. We also seek to increase the presence of women in executive, leadership or relevant decisionmaking positions



Diversity of the workforce by gender, by leadership category in Chile (405-1)

	N° of women	N° of men	Total	
Executives	12	64	76	7.7%
Heads	12	103	115	11.7%
Unmanaged employees	170	623	793	80.6%
Total	194	790	984	100.0%

Diversity of the workforce by gender, by leadership category in Peru (405-1)

	N° of women	N° of men	Total	
Executives	1	5	6	5.9%
Heads	2	17	19	18.6%
Unmanaged employees	19	58	77	75.5%
Total	22	80	102	100.0%



Diversity of workforce by gender and age, by position category in Chile (405-1)

Position category	<30			30-50			>50			Totals		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Grand total
General Manager	0	0	0	0	0	0	1	0	1	1	0	1
First Line Managers	0	0	0	4	2	6	5	0	5	9	2	11
Managers	0	0	0	11	1	12	15	0	15	26	1	27
Sub-managers	0	0	0	13	7	20	15	2	17	28	9	37
Professionals	25	14	39	221	104	325	69	6	75	315	124	439
Administrative staff	1	3	4	6	25	31	14	18	32	21	46	67
Other positions	27	4	31	257	8	265	106	0	106	390	12	402
Total	53	21	74	512	147	659	225	26	251	790	194	984

Diversity of workforce by gender and age, by position category in Peru (405-1)

Position category	<30			30-50			>50			Totals		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Grand total
General Manager	0	0	0	0	0	0	1	0	1	1	0	1
Managers	0	0	0	3	1	4	1	0	1	4	1	5
Professionals	7	2	9	35	9	44	1	2	3	43	13	56
Administrative staff	1	3	4	3	3	6	1	1	2	5	7	12
Other positions	4	1	5	22	0	22	1	0	1	27	1	28
Total	12	6	18	63	13	76	5	3	8	80	22	102

Diversity of workforce by gender and age, by nationality in Chile (405-1)

Nationality	<30			30-50			>50			Totals		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Grand total
Chilean	52	20	72	508	138	646	220	24	244	780	182	962
Argentinian	0	0	0	0	1	1	2	0	2	2	1	3
Colombian	0	0	0	0	2	2	1	0	1	1	2	3
Venezuelan	1	0	1	0	1	1	0	2	2	1	3	4
Brazilian	0	0	0	2	1	3	0	0	0	2	1	3
Other	0	1	1	2	4	6	2	0	2	4	5	9
Total	53	21	74	512	147	659	225	26	251	790	194	984

Diversity of workforce by gender and nationality, by job category in Chile (405-1)

Position category	Nacional			Extranjero			Totales		
	Males	Females	Total	Males	Females	Total	Males	Females	Grand total
Gerente General	1	0	1	0	0	0	1	0	1
First Line Managers	8	1	9	1	1	2	9	2	11
Managers	24	1	25	2	0	2	26	1	27
Sub-managers	26	9	35	2	0	2	28	9	37
Professionals	311	114	425	4	10	14	315	124	439
Administrative staff	21	46	67	0	0	0	21	46	67
Other positions	389	11	400	1	1	2	390	12	402
Total	780	182	962	10	12	22	790	194	984

Workforce diversity by nationality, by position category in Chile (405-1)

Position category	2018			2019			2020		
	National	Foreign	Total	National	Foreign	Total	National	Foreign	Total
Gerente General	1	0	1	1	0	1	1	0	1
First Line Managers	10	1	11	9	2	11	9	2	11
Managers	20	3	23	22	2	24	25	2	27
Sub-managers	35	1	36	34	1	35	35	2	37
Professionals	423	11	434	399	13	412	425	14	439
Administrative staff	69	0	69	66	0	66	67	0	67
Other positions	396	1	397	398	2	400	400	2	402
Total	954	17	971	929	20	949	962	22	984

Workforce diversity by nationality, by position category in Chile (405-1)

Position category	Executives	Heads	Non-managerial positions	Total
Chileans	70	112	780	962
Venezuelans	0	0	4	4
Colombians	1	1	1	3
Argentinians	1	1	1	3
Brazilians	1	0	2	3
Germans	0	1	1	2
Belgians	1	0	1	2
Peruvians	0	0	1	1
Bolivians	0	0	1	1
Ecuadorians	0	0	1	1
Cubans	1	0	0	1
Italians	1	0	0	1
TOTAL	76	115	793	984

Workforce diversity by nationality, by position category in Peru (405-1)

Position category	Executives	Heads	Non-managerial positions	Total
Peruanos	5	18	77	100
Chileans	0	1	0	1
Colombians	1	0	0	1
TOTAL	6	19	77	102

Gender diversity in leadership positions, consolidated Chile-Peru in 2020

Diversity Indicator	Percentage	Goal	Goal Year
Women’s share of total workforce	19.9%	25%	2025
Participation of women in leadership positions (including executives and managers)	12.5%	14%	2021
Participation of women in management positions (junior management)	10.4%	11.5%	2021
Participation of women in executive positions (“top management”)	15.9%	17.5%	2021
Participation of women in income-generating positions (e.g., salesX excluding service areas)	8.2%	-	-
Participation of women in STEM positions	11.0%	-	-

Retirement age staff in Chile

Categoría	2018			2019			2020		
	Hombres	Males	Total	Males	Females	Total	Males	Females	Total
At Retirement Age	14	7	21	7	6	13	11	6	17

In the case of Fénix in Peru, there were no employees of retirement age in 2020.

New recruitments and employee turnover

(401-1)

New recruitments and employee turnover in 2020 in Chile, disaggregated by gender, age range and position level (401-1)

		<30 AÑOS			30 a 50 años			> 50 años			Gran Total	
Total Workforce	Position Level	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females
	Executives	0	0	0	28	10	38	36	2	38	64	12
	Professionals	25	14	39	221	104	325	69	6	75	315	124
	Administrative staff	1	3	4	6	25	31	14	18	32	21	46
	Other position	27	4	31	257	8	265	106	0	106	390	12
	TOTAL	53	21	74	512	147	659	225	26	251	790	194
Total Leaves	Executives	0	0	0	1	0	1	0	0	0	1	0
	Professionals	1	2	3	10	5	15	3	0	3	14	7
	Administrative staff	0	0	0	0	0	0	0	0	0	0	0
	Other position	1	0	1	5	0	5	4	0	4	10	0
	TOTAL	2	2	4	16	5	21	7	0	7	25	7
Total entrance	Executives	0	0	0	2	0	2	0	0	0	2	0
	Professionals	4	4	8	10	6	16	2	0	2	16	10
	Administrative staff	0	0	0	0	0	0	0	0	0	0	0
	Other position	2	0	2	3	0	3	0	0	0	5	0
	TOTAL	6	4	10	15	6	21	2	0	2	23	10
Turnover Rate	Executives	-	-	-	3.6%	0%	2.6%	0%	0%	0%	1.6%	0%
	Professionals	4.0%	14.3%	7.7%	4.5%	4.8%	4.6%	4.3%	0%	4.0%	4.4%	5.6%
	Administrative staff	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Other position	3.7%	0%	3.2%	1.9%	0%	1.9%	3.8%	-	3.8%	2.6%	0%
	TOTAL	3.8%	9.5%	5.4%	3.1%	3.4%	3.2%	3.1%	0%	2.8%	3.2%	3.6%
New Recruitment Rate	Executives	-	-	-	7.1%	0%	5.3%	0%	0%	0%	3.1%	0%
	Professionals	16.0%	28.6%	20.5%	4.5%	5.8%	4.9%	2.9%	0%	2.7%	5.1%	8.1%
	Administrative staff	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Other position	7.4%	0%	6.5%	1.2%	0%	1.1%	0%	-	0%	1.3%	0%
	TOTAL	11.3%	19.0%	13.5%	2.9%	4.1%	3.2%	0.9%	0%	0.8%	2.9%	5.2%



New employee recruitment and employee turnover in 2020 in Peru, disaggregated by gender, age range, and position level (401-1)

		<30 years			30 to 50 years			> 50 years			Grand Total	
	Position Level	Females	Males	Total	Females	Males	Total	Females	Males	Total	Females	Males
Total Workforce	Executive				3	1	4	2		2	5	1
	Professionals	7	2	9	35	9	44	1	2	3	43	13
	Administrative staff	1	3	4	3	3	6	1	1	2	5	7
	Other positions	4	1	5	22		22	1		1	27	1
	Total	12	6	18	63	13	76	5	3	8	80	22
Total Leaves	Executive	0	0	0	0	0	0	0	0	0	0	0
	Professionals	0	0	0	0	0	0	0	0	0	0	0
	Administrative staff	0	0	0	0	0	0	0	0	0	0	0
	Other positions	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0
Total entrance	Executive	0	0	0	0	0	0	0	0	0	0	0
	Professionals	4	0	4	0	1	1	0	0	0	4	1
	Administrative staff	0	0	0	0	0	0	0	0	0	0	0
	Other positions	0	0	0	0	0	0	0	0	0	0	0
	Total	4	0	4	0	1	1	0	0	0	4	1
Turnover Rate	Executive	-	-	-	0%	0%	0%	0%	-	0%	0%	0%
	Professionals	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Administrative staff	-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Other positions	0%	0%	0%	0%	-	0%	0%	-	0%	0%	0%
	Total	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
New Recruitment Rate	Executive	-	-	-	0%	0%	0%	0%	-	0%	0%	0%
	Professionals	57.1%	0%	44.4%	0%	11.1%	2.3%	0%	0%	0%	9.3%	7.7%
	Administrative staff	-	0%	0%	0%	-	0%	0%	-	0%	0%	0%
	Other positions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total	33.3%	0%	22.2%	0%	7.7%	1.3%	0%	0%	0%	5.0%	4.5%

Leaves and turnover rate in Chile, by geographic location and gender (401-1)

		2018			2019			2020		
	Geographic Location	Females	Males	Total	Females	Males	Total	Females	Males	Total
Total Workforce	Metropolitan Region	133	283	416	142	268	410	150	297	447
	II Region	0	0	0	0	0	0	1	0	1
	III Region	0	0	0	0	0	0	1	1	2
	V Region	15	167	182	16	171	187	18	174	192
	VI Region	1	26	27	1	24	25	1	26	27
	VII Region	5	85	90	5	84	89	6	81	87
	VIII Region	17	200	217	17	197	214	16	192	208
	X Region	1	19	20	1	18	19	1	19	20
	XIV Region	2	17	19	2	3	5	0	0	0
	Total	174	797	971	184	765	949	194	790	984
Total Leaves	Metropolitan Region	13	34	47	6	36	42	4	10	14
	II Region	0	0	0	0	0	0	0	0	0
	III Region	0	0	0	0	0	0	0	0	0
	V Region	1	3	4	3	8	11	1	5	6
	VI Region	1	1	2	0	2	2	0	0	0
	VII Region	0	10	10	0	5	5	0	2	2
	VIII Region	1	3	4	0	4	4	1	8	9
	X Region	1	0	1	0	1	1	1	0	1
	XIV Region	0	0	0	0	14	14	0	0	
	Total	17	51	68	9	70	79	7	25	32
Turnover Rate	Metropolitan Region	9.8%	12.0%	11.3%	4.2%	13.4%	10.2%	2.7%	3.4%	3.1%
	II Region	-	-	-	-	-	-	0%	-	0%
	III Region	-	-	-	-	-	-	0%	0%	0%
	V Region	6.7%	1.8%	2.2%	18.8%	4.7%	5.9%	5.6%	2.9%	3.1%
	VI Region	100.0%	3.8%	7.4%	0%	8.3%	8.0%	0%	0%	0%
	VII Region	0%	11.8%	11,1%	0%	6.0%	5.6%	0%	2.5%	2.3%
	VIII Region	5.9%	1.5%	1.8%	0%	2.0%	1,9%	6.3%	4.2%	4.3%
	X Region	100.0%	0%	5.0%	0%	5.6%	5,3%	100.0%	0%	5.0%
	XIV Region	0%	0%	0%	0%	466.7%	280.0%	-	-	-
	Total	9.8%	6.4%	7.0%	4.9%	9.2%	8.3%	3.6%	3.2%	3.3%

Leaves and turnover rate in Peru, by geographic location and by gender (401-1)

2018					2019			2020		
Total Workforce		Females	Males	Total	Females	Males	Total	Females	Males	Total
	Magdalena Headquarters	19	69	88	15	25	40	18	31	49
	CT Fenix - Chilca				4	48	52	4	49	53
	<b>Total</b>	<b>19</b>	<b>69</b>	<b>88</b>	<b>19</b>	<b>73</b>	<b>92</b>	<b>22</b>	<b>80</b>	<b>102</b>
Total Leave	Magdalena Headquarters	5	13	18	3	4	7	0	0	0
	CT Fenix - Chilca				0	2	2	0	0	0
	<b>Total</b>	<b>5</b>	<b>13</b>	<b>18</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
Turnover Rate	Magdalena Headquarters	26.3%	18.8%	20.5%	20.0%	16.0%	17.5%	0%	0%	0%
	CT Fenix - Chilca				0%	4.2%	3.8%	0%	0%	0%
	<b>Total</b>	<b>26.3%</b>	<b>18.8%</b>	<b>20.5%</b>	<b>20.0%</b>	<b>20.2%</b>	<b>21.3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

Leaves and voluntary turnover rate in Chile, by gender

2017			2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Voluntary Leaves	2	12	2	13	3	20	2	15
	14		15		23		17	
Voluntary Turnover Rate	3.0%	1.7%	3.3%	1.9%	4.6%	2.9%	2.8%	2.2%
	1.8%		2.0%		3.1%		2.3%	

Leaves and voluntary turnover rate in Peru, by gender

2017			2018		2019		2020	
	Females	Males	Females	Males	Females	Males	Females	Males
Voluntary Leaves	1	3	2	6	1	3	0	0
	4		8		4		0	
Voluntary Turnover Rate	4.4%		9.0%		4.5%		0%	

## Remunerations

(102-37, 405-2, NCG 386)

Gender pay gap in 2020 in Chile (NCG 386)

Position Category	% salary women vs men	PAY GAP	Women	Men	Total	
Senior Management	69.22%	30.78%	2	10	12	1.2%
Management and Sub-Management	68.19%	31.81%	10	54	64	6.5%
Professionals	80.31%	19.69%	124	315	439	44.6%
Technicians	86.74%	13.26%	12	390	402	40.9%
Administrative and Auxiliary	134.25%	-34.25%	46	21	67	6.8%
Total (weighted by number of employees per category)	85.69%	14.31%	194	790	984	100.0%

Gender pay gap in 2020 in Peru (NCG 386)

Position Category	% salary women vs men	PAY GAP	Women	Men	Total	
Management and Sub-Management	69.3%	30.7%	1	5	6	5.9%
Professionals	84.3%	15.7%	13	43	56	54.9%
Technicians	66.0%	34.0%	1	27	28	27.5%
Administrative and Auxiliary	106.2%	-6.2%	7	5	12	11.8%
Total (weighted by number of employees per category)	81.0%%	19.0%	22	80	102	100.0%

Note: Although the General Manager of Peru is considered "Senior Management", as he was the only one in the category, he was included in "Management and Sub-Management".

Consolidated gender pay gap in 2020, Chile - Peru

Position Category	Average salary for women / Average salary for men
Executives (base salary only)	64.4%
Executives (base salary + other monetary incentives)	62.3%
Management (base salary only)	90.9%
Management (base salary + other monetary incentives)	91.0%
Non-managerial positions	105.3%

Consolidated mean and median gender pay gap in 2020 for Chile and Peru

Indicator	Difference between men and women
Average Pay Gap	88%
Median Pay Gap	114%
Average pay gap with bonuses	83%
Median Pay Gap with bonuses	123%

With respect to executive compensation, Colbún does not request the opinion of stakeholders.



Training of employees

(404-2)

Programs to improve employee skills and transition assistance programs in Chile (404-2)

		2019		2020	
Training program	Description	N° of beneficiaries	% of total beneficiaries	N° of beneficiaries	% of total beneficiaries
Undergraduate Scholarships	Financing of technical or university studies.	36	3.8%	33	3.4%
Graduate Studies	Financing of graduate studies (Diplomas, Master's and MBA)	57	6.0%	49	5.0%
Capacitate Program	Development of soft and technical skills in employees	153	16.1%	168	17.1%
English	English language training	75	7.9%	61	6.2%
Crime Prevention Program	Information on relevant aspects of Law 20.393	21	2.2%	90	9.1%
Company Induction Program e-learning	Inform relevant aspects of the business to people joining the company.	26	2.7%	-	-
On-site Company Induction Program	Inform relevant aspects of the business to people joining the company.	53	5.6%	-	-
Induction Program Visit to Power Plants	Inform about the power plants to new personnel as well as to people from the head office who have been with the company for years.	9	0.9%	-	-
Salesforce Project	Updating of the Salesforce customer management platform, incorporating new capabilities and improvements to its functionalities.	-	-	31	3.2%
Leadership Development Program	To enhance the exercise of leadership in positions with personnel in charge.	159	16.8%	160	16.3%
Kairos Project	Provide knowledge to correctly operate the new SAP S/4 Hana system, along with understanding the new processes that have been designed.	-	-	636	64.6%
Women's Leadership Development Program	To strengthen and enhance leadership skills in a group of professional women.	20	2.1%	21	2.1%
Power BI Program	Improve integration in the reporting of the different areas of the Company.	101	10.6%	133	13.5%
Office 365 Program	Disseminate collaborative technological tools to enhance the digital transformation processes of the company.	329	34.7%	160	16.3%
Cybersecurity Program	Ensure the Company's digital media security.	595	62.7%	72	7.3%

Notes:  
- Desarróllate Program: 168 participants and 208 attendances (some participants attended more than one module), participating in more than one course of the program.  
- Leader Competencies Development Program: 160 participants and 589 attendances, at the Company level we covered 16.3% of the staff, however, we addressed 87% of the leaders' population.  
- Kairos Project: 636 participants and 2,312 attendances.

Programs to improve employee skills and transition assistance programs in Peru (404-2)

		2019		2020	
Training program	Description	N° of beneficiaries	% of total beneficiaries	N° of beneficiaries	% of total beneficiaries
Languages	Foreign language training	10	10.9%	4	3.9%
Leadership Program "Somos Jefes Fénix"	Leadership skills of Company Managers/Heads	15	16.3%	19	18.6%
Program in Electricity Management, Regulation and Markets	Technical competencies focused on Commercial Management	10	10.9%	3	2.9%
Operational Excellence Program	Operations and Maintenance Competency Development	5	5.4%	43	42.2%
Information technologies	Update on new IT tools	-	-	71	69.6%
Professional updating program	Updating by area of expertise	-	-	77	75.5%

Programs and processes that ensure the availability of skilled labor in Chile (EU14)

Name of program	Description of program	Trained women	Trained men
Colbún 2020 Technical Academy	This program is aimed at reinforcing and leveling the knowledge required by employees in power plants, which are specialized according to the area in which they work. The program develops the technical skills necessary for all areas of a power plant (operations, maintenance, etc.). A training curriculum was developed, with courses to be designed internally with technical experts from Colbún, with e-learning methodology. In 2020, the following courses were given: SEP Protections, Maintenance Planning and Programming, Electrical Substations, Asset Management, Technical Standards and Service Quality, Electricity Market.	24	443
Undergraduate Scholarships	Financial support for the completion of technical or university studies, for people in facilities with income up to 80 UF, and with 2 years of seniority. The objective is that employees who have not been able to complete their undergraduate studies can do so and make them compatible with work.	1	29
Safety, Occupational Health and Environmental Management Curriculum	Provide knowledge to safeguard the safety and integrity of our employees, our operation and environment, as well as compliance with legal aspects. It includes on-site and e-learning training, both at the facilities or at the head office, both for employees of Power Plants and Transmission, on Environmental, Safety and Occupational Health issues.	24	357
Management Tools	Development of training to facilitate the employee's performance, such as English language improvement, computer and management tools. It considers face-to-face and e-learning training. This section of the report includes employees from Power Plants and Transmission.	28	395

Notes: As "skilled labor" are considered employees of the "Generation" and "Transmission" managements. Due to the pandemic, many on-site activities had to be suspended, since they required face-to-face activities. Others were carried out in streaming or e-learning mode.

Programs and processes to ensure the availability of skilled labor in Peru (EU14)

Name of the program	Description of program	Trained Women	Trained Men
Operational Excellence	Training oriented to improve the Operation and Maintenance of the Fénix PP	2	41
Language	Oriented to the learning/improvement of the English language.	3	1
Management, Regulation and Electricity Market	Aimed at optimizing Fénix's commercial process in the power market	2	1
Tecnologías de la información	Updating of new IT tools	15	56
Leadership	Oriented to provide leadership tools to collaborators with personnel in charge.	2	17

Performance evaluation

(404-3)

Percentage of employees receiving regular performance and professional development evaluations in Chile (404-3)

2017				2018			2019			2020		
Position Category	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
Executives	100	100	100	100	100	100	100	100	100	100	100	100
Professionals	96.9	92.7	95.8	98.2	98.2	98.2	99.0	95.9	98.1	93.0	94.4	93.4
Administrative staff	90.3	94.5	93.0	96.3	97.6	97.1	100	95.6	97,0	90.5	91.3	91.0
Other positions	98.7	85.7	98.5	99.2	100	99.2	99.7	100	99.8	98.2	75.0	97.5
Total	97.8	93.4	97.0	98.7	98.3	98.7	99.5	96.2	98.8	96.1	92.8	95.4

Notes: During the year 2020 the Performance Evaluation Process was carried out for 100% of the personnel under Indefinite contract. The personnel that do not receive performance evaluation corresponds to

Percentage of employees receiving regular performance and career development evaluations in Peru (404-3)

2020			
Position Category	Males	Females	Total
Executives	100	100	100
Professionals	88.4	92	89.3
Administrative staff	60	86	75
Other positions	100	100	100
Total	91.3	90.9	91.2

Notes: Includes people with permanent contracts. Among those with permanent contracts, 95.9 were evaluated; those who were not evaluated were those who entered in December.

Work Climate

(Colbun-10.TR)

Results of the Organizational Climate Survey in Chile, by gender (Colbún-10.TR)

Results of the Organizational Climate Survey in Chile		2017		2018		2019		2020	
		Females	Males	Females	Males	Females	Males	Females	Males
General Trust Average Index© (Area Vision)	% satisfaction by gender	86%	83%	85%	84%	83%	83%	88%	87%
	% overall satisfaction	83%		84%		83%		87%	
General Trust Average Index© (Corporate Vision)	% of total employees	77%		79%		79%		84%	
Coverage	% of total employees	92%		93%		92%		94%	

Note: People with fixed-term contracts, those with works contracts, those who have been with the Company for less than 3 months, or those who have taken extended medical leave do not participate in the climate survey.

Results of the Organizational Climate Survey in Chile in 2020, by age (Colbún10.TR))

Results of the Organizational Climate Survey in Chile	Under 26 years	from 26 to 34 years	from 35 to 44 years	from 45 to 54 years	55 years or more
General Trust Average Index© (Area Vision)	97%	86%	87%	87%	90%
General Trust Average Index© (Corporate Vision)	93%	82%	83%	86%	86%

Results of the Organizational Climate Survey in Chile in 2020, by position (Colbún10.TR)

Results of the Organizational Climate Survey in Chile	Manager or Sub-Manager	Supervisor or Head	Professional or Technician	Administrative staff	Operator
General Trust Average Index© (Area Vision)	93%	89%	86%	93%	84%
General Trust Average Index© (Corporate Vision)	87%	85%	83%	91%	84%

Results of the Organizational Climate Survey in Peru, by gender (Colbún10.TR)

Resultados Encuesta Clima Laboral Perú		2017		2018		2019		2020	
		Females	Males	Females	Males	Females	Males	Females	Males
General Trust Average Index© (Area Vision)	% satisfaction by gender	82%	81%	85%	74%	91%	84%	95%	87%
	% overall satisfaction	82%		76%		85%		89%	
Coverage	% of total employees	82%		80%		88%		96%	

Results of the Organizational Climate Survey in Peru in 2020, by age (Colbún10.TR)

Results of the Organizational Climate Survey in Peru	25 years or less	from 26 to 34 years	from 35 to 44 years	from 45 to 54 years	55 years or more
General Trust Average Index© (Corporate Vision)	95%	88%	89%	88%	-

Results of the Organizational Climate Survey in Peru in 2020, by position (Colbún10.TR)

Results of the Organizational Climate Survey in Peru	General manager and First line managers	Head, Supervisor, other management positions	Other managers and sub-managers	Non managerial positions
General Trust Average Index© (Corporate Vision)	99%	84%	-	90%



Benefits

(401-2)

Benefits for full-time employees in Chile (401-2)

Listado de Prestaciones/Beneficios	2020 Potential Beneficiaries	2020 Actual Beneficiaries	2020 % of profit utilization
Complementary Health Insurance	954	954	100%
Life Insurance	954	0	No fatalities in 2020
Medical Leave Compensation Maintenance	939	250	27%
Mortuary Fee	954	28	3%
Christmas Gifts for Children	446	446	100%
Children’s Christmas Party	954	-	No Christmas party in 2020
Children Scholarships	542	542	100%
Birth Bonuses, Marriages	954	29	3%
Disability coverage	0	0	0%
Birthday gift	984	984	100%
Christmas basket	984	984	100%
Dental Bonus	954	452	47%
Medications Bonus	954	575	60%
Optical Bonus	954	216	23%
Hospitalizations	954	76	8%
Free Disposal or Emergency Loans	863	191	22%
Parental leave	984	7	1%
Birth, marriage, death permit	954	49	5%
Days for oneself	954	779	82%
Catastrophic Illness Leave for children/spouse	429	1	0.2%
Compensation Years of Service to All Events	954	4	0.4%
Sports Grant	429	333	78%
Other Benefits	661	257	39%

Benefits for full-time employees in Peru (401-2)

List of Services/Benefits	2020 Potential Beneficiaries	2020 Actual Beneficiaries	2020 % of profit utilization
Complementary Work Risk Insurance	102	102	100.0%
Life Insurance	102	102	100.0%
Medical Leave Compensation Maintenance	102	102	100.0%
Christmas Gifts for Children	102	51	50.0%
Children’s Christmas Party	102	-	No Christmas party in 2020
Disability coverage	102	102	100.0%
Christmas basket	102	102	100.0%
Private Health Policy (EPS)	102	102	100.0%
Oncology Health Policy	102	102	100.0%
Transportation of outstanding collaborators	53	49	92.5%

Parental leave

(401-3)

Colbún’s Parental Leave in Chile (401-3)

Gender	N° of health leaves 2019(1)	Reincorporations 2019		N° of people reincorporated in 2019 (4)	N° of health leaves	Reincorporations 2020		N° of people reincorporated in 2020
		2018(2)	2019(3)			2019	2020	
Men	1	0	0	0	0	1	0	1
Women	9	0	7	7	4	2	3	5
Total	10	0	7	7	4	3	3	6

Notes:  
(1) Number of employees who took parental leave.  
(2) Number of employees who returned to work after parental leave in the previous period.  
(3) Number of employees who returned to work after parental leave in the same period.  
(4) Number of employees who returned to work in the year indicated, considering those who returned to work after parental leave in previous years.

During 2020, 4 women took parental leave in Chile (pre and post natal leave). In the specific case of Fénix in Peru, there was no parental leave in 2020, nor were employees reinstated after maternity or paternity leave.

Additionally, 18 men took the benefit of the Birth Leave in Chile, corresponding to 5 working days, while in Peru, 3 men took the 10 calendar days provided by the Government.

Retirement

(EU15, 201-3)

Percentage of employees eligible to retire in the next 5 to 10 years in Chile, broken down by job category and by region. (EU15)

Región	Categories	2019	2020
Metropolitan Region	Administratives	2.21%	1.73%
	Executives	-	2.34%
	Professionals	2.00%	3.25%
	Technicians	2.42%	0.81%
V Region	Administratives	0.11%	0.41%
	Executives	-	0.10%
	Professionals	3.16%	1.12%
	Technicians	0.53%	2.64%
VI Region	Executives	-	-
	Professionals	0.11%	0.20%
	Technicians	0.11%	0.10%
VII Region	Executives	-	-
	Professionals	1.79%	0.81%
	Technicians	0.42%	1.63%
VIII Region	Administratives	0.32%	0.41%
	Executives	-	0.30%
	Professionals	0.95%	0.91%
	Technicians	0.53%	0.81%
Other Regions	Executives	0.11%	0.10%
	Technicians	-	0.10%
	Administratives	-	-
TOTAL		14.77%	17.78%

Percentage of employees eligible to retire in the next 5 to 10 years in Chile, by gender (EU15)

Gender	Exceeds retirement age	Retireable in 10 years	Retireable in 5 years	Non-retireable	Grand Total
Man	14	88	58	630	790
Woman	5	16	13	160	194
Grand Total	19	104	71	790	984
	1.9%	10.6%	7.2%	80.3%	100%

In the case of Fénix in Peru, there is only one employee, in the “Professionals” category, eligible to retire in 10 years.

Defined benefit plan obligations and other retirement plans

201-3

Colbún does not consider among its benefits the granting of retirement plans. Notwithstanding this, in the various collective bargaining agreements, an improved indemnity is contemplated for employees who resign from the Company and who are of retirement age; 4 employees will use this benefit during the year 2020.

Minimum notice periods for operational changes

402-1

There are no formal agreements in the various collective bargaining agreements that address the issue of notice periods in the event of labor changes. Notwithstanding this, in situations that could affect the employees at the various facilities, the decision has been made to inform the respective union leadership and the employees involved of any event that is considered relevant. Under this policy, on September 9, 2020, the General Manager of Colbún communicated to the entire Company that a search process was being initiated for local and/ or international interested parties to express their interest in participa-

ting in the purchase of the subsidiary Colbún Transmisión S.A. As part of this process, communications and meetings have been held with the employees involved, providing information and keeping them abreast of progress, while maintaining the required confidentiality.

In the event that there are situations that could affect the employees at the various facilities, without prejudice to the fact that there are no formal agreements in the various collective bargaining agreements that address this point, the decision has been made to inform the respective union leadership of any event that is considered relevant.



Unionization

102-41

Collective bargaining agreements in Chile (102-41)

Collective Bargaining Agreements	Location	N° of subscribed collaborators	Total % of Installation	Total % Colbún	Date of last agreement
Union N° 4	Carena Power Plant	23	71.88%	2.34%	02-Sep-2020
Los Pinos Colective Agreement	Los Pinos Power Plant	10	58.82%	1.02%	01-Mar-2017
	Colbún Transmision	1	1.82%	0.10%	
Santa Maria Union	Santa Maria Power Plant	60	66.67%	6.10%	27-Dec-2018
	Biobio Complex	1	1.39%	0.10%	
	Los Pinos Power Plant	1	5.88%	0.10%	
Union N° 1	Colbún Power Plant	50	68.49%	5.08%	26-Aug-2020
	Biobio Complex	15	20.83%	1.52%	
	Colbún Transmision	3	5.45%	0.30%	
	Head Office	18	4.33%	1.83%	
Union N° 2	Aconcagua Complex	81	87.10%	8.23%	22-Dec-2020
	Biobio Complex	37	51.39%	3.76%	
	Canutillar Power Plant	12	60.00%	1.22%	
	Candelaria Power Plant	5	26.32%	0.51%	
	Los Pinos Power Plant	2	11.76%	0.20%	
	Santa Maria Power Plant	2	2.22%	0.20%	
	Colbún Power Plant	2	2.74%	0.20%	
	Nehuenco Power Plant	2	2.50%	0.20%	
	Colbún Transmision	35	63.64%	3.56%	
Union N° 3	Head Office	1	0.24%	0.10%	17-Nov-2020
	Candelaria Power Plant	10	52.63%	1.02%	
	Nehuenco Power Plant	58	72.50%	5.89%	
TOTAL		429		43.60%	

Total percentage of employees who are unionized or collectively bargained in Chile (102-41)

	2017			2018			2019			2020		
	Females	Males	TOTAL	Females	Males	TOTAL	Females	Males	TOTAL	Females	Males	TOTAL
Total Employees	182	810	992	174	797	971	184	765	949	194	790	984
Employees covered by a Collective Bargaining Agreement*.	28	407	435	28	411	439	31	404	435	32	397	429
% Employees covered by a Collective Bargaining Agreement	15%	50%	44%	16%	52%	45%	17%	53%	46%	16%	50%	44%

\* Son convenios colectivos vinculantes los suscritos por la propia organización informante o los suscritos por organizaciones de empleadores a las que esta pertenece. Estos acuerdos pueden ser de ámbito sectorial, nacional, regional, organizativo o de lugares de trabajo

Communication channels with labor unions

402-1, 103-2, 103-3

The Company has several tools for people who deem it necessary to make their claims, complaints, comments, being in general the most used channel the so-called Ethics Committee, a body composed of the Organization and People Manager, the Legal Manager and the Internal Audit Manager, which meets monthly, or as often as necessary when the occasion requires it. Also our Internal Regulation of Order, Hygiene and Safety, in its Article No. 50, considers a formal complaint procedure with deadlines to be met and with the instances duly identified.

During the year 2020 no formal claims or complaints were received under the figure of our Regulations of Order, Hygiene and Safety.

As a result of the pandemic, there were no face-to-face meetings with union leaders and Company management (General Manager and/or Chairman of the Board), which were appropriate instances to listen to the concerns of trade union organizations. In their absence, union leaders participated in the COVID Crisis Committee, which met weekly and was a good opportunity to listen to concerns and resolve doubts.

Additionally, during the year 2020, collective bargaining took place, which involved meetings with four of the five existing unions, which was also a good opportunity to discuss issues relevant to the employees.

Health and safety issues addressed in formal agreements with trade unions

The collective bargaining agreements in force contemplate the delivery of the Complementary Health Insurance benefit for employees and their families. They also consider a series of indicators that are part of the employees’ Annual Performance Bonus, including the “Accidentability Indicator”. Along with this, and over the last few years, the company has been working on a project that includes preventive health examinations, in addition to those required by law.

Throughout the Company, various Psychosocial Risk Committees have been implemented and are in operation, which include the participation of

a union delegate, while the corporate procedure PRO099 Health Evaluation provides for the creation of a Health Committee, which meets periodically and has various functions in the area of health.

This Committee is in contact with Facility and Area Managers, Union Leaders and employees in general, in order to gather information to achieve its objectives.



# Contractors and suppliers

## SUPPLIER MANAGEMENT MILESTONES

### SAP S/4 Hana PLATFORM IMPLEMENTATION

As part of the plan to improve and digitalize our processes, SAP S/4 Hana platform was implemented throughout 2020, going into production on January 1, 2021, which will allow a more agile, secure and transparent management, optimizing the approval times of payment statements.

## FLEXIBILITY AND COLLABORATION IN CONTRACT RENEWAL

In response to the contingency caused by the pandemic, contractual conditions were made more flexible in order to enable the continuity of services, avoiding the closing of contracts.

## CONSOLIDATION OF ELECTRONIC PROCESSES

Electronic signature of documents, contracts, addenda, confidentiality agreements, dispatch guides, among others, has made it possible to streamline processes and minimize physical contact.

## BIDDING PROCESSES

More than 200 bids have been executed through the Ariba Platform, which allows us to ensure fairness, competitiveness, traceability and auditability of our procurement processes, increasing to an average of 5 bidders invited to each one of them, providing greater opportunity and competitiveness to our processes..

# Community engagement

## LOCAL DEVELOPMENT

203-1, 203-2, 413-1

During 2020, Colbún continued to develop community infrastructure projects for the benefit of the community, seeking to improve the quality of life of the neighbors near our facilities. These projects were developed in a participatory manner with the community.

### COMMUNITY INFRASTRUCTURE PROJECTS IN CHILE IN 2020 (203-1)

Name of Project	Name of Community	Project Description	Impact	Duration	Amount invested (USD)
Infrastructure projects Huella Local	Santa Barbara, Quilaco, Antuco y Quilleco	Program that helps small municipalities prepare and design infrastructure projects (build portfolios) for municipalities to apply for available public funds. These projects are developed hand in hand with the community associated with each project.	Improvement of community infrastructure and quality of life	12 months	115,385
Angostura Entrepreneurship Center Program	Santa Barbara y Quilaco	Support programs for entrepreneurs adapted to the new health situation (talks on public benefits, seed capital competitions without requiring co-financing, advice on raising development funds, adapted incubation programs, online sales platform).	Allocate public funds from the group served, increase sales in several cases (with incubations), increase investment or avoid closures (with seed capital), open complementary sales channels (with a platform).	9 months	205,322
Productive Development and Housing Maintenance Program for resettled families	Reasentados Comité Alto La Paz, Santa Barbara	Program to support the productive development and habitability of 25 resettled families. Productive promotion for the development or strengthening of family enterprises, both agricultural and non-agricultural. On the other hand, habitability support for the maintenance or improvement of their homes.	Improved quality of life and productive development	9 months	57,425
Hospital transportation contribution	Santa Barbara commune Hospital	Collaboration with a vehicle to transport employees to care for elderly patients, deliver food and medicines.	Reduced mobility of older adults to pick up medication or food delivered by the hospital, release of an emergency vehicle and allocate it to the health emergency, COVID 19.	2.5 months	8,184
Food Box Distribution	Comunes of Antuco, Quilleco, Santa Barbara y Quilaco	Distribution of basic food boxes to neighboring communes in the municipalities of Antuco, Quilleco, Santa Barbara and Quilaco.	a) Support family nutrition to alleviate income reductions of the beneficiaries, b) Reduce the need for displacement and the consequent possibility of contagion to acquire basic goods.	2 months	25,641





Name of Project	Name of Community	Project Description	Impact	Duration	Amount invested (USD)
Contribution to Rural Drinking Water Committees (RWC)	San Ramón, Los Notros and Lo Nieve committees	Delivery of economic resources for the acquisition of supplies, equipment and tools required for the correct operation of the drinking water systems.	Ensure the permanent supply of drinking water to families using the systems, strengthening hygiene measures in pandemic conditions.	1 month	1,346
Health Contributions for Covid: Hospital de Coronel	Coronel	Prioritized contributions to improve services in Covid's situation. Included a thermographic camera, 3 clinical cots and resources for the implementation of a modular waiting room to be located on the outskirts of the hospital.	Improve operations and service to the community (a) facilitate detection of fever as a key symptom - > by thermographic camera, b) increase availability of beds - > > clinical cots, c) improve care and compliance with waiting room distancing protocols).	3 months	25,641
Entrepreneurship Center Program in Coronel	Coronel	Specific support programs for entrepreneurs adapted to the new health situation (talks on public benefits, seed capital competitions without requiring co-financing, support for raising development funds, adapted incubation programs, distance selling platform).	Allocate public funds to groups served, increase sales in several cases (with incubations), increase investment or avoid closures (with seed capital), open complementary sales channels (with a platform).	9 months	122,898
IRA-ERA Room Coronel Hospital	Coronel	Social development fund oriented to the development of infrastructure projects, community equipment or massive operations to promote social development. A donation equivalent to US\$ 20 million was considered to enable an IRA/ERA room, including the purchase of office containers, medical equipment and resources for habilitation.	Improvement of quality of life of the beneficiaries. Access to specialized care.	4 months	25,641
Food Baskets and other community contributions by COVID	Coronel	Social development fund open to 10 neighborhood councils in the southern sector of Coronel, to which collective or individual initiatives for urban improvement, equipment, community operations and other similar initiatives are presented. Considering the social context, Covid-19 included: sanitization operations of streets and public spaces, masks, etc. of streets and public spaces, face masks, food baskets (1,500), handkerchiefs (1,500), diapers for adults and children (400), snacks for children (500), including contributions to homes for the elderly, children's homes and camps.	Meeting basic needs.	3 months	65,581

Name of Project	Name of Community	Project Description	Impact	Duration	Amount invested (USD)
Functional Development Fund	Coronel	Competitive fund oriented to social organizations of the commune of Coronel the commune of Coronel, for the development of social projects between \$500,000 and \$1,000,000.- in the following lines: Physical Welfare, Psychosocial Welfare, Education and Training, COVID Protection and Infrastructure. Awarding of 23 technically and socially validated initiatives; the application process includes technical advice from Colbún and Fundación Trascender.	Increased social participation, training and skills development.	8 months	52,134
Education Programs - Remote Internship Platform for Technical and Vocational High Schools	Cabrero	Platform for the development of remote internships for technicalvocational high schools. Allows access to training modules for employability skills, entrepreneurship and guided technical modules. Corresponds to the replacement of the Complementary Training Program FORCOM (Cabrero).	a) Enable TP students to carry out internships approved by the ministry's regulations, thus fulfilling a basic degree requirement that in the current situation had no concrete solution. b) Project virtual education to position mixed internship models in the future.	10 months	15,385
Various Social Contributions Cabrero: Charrua Health and Community Services	Cabrero	Various community contributions: Includes Cabrero health service PPE (overalls, glasses, footwear covers, etc.), 1,000 masks and sanitization of spaces for the Charrua neighborhood council, thermographic camera equipment for 6 months (contract between 4 companies), associative project of 59 luminaries with companies of the Charrua Table.	Food: a) Support family nutrition to alleviate income reductions of beneficiaries, b) Reduce the need for displacement and consequent possibility of contagion to acquire basic goods. PPE: c) Provide timely safety equipment to employees and neighbors in a situation of scarcity. Camera: d) Provide more efficient technology for early diagnosis of possibly infected persons. Luminaires: e) provide greater safety and visibility at night for neighbors in the area.	4 months	15,845
Hospital transportation	Santa Barbara Commune Hospital	Collaboration with a mobile to transport employees to care for elderly patients, deliver food and medicines.	Reduced mobility of older adults to pick up medication or food delivered by the hospital, release of an emergency vehicle and allocate it to the health emergency, COVID 19.	2.5 months	8,184

Name of Project	Name of Community	Project Description	Impact	Duration	Amount invested (USD)
Contribution to Rural Drinking Water Committees (RWC)	Quillota	Delivery of economic resources for the acquisition of supplies, equipment and tools required for the correct operation of the drinking water systems.	Improving rural drinking water systems for a better quality of life		1,346
Llaguepe Multipurpose Sports Venue Project	Llaguepe	Construction of the Multipurpose Sports Center in Llaguepe	Improvement of community infrastructure and quality of life	1.5 years	8,330
Cochamo House of Culture and Arts Project	Cochamo	Construction of the House of Culture and Arts in the town of Cochamo.	Improvement of community infrastructure and quality of life	1.5 years	8,330
Cochamo Wastewater Treatment Plant Upgrading Project	Cochamo	Maintenance and conservation of the Cochamo sewage treatment plant.	Improvement of community infrastructure and quality of life	2 years	11,110
Cochamo Tourism Portals Project	Cochamo	Construction of 2 Tourist Portals at both entrances to Cochamo from Ralun to the north and from Puelo to the south.	Improvement of community infrastructure and quality of life	1.5 years	9,720
Cochamo Viewpoint Project	Cochamo	Construction of 1 Tourist Viewpoint in the town of Cochamo.	Improvement of community infrastructure and quality of life	1.5 years	9,720
Cochamo Locality Master Plan Project (Tourism Reconversion Plan)	Cochamo	Development of a Master Plan for the town of Cochamo (Tourism Reconversion Plan).	Improvement of community infrastructure and quality of life	2 years	5,550
Lake Chapo Visitor's House Project	Lago Chapo	Construction of the Visitor's House at Lake Chapo, which includes a cafeteria.	Improvement of community infrastructure and quality of life	2 years	195,000
Pocoihuen Health Care Center Expansion Project	Pocoihuén	Expansion of the Pocoihuén Health Care Center.	Improvement of community infrastructure and quality of life	5 months	7,000
<b>Total</b>					<b>1,000,718</b>

COMMUNITY INFRASTRUCTURE PROJECTS IN PERU IN 2020 (203-1)

Name of Project	Name of Community	Project Description	Impact	Duration	Amount invested (USD)
Improvement of security infrastructure: General maintenance of the Chilca police station and refurbishment of the police station in the town of Las Salinas.	Centro Poblado Menor de Las Salinas, Distrito de Chilca	The initiative arises from the joint work, consultation and continuous relationship that FENIX carries out with the representatives of the district police station and the leaders of the neighborhood boards of citizen security, in order to carry out complementary and preventive actions of citizen security in the district of Chilca. The maintenance works in the police station facilities allow the employees to have an adequate place where they can carry out their activities. Regarding the refurbishment of the police station in Las Salinas, it will allow the presence of police officers 24 hours a day, guaranteeing the safety of the neighbors and the FENIX power plant.	Citizen Security	1 month	11,211
Health infrastructure: Refurbishment of non-COVID area at the Chilca Maternity and Children's Center	Chilca District	In the context of the health crisis caused by covid-19 and the low resources allocated by the government, the local health sector authorities, through the director of the Chilca health micronetwork, turned to FENIX as an ally to strengthen the work they have been doing in the fight against the virus. FENIX subsequently contributed to the implementation of a care area for non-COVID patients and also contributed to the care of people affected by this disease.	Health	2 months	9,832
Tourism infrastructure: Improved signage, tourist totem pole and Las Salinas oratory.	Las Salinas and Chlca District	FENIX develops social investment in tourism from its construction stage, in that sense it interacts with local organizations that promote this activity, who identify improvements that can be made in terms of infrastructure, so that during 2020 and in the framework of economic recovery, the Association for tourism in Chilca proposed to improve both street and tourist signage, and at the same time improvements were made to the Las Salinas oratory, which is a very popular place.	Tourism	1 month	6,896
Social infrastructure: Implementation of a multipurpose room in the Las Salinas chapel.	Las Salinas	In order to implement a community hall, FENIX, in coordination with the Las Salinas Chapel and the Commission of the Feast of the Holy Cross, carried out infrastructure works for the implementation of a multipurpose room, mainly for community use.	Community Development	1 month	3,115
<b>TOTAL</b>					<b>31,054</b>



Community contributions in 2020 in Chile and Peru (consolidado)

Type of contribution	Total amount USD
"Cash" contributions	USD 4,888,689
Time: volunteering by employees during paid working hours	USD 2,080
Donations in kind: donations of products or services, projects/partnerships or similar.	USD 857,031
General administrative expenses	USD 1,020,000

Notes:

- In the case of corporate volunteering, 14 people participated, with an average dedication of 5 hours during the year (70 hours).
- 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 Colbún in Chile that is given on gratuitous bailment to third parties.

Value of political contributions

(415-1)

Colbún S.A. does not make political and/or charitable contributions as a means of bribery or corruption in Chile or Peru.





## Environmental Performance and Climate Change

### Water

#### Interaction with water as a shared resource

(303-1)

Colbún's power plants use water from different sources, depending on their location and type of technology.

In the case of run-of-river hydroelectric power plants, surface water from a river is diverted to generate energy and is returned with the same volume and under the same conditions. Since the end of the 1990s, the Environmental Qualification Resolutions establish minimum flows in the intervened rivers, volumes that cannot be used to generate energy and are allowed to flow to ensure the continuity of the existing eco-systems. This is what happens, for example, with the Rucue,

Quilleco, Chacabuquito, La Mina and San Clemente power plants. Due to the drop in runoff flows during the last decade, especially observed in the basins of the central-southern zone of the country, it is of great relevance to maintain constant communication with the surveillance boards of the basins where some of the power plants are located, such as the Aconcagua and Maule river basins, in order to be able to immediately warn of any variation in flow rates, as a result of failures or maneuvers that imply certain delays and subsequent water surges.

In the case of reservoir power plants, surface water used to generate power is the water accumulated in the reservoir, and these resources are returned to the flow of the basin where the facilities are located. The Colbún, Machi-

cura and Angostura power plants are in this category. The Canutillar power plant is the only Colbún facility near a protected area, such as the Alerce Andino National Park. In all of its power plants, Colbún has conducted studies of the fish fauna present in the associated basins, in order to determine the biodiversity conditions present and their evolution.

Finally, Colbún's power plants use water in their cooling processes. In the case of the Santa Maria power plant and the Fénix power plant (Peru), this water comes from the sea and is returned to the same body of water. In the case of the first power plant, the Universidad de Concepción has been monitoring temperature and other variables in Coronel Bay for several years and has not detected any impact on biodiversity.

In gas-fired power plants (Nehuenco and Candelaria), water used

corresponds to groundwater from authorized wells, establishing various measures for a more efficient use of water. In the case of the Nehuenco power plant, which has a battery of 18 wells to supply its cooling water consumption, a numerical model of the aquifer under the power plant was developed, which is updated every year prior to the low water level, and is intended to anticipate the conditions of the aquifer and provide a pumping plan for the wells to optimize the use of the resource and the security of supply, as well as to advance mitigation plans in the event of shortages. There is no history of negative biodiversity impact in these cases.

As for the approach used to identify water-related impacts, the main thing for Colbún is the relationship with the communities and water user organizations, such as the oversight boards and canal associations of the basins where the facilities are located.

Regular meetings are held, the frequency of which depends on the respective organization and, in specific cases to resolve specific situations, local meetings are held with the community. Communication is mediated by the Company's Public Affairs Management, with technical support from the power plants and from the areas that facilitate the respective procedures (Engineering, Environment, Water Resources, among others).

The impacts related to water are environmentally evaluated for all phases of development of Colbún's projects, within the framework of the Environmental Impact Assessment System. It is based on these impacts that environmental regulations require companies to present plans for mitigation, repair or environmental compensation measures.



Management of Impacts Related to Water Discharges

(303-2)

Discharges from the power plants are planned in accordance with the provisions of the environmental permits (RCAs) and self-control resolutions, which are monitored and certified by the SMA (Superintendencia del Medio Ambiente). These are specific to each of the facilities. In addition, facilities that cannot be connected to the sewer system have wastewater treatment systems, which are constantly reviewed and monitored.

Water has different uses at the power plants, so its quantity (flow rates), physicochemical characterization, and treatment prior to disposal are specific and particular to each facility. Similarly, the standards or limits for discharges also depend on the receiving medium, whether surface water courses or outfalls off the coast, or infiltration into the subsoil.

Discharges to surface and groundwater bodies are subject to compliance with emission standards and discharges used in irrigation are subject to compliance with the Chilean irrigation standard. For example, DS MINSEGPRES N°90/00 is the standard for the emission of liquid waste to surface water bodies.

In addition, the facilities whose projects were environmentally evaluated may have additional requirements to the general standard, given the characteristics of the site, the ecosystems belonging to that basin and the receiving body of water. Therefore, the minimum quality criteria for discharges obey both the regulations and the environmental assessment of their impacts, taking into consideration the type of discharge and the receiving body.

In the case of discharges in areas with no local requirements, the quality of the discharges must comply with the general regulations required at the national level. And in the case of discharges that are not subject to compliance with emission standards, Colbún also carries out voluntary monitoring in order to characterize these discharges, as well as the quality of the receiving water bodies.

The profile of the receiving water body is always taken into consideration, because this varies the level of requirements for the quality of discharge. In bodies of greater water mass there will be a capacity for dilution in the receiving body of the discharged flow, which will allow higher limits for discharges; on the other hand, the limits will be different in cases where the receiving water mass cannot have a dilution effect on the discharge.

Climate Change

Internal energy consumption

(302-1)

Electricity consumption corresponds to the power plants and the corporate office building.

Electricity consumption at power plants and corporate offices in Chile (302-1)

Type of source	Unit of Measurement	2017	2018	2019	2020
Electricity	Tera Joules	72	77	86	71

Note: 1 Tera Joule (TJ) = 277.78 MWh.

Electricity consumption at power plants and corporate offices in Peru (302-1)

Type of source	Unit of Measurement	2017	2018	2019	2020
Electricity	Tera Joules	3.4	3.4	4.0	22.1

Note: 1 Tera Joule (TJ) = 277.78 MWh.

Given the lower fuel usage at Fénix, due to lower generation, it was necessary to increase energy consumption from the SEIN (Sistema Eléctrico Interconectado Nacional).

Energy used for generation by power plants in Chile (302-1)

Type of source	Unit of Measurement	2017	2018	2019	2020
Diesel	Tera Joules	2,109	809	736	769
Natural Gas	Tera Joules	25,231	25,581	29,681	27,550
Coal	Tera Joules	24,416	23,083	17,317	20,000
TOTAL	Tera Joules	51,756	49,473	47,734	48,319

Energy used for generation by power plants in Peru (302-1)

Type of source	Unit of Measurement	2017	2018	2019	2020
Diesel	Tera Joules	0	0	0	79
Natural Gas	Tera Joules	25,557	26,676	26,717	20,242
TOTAL	Tera Joules	25,557	26,676	26,717	20,242



Total energy consumed, Chile-Peru

	Unit	2017	2018	2019	2020
a) Non-renewable fuels (coal, natural gas, etc.) purchased and consumed	MWh	21,476,101	21,152,669	20,680,999	19,066,961
b) Purchased non-renewable power	MWh	20,945	22,334	25,003	25,877
c) Steam/heating/cooling and other purchased (non-renewable) energies	MWh	0	0	0	0
d) Total renewable energy purchased or generated (hydro, wind, solar)	MWh	6,013,600	6,448,000	5,420.000	5,728,000
e) Total non-renewable energy sold (electricity, heating & cooling)	MWh	10,815,500	10,472,000	10.275.000	9,262,000
<b>TOTAL NON-RENEWABLE ENERGY CONSUMPTION (A+B+C-E)</b>	MWh	10,681,546	10,703,003	10,431,002	9,830,838
Total energy consumption costs	USD	USD 413,327	USD 458,706	USD 423,531	USD 325,287
Coverage (% of MWh)	%	100%	100%	100%	100%

Reduction of energy consumption, Chile-Peru (302-4)

Name of initiatives	Description	Implementation site	Type of energy	Unit of measurement	Estimated savings
Procurement of More Efficient Air Filters for Gas Turbines	<div>- Procurement of new and more efficient gas turbine intake air filters and their subsequent installation.</div> <div>- Remote monitoring of the performance of the intake air filtration system.</div> <div>- Periodic analysis of turbine power degradation, showing lower power losses and improved heat rate (lower fuel consumption).</div>	Fénix Thermal Power Plant	Thermal	MWh	8,697
Gradual replacement of sodium/mercury vapor luminaires with LED luminaires.	- Updating and continuous improvement LED	Fénix Thermal Power Plant	Electric	MWh	20.8
<b>TOTAL</b>				<b>MWh</b>	<b>8,718</b>

Emissions of ozone-depleting substances

(305-6)

SF<sub>6</sub> gas is used as an insulator in transformers, circuit breakers and other electrical equipment. Although the eventual leaks of this gas are rather isolated events, they could be caused by a failure in the joints, seals or gaskets of the aforementioned equipment.

For the fourth consecutive year, during 2020 there were no SF<sub>6</sub> gas leaks in our facilities, which reflects the efforts of the maintenance area of our power plants.

Notwithstanding the above, it is pertinent to mention that in the event of a leak, it is reported in the Incident Reporting System (IRS) as an environmental incident. A preliminary incident report is generated and an investigation is initiated to find the root cause of the leak in question. Finally, a lessons learned report is generated on the investigated event and, if necessary, an action plan is implemented to help prevent recurrence.

SF<sub>6</sub> gas emissions in Chile (305-6)

Emissions	Unit	2017	2018	2019	2020
SF <sub>6</sub>	Kg	0	0	5	0
% coverage	%	100%	100%	100%	100%
Total emissions(CO <sub>2</sub> e ton)	0	0	118	0	

In the case of Fénix, there have been no SF<sub>6</sub> emissions in the reporting period.



Other atmospheric emissions

In accordance with the requirements of D.S.13/2011 MMA, the Santa Maria power plant performs Mercury sampling in exhaust gases. The measurement of heavy metals carried out during 2020 indicated an average concentration of Mercury (Hg) of 0.001 mg/ m3N. This value is well below the DS.13/2011 limit of 0.1 mg/Nm³.

Emissions of Mercury (Hg)

Emissions	Unit	2017	2018	2019	2020
Hg	mg/m3N	0.003	0.002	0.001	0.001
% coverage	%	100%	100%	100%	100%

Biodiversity

List of some protected species located in Colbun’s area of influence in Chile. (304-4)

Species of flora or fauna	Geographic Location	Nivel de Riesgo de Extinción
Aegla abtao	Chamiza River (Canutillar)	Least concern
Samastacus spinifrons	Chamiza River (Canutillar), Maule River	Least concern
Galaxias maculatus	Chamiza River and Lake Chapo (Canutillar), Huequecura and Biobío River (Angostura)	Least concern
Geotria australis	Chamiza River (Canutillar)	Vulnerable
Trichomycterus areolatus	Chamiza River and Lake Chapo (Canutillar), Rucue and Laja River, Huequecura and Biobío River(Angostura), Maule River	Vulnerable
Percichthys trucha	Lago Chapo (Canutillar), Río Rucúe y Laja, Río Huequecura y Biobío (Angostura)	Least concern
Basilichthys australis	Rucue and Laja River, Maule River and Colbún Reservoir	Almost threatened
Percilia gillissi	Maule River	In danger
Diplomystes nahuelbutaensis	Rucue and Laja River (Quilleco), Huequecura and Biobío River (Angostura), Maule River	In danger
Percilia irwini	Rucue and Laja River (Quilleco), Huequecura and Biobío River (Angostura)	In danger
Cheirodon galusdae	Rucue and Laja River, Maule River and Colbún Reservoir	Vulnerable
Bullockia maldonadoi	Huequecura and Biobío River (Angostura)	In danger
Nematogenys inermis	Huequecura and Biobío River (Angostura)	In danger
Aegla pewenchae	Maule River	Least concern
Aegla araucaniensis	Maule River	Least concern
Beilschmiedia miersii	V-VI (Nehuenco)	Vulnerable
Kageneckia angustifolia	IV-VII (Aconcagua)	Least concern
Porlieria chilensis	IV-VI (Aconcagua)	Vulnerable
Austrocedrus chilensis	V-X (La Mina)	Least concern
Eucryphia glutinosa	VII-IX (Angostura)	Vulnerable
Persea lingue	V-X (Angostura)	Least concern
Citronella mucronata	IV-X (Angostura)	Vulnerable
Leopardus guigna	VU (XIV up north), NT (X down south) (Angostura)	Vulnerable and Almost threatened

List of some protected species located in Colbún’s area of influence in Peru. (304-4)

Species of flora or fauna	Geographic Location	Supreme Decree N° 004-2014-MINAGRI ( 1)	IUCN
Larosterna inca	Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto San Pedro Wetlands	Vulnerable	Almost threatened
Pelecanoides garnotii	Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach	Vulnerable	In danger
Pelecanus thagus	Cuerpo de Agua, Laguna Artificial, Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto Viejo Wetlands	In danger	Almost threatened
Phalacrocorax bougainvillii	Cuerpo de Agua, Laguna Artificial, Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto Viejo Wetlands	Casi Amenazada	Almost threatened
Phalacrocorax gaimardi	Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto Viejo Wetlands	In danger	Almost threatened
Spheniscus humboldti	Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach	In danger	Vulnerable
Sula variegata	Cuerpo de Agua, Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto Viejo Wetlands	In danger	Least concern
Otaria byronia	Cuerpo de Agua, Chilca Beach, Ñave Beach, San Pedro Beach, Yaya Beach, Puerto Viejo Wetlands	Vulnerable	Least concern



Consultants and NGOs supporting Colbún in the implementation of the Biodiversity Strategy in Chile and Peru

Consultor	Expertise
Centro EULA de la Universidad de Concepción	Fish fauna, macrophytes, phyto- and zoobenthos, phyto and zooplankton, water quality
Universidad de Talca	Flora in conservation status
GEA Ambiental	Fish fauna, water quality, macrophytes, phyto- and zoobenthos, phyto- and zooplankton
ERA Sustentable	Fish fauna, macrophytes, phyto- and zoobenthos, phyto and zooplankton, water quality
Centro de Ecología Aplicada	Fish fauna, macrophytes, phyto- and zoobenthos, phyto and zooplankton, water quality
Bioamerica	Terrestrial fauna and bird monitoring
Fundación de Conservación Tierra Austral	Biodiversity and conservation studies
Fundación Ecopartnersbank	Evaluation of ecosystem services
Riparia	Forest inventory, biomass and carbon sequestration in native forests at Angostura power plant
Everis	Carbon sequestration and ecosystem services of native forests in Canutillar power plant.
Golder Associates Perú	Fish fauna, macrophytes, phyto- and zoobenthos, phyto and zooplankton, water quality

Biodiversity Exposure and Assessment

	N° of sites	Area (hectares)
a) No. of sites and total area used for operational activities	25	12,114
b) Number of sites and area where biodiversity impact assessments have been carried out in the last 5 years	25*	12,114
c) Of those evaluated in letter b), number of sites that are close to critical biodiversity zones, and area involved.	1**	888
d) Of those mentioned in letter c), number of sites with biodiversity management plans and area covered	1**	888

In 2019, a review of all land owned by Colbún was carried out in order to detect areas of potential for biodiversity development. This survey covered a total of approximately 11,000 hectares and as a result of the work developed, the areas were categorized into: high, medium and low potential for biodiversity. The results of the study can be seen in the maps below.

The only facility in the vicinity of a critical biodiversity area is the Canutillar power plant (888 hectares), since it is adjacent to the Alerce Andino National Park and the Llanquihue National Reserve, whose management plans are carried out by CONAF. It is in this same area where Colbún currently has a Royal Right of Conservation (430 hectares).





## 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 NITIDO



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 nitido (NT)
  - Lagartija esbelta (LC)
- d) Amphibians
  - Sapito de cuatro ojos (LC)

### 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 Llaleta 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.

#### 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 nitido

#### 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)

#### Glossary

CR = Critically Endangered  
DE = Insufficient data  
EN = In danger  
EW = Extinct in the wild  
EX = Extinct

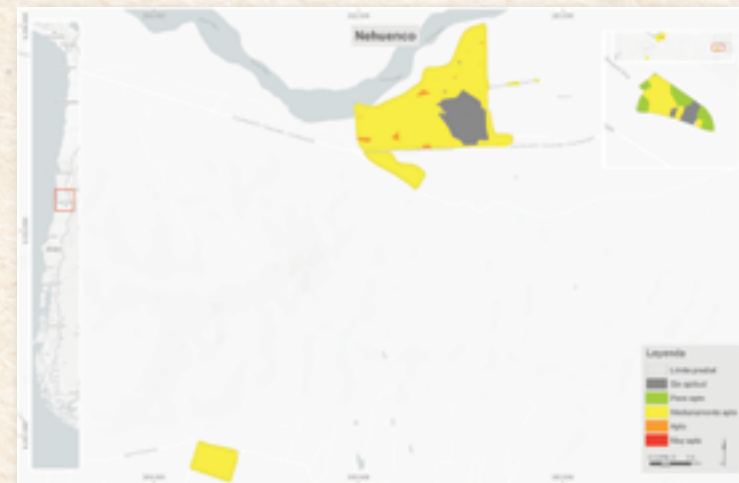
FP = Out of danger  
IC = Insufficiently known  
LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

Developed by



## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - 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

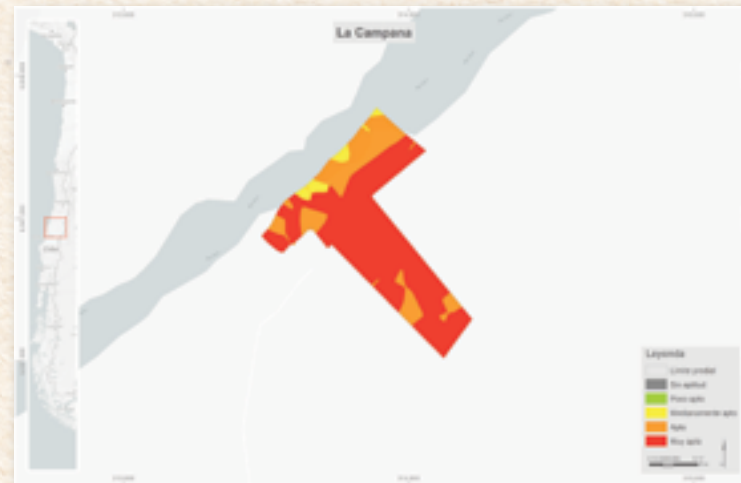
R = Rare  
VU = Vulnerable

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## 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

##### 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)

#### Structural biodiversity

##### 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

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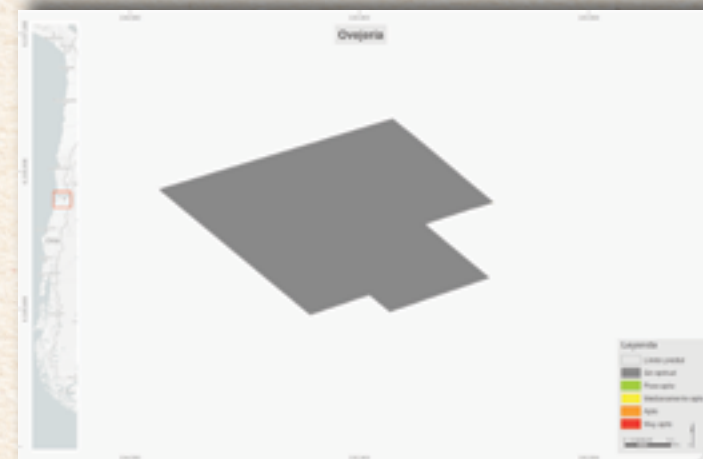
FP = Out of danger  
IC = Insufficiently known  
LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

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## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - 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

##### 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)

#### Structural biodiversity

##### 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

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## 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(er)egrine 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.

#### Native forest cadastre

-Semi-dense Mature Secondary forest 0.02%  
-Open Secondary forest 18.08%  
-Semi-dense Secondary forest 3%  
-Open scrub 15.81%  
-Open arborescent scrub 9.23%  
-Wide open scrub 0.56%  
-Semi-dense scrub 1.54%  
-Plantations 26.68%

#### 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

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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

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## 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



JEWEL LIZARD



CULPEO FOX



BURROWING PARAKEET

#### Compositional 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)

#### Structural biodiversity

#### Forest floors

-Espino y Algarrobo inland Mediterranean thorny forest 97.39%  
- Quillay and Litr 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

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EX = Extinct

FP = Out of danger  
IC = Insufficiently known  
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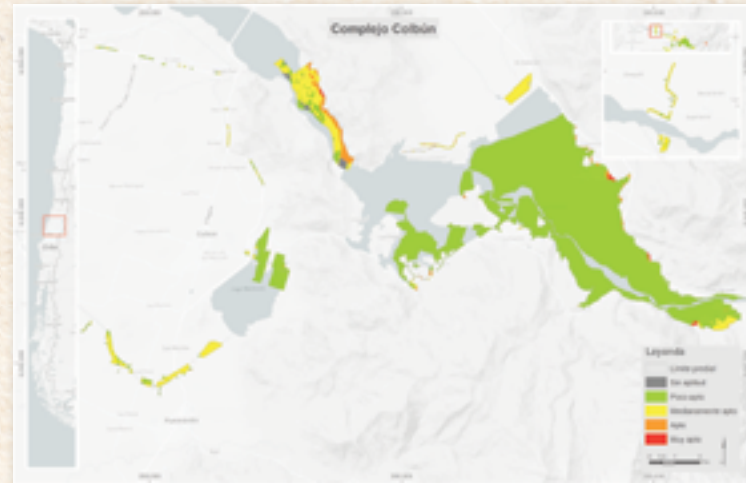
R = Rare  
VU = Vulnerable

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## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - COLBUN COMPLEX



### GENERAL FACTS

**Region:** Maule  
**Communes:** Colbun, Yerbass 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 can 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)  
-Chuco 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 - Tepa 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)  
-Bordo (Protected by decree N°366 / 1944)  
-Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955) \*

#### Endemic species

Flora  
a) Trees  
-Corcolén  
-Lun  
-Hualo  
-Litre  
-Bordo  
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%

#### Glossary

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EN = In danger  
EW = Extinct in the wild  
EX = Extinct

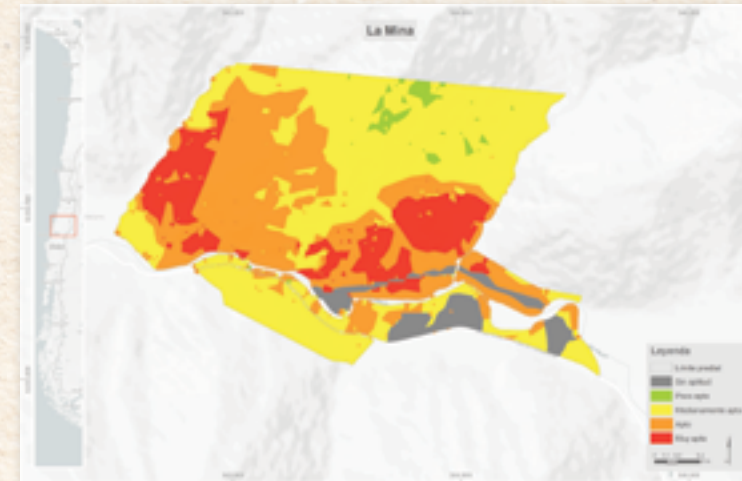
FP = Out of danger  
IC = Insufficiently known  
LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

Developed by



## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - 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)  
-Freswaters 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  
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 - 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 Tricahue (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

a) Trees  
-Quillay  
-Litre  
-Bollén  
-Frangel  
-Raran  
-Corcolén

#### c) Herbaceous

-Mitique  
-Tupa

#### d) Ferns

-Lianas

#### b) Shrubbery

- Michay

#### Fauna

a) Birds  
-Slender-billed parakeet

#### b) Reptiles

Jewel lizard

### Glossary

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DE = Insufficient data  
EN = In danger  
EW = Extinct in the wild  
EX = Extinct

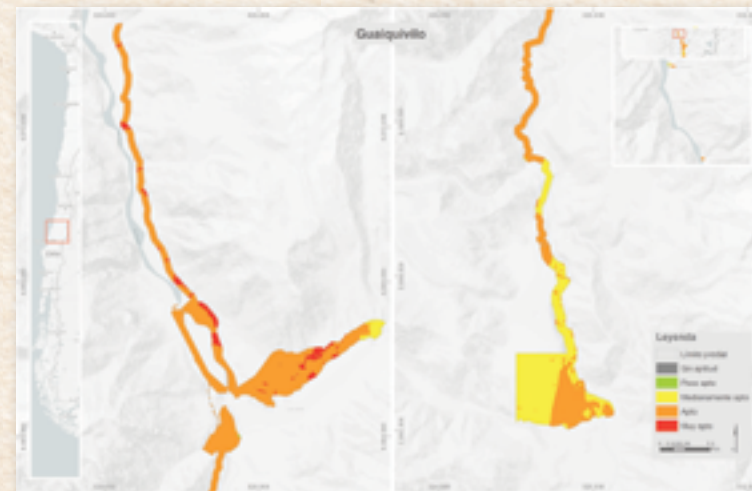
FP = Out of danger  
IC = Insufficiently known  
LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

Developed by



## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - 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

MOUNTAIN CYPRESS

HUALO

CHILEAN TREE LIZARD

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)  
-Catsfish (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  
-Catsfish

#### c) Birds

-Slender-billed Parakeet

### Glossary

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DE = Insufficient data  
EN = In danger  
EW = Extinct in the wild  
EX = Extinct

FP = Out of danger  
IC = Insufficiently known  
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VU = Vulnerable

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## 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)
  - Chucac tapaculo (LC)
- c) Reptiles
  - Lagartija de vientre azul (FP)
  - Lagartija esbelta (LC)
  - Lagartija lemniscata (LC)
  - Lagartija chileno (LC)
  - Lagartija (*Liolaemus 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)
- Boido (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

#### Flora

- a) Trees
  - Naranjillo
  - Quillay
  - Peumo
  - Bollén
  - Patagua
  - Lun
  - Litre
  - Chequén
- b) Shrubbery
  - Mayú
  - Chequén de hoja fina
  - Macolla

#### c) Herbaceous

- Puya
- Llaupangue
- Chupón
- Hydrocotyle poeppigii*
- Tupa
- Viola portalesia

#### d) Ferns

- Palito negro (*Adiantum scabrum*)
- Palmilla

#### e) Lianas

- Copihue

#### Fauna

- a) Reptiles
  - Lagartija esbelta
- b) Amphibians
  - Sapo de Contulmo

### Glossary

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EW = Extinct in the wild  
EX = Extinct

FP = Out of danger  
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VU = Vulnerable

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## 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 Biobio 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

GUIÑA

CHILE FOUR EYED FROG

LONG HAIRIED FIELD MOUSE

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)
  - Güiña (VU)
- b) Birds
  - Chilean pigeon (LC)
  - Chucac 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

#### Flora

- a) Herbaceous
  - Menta de árbol
- b) Lianas
  - Copihue

#### Fauna

- a) Birds
  - Chucac Tapaculo

### Glossary

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FP = Out of danger  
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VU = Vulnerable

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## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - RUCUE



### GENERAL FACTS

Region: Bió 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 Biobío 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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VU = Vulnerable

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## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - ANGOSTURA



### GENERAL FACTS

Region: Bió Bio

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)  
-Southern 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

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VU = Vulnerable

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## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CANUTILLAR



### GENERAL FACTS

**Region:** Los Lagos  
**Communes:** Cochamo, Puerto Montt  
**Property surface:** 677.93 hectares  
**Surface area of potencial 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
    - Palmita
- Fauna
  - Endemic fauna does not appear in this area

#### Glossary

CR = Critically Endangered  
DE = Insufficient data  
EN = In danger  
EW = Extinct in the wild  
EX = Extinct

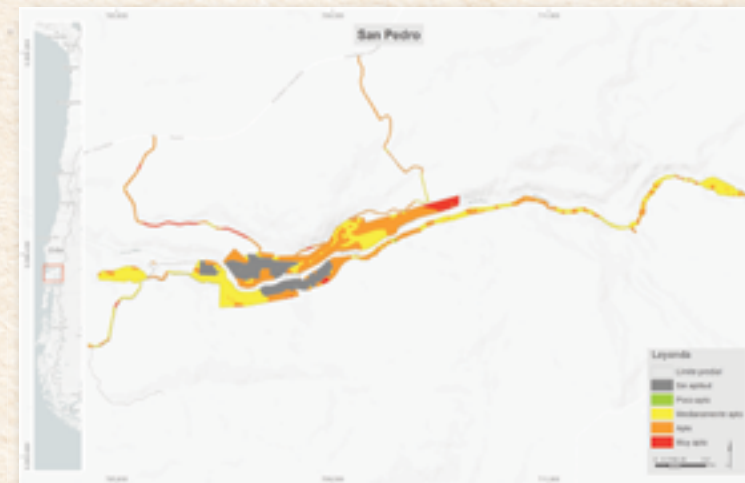
FP = Out of danger  
IC = Insufficiently known  
LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

Developed by



## AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SAN PEDRO



### GENERAL FACTS

**Region:** Los Ríos  
**Communes:** Los Lagos, Panguipulli.  
**Property surface:** 186.3 hectares  
**Surface area of potencial 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

#### 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)
  - Wiel-lawen (IC)
  - Palmita (LC)
  - Pesebre (LC)
  - Helecho coca (LC)
  - Yerba del lagarto (LC)

##### Fauna

- a) Mammals
  - Long haired field mouse (LC)
  - Chingue común (LC)
  - Rata arbórea (LC)
- b) Birds
  - Huillín (EN)
  - Puma (NT)
  - Zorro chilla (LC)
  - Coipo (LC)
  - Monito del monte (NT)
  - Güiña (VU)
  - Pudú (VU)
  - Rufous-tailed Hawk (R)
  - Chuco 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. taeniatum*) (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)

#### Singular species

- Pilpilvoqui
- Quilmay
- Avellano
- Nalca
- Copihue (Protected by decree N°129 / 1971 modified by decree N° 121/1985)
- Cogüillera
- Tepa
- Palo negro
- Palmita
- Botellita
- Coihue
- Roble

#### Glossary

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DE = Insufficient data  
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LC = Least concern  
NT = Almost threatened

R = Rare  
VU = Vulnerable

#### Structural biodiversity

#### Forest Floor

-Bosque laurifolio templado interior de Coihue y Ulmo 100%

#### Forest types

-Roble - Rauli - 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%

#### Endemic species

- Flora
  - a) Trees
    - Corcolén
    - Temu
    - Laurel chileno
    - Chequén
    - Pelú
  - b) Herbaceous
    - Chupalla
    - Llaupangue
    - Chupón
    - Quilneja
    - Mitique
    - Medallita
  - c) Ferns
    - Hymenophyllum krauseanum
    - Parrilla blanca
  - d) Lianas
    - Copihue
    - Cogüillera

##### Fauna

- a) Reptiles
  - Jewel lizard
- b) Amphibians
  - Sapo rojo
- c) Fish
  - Carmelita (*Percilia gillissi*)
  - Pejerrey chileno (*Basilichthys australis*)
  - Bagrecito (*Trichomycterus areolatus*)
  - Cauque
  - Tollo
  - Pocha del sur
  - Lamprea de bolsa
- d) Birds
  - Slender-billed parakeet

Developed by





## ENVIRONMENTAL IMPACT ASSESSMENT

Chile's Environmental Impact Assessment System (SEIA, <https://www.sea.gob.cl/>), administered by the Environmental Assessment Service (SEA), is a preventive environmental management tool that allows the authority to determine prior to the implementation of a project whether it: (i) it complies with current environmental legislation; (ii) it addresses potential significant environmental impacts.

Information on all of Colbún's projects that are in the environmental process can be found on the SEIA page by searching for the name of the project. Once you access the project concerned, you can access the

"General Background" and the "Environmental Assessment", where you will find all the associated documents: 1) Environmental impact assessment file; 2) Citizen Participation.

The complete list of projects submitted by Colbún S.A. can be viewed at the following link: [https://seia.sea.gob.cl/busqueda/empresa\\_detalle.php?rut\\_company=723280&type=HOLDERS&sub-type=COMPANY](https://seia.sea.gob.cl/busqueda/empresa_detalle.php?rut_company=723280&type=HOLDERS&sub-type=COMPANY). As of December 31, 2020, the Company has submitted 50 projects for environmental processing.

The projects currently under environmental evaluation are:

- **Horizonte Wind Farm** - IN CALIFICATION:  
[https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?](https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2145533743)

[modo=ficha&id\\_expediente=2145533743](https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2145533743)

- **Jardín Solar Photovoltaic Park** - IN CALIFICATION:  
[https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?](https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2145240833)

[modo=ficha&id\\_expediente=2145240833](https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2145240833)

- **San Pedro Hydroelectric Power Plant Project Adjustments**  
- IN CALIFICATION:

[https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id\\_expediente=2141946585](https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2141946585)







# FINANCIAL STATEMENTS





## Independent Auditor's Report

(Translation of a report originally issued in Spanish)

To  
Shareholders and Directors  
Colbún S.A.

We have audited the accompanying consolidated financial statements of Colbún S.A. and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of comprehensive income, shareholders' equity and cash flows for the year then ended and their corresponding 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 (IFRS). This includes the design, implementation and maintenance of internal control that is adequate to provide a reasonable basis for the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards in Chile. Such standards require that we plan and carry out our work in order to achieve a reasonable degree of assurance that 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 financial statements, whether due to fraud or error. In order to do these risk assessments, the auditor considers the relevant internal control for the preparation and fair presentation of the entity's consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but without the purpose of expressing an opinion on the effectiveness of the entity's internal control. Consequently, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by Management, as well as an evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide us with a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Colbún S.A. and subsidiaries as of December 31, 2020, and the results of its operations and its cash flows for the year ended on that date in accordance with International Financial Reporting Standards.

### Report of Other Auditors on the Consolidated Financial Statements as of December 31, 2019

The consolidated financial statements of Colbún S.A. and subsidiaries as of December 31, 2019, were audited by other auditors, who expressed an unqualified opinion on them in their report dated January 28, 2020.

Marek Borowski  
EY Audit SpA

Santiago, January 26, 2021

#### Informe de los Inspectores de Cuenta

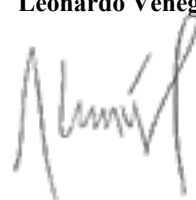
A los señores Accionistas:

Conforme al mandato que nos otorgó la Junta de Accionistas, celebrada el 30 de abril de 2020, hemos examinado el balance General de Colbún al 31 de diciembre de 2020 y los correspondientes Estados de Resultados por el ejercicio de 12 meses a esa fecha.

Nuestra labor como Inspectores de Cuenta se centró en la comprobación de la coincidencia, sobre una base efectiva, de los saldos de cuentas que reflejan los registros contables de la sociedad con las cifras de dicho Balance General y Estado de Resultados, verificación que no mereció observación alguna.



**Leonardo Venegas**



**Gastón Cruzat**



# Consolidated Financial Statements

For the period  
ended December 31,  
2020 and 2019

COLBÚN S.A. AND SUBSIDIARIES

Colbún S.A. and Subsidiaries  
Classified Consolidated Statements of Financial Position  
as of December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

ASSETS	Note N°	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
<b>Current assets</b>			
Cash and cash equivalents	8	254,107	326,886
Other financial assets, current	9	714,655	472,784
Other non-financial assets, current	21	37,900	20,683
Trade and other receivables, current	10	201,171	252,566
Receivables due from related parties, current	12.b	75	833
Inventories, current	13	33,646	48,559
Current tax assets	20.a	17,630	17,140
<b>Total current assets</b>		<b>1,259,184</b>	<b>1,139,451</b>
<b>Non-current assets</b>			
Other financial assets, non-current	9	10,283	1,918
Other non-financial assets, non-current	21	47,668	40,494
Trade and other receivables, non-current	10	109,282	28,923
Equity-accounted investees	16.a	26,849	24,718
Intangible assets other than goodwill	17	122,110	124,362
Goodwill	6	5,573	-
Property, plant and equipment	18	4,848,004	5,171,850
Right-of-use assets	19	123,491	135,826
Deferred tax assets	22.b	81,423	37,808
<b>Total non-current assets</b>		<b>5,374,683</b>	<b>5,565,899</b>
<b>TOTAL ASSETS</b>		<b>6,633,867</b>	<b>6,705,350</b>

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries  
Classified Consolidated Statements of Financial Position (continued)  
as of December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

LIABILITIES AND EQUITY	Note N°	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
<b>Current liabilities</b>			
Other financial liabilities, current	23.a	103,108	72,292
Short-term lease liabilities	24	9,308	9,482
Trade and other payables	25	117,728	147,820
Payables due to related parties, current	12.b	161	5,936
Other current provisions	26	29,370	26,694
Current tax liabilities	20.b	7	32,146
Current provisions for employee benefits	27	24,154	19,832
Other non-financial liabilities, current	28	22,696	24,096
<b>Total current liabilities</b>		<b>306,532</b>	<b>338,298</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	23.a	1,559,266	1,464,336
Long-term lease liabilities	24	125,449	134,390
Trade and other payables, non-current	25	12,952	17,936
Other provisions, non-current	26	46,785	35,259
Deferred tax liabilities	22.b	933,742	922,963
Provisions for employee benefits, non-current	27	42,998	35,576
Other non-financial liabilities, non-current	28	20,775	20,957
<b>Total non-current liabilities</b>		<b>2,741,967</b>	<b>2,631,417</b>
<b>Total liabilities</b>		<b>3,048,499</b>	<b>2,969,715</b>
<b>Equity</b>			
Share capital	29.a	1,282,793	1,282,793
Retained earnings	29.f	1,414,284	1,458,332
Share premium	29.c	52,595	52,595
Other reserves	29.e	709,779	742,573
<b>Equity attributable to the shareholders of the Parent</b>		<b>3,459,451</b>	<b>3,536,293</b>
Non-controlling interests	-	125,917	199,342
<b>Total equity</b>		<b>3,585,368</b>	<b>3,735,635</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,633,867</b>	<b>6,705,350</b>

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries  
Consolidated Statements of Comprehensive Income, by Nature  
for the periods ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note N°	January - December	
		2020 ThUS\$	2019 ThUS\$
Revenue	7 y 30	1,348,868	1,487,387
Raw materials and consumables	31	(575,796)	(691,984)
Employee benefit expenses	32	(65,357)	(74,351)
Depreciation and amortization expenses	33	(246,615)	(250,522)
Other expenses, by nature	-	(25,203)	(23,974)
Other gains (losses)	37	(240,136)	(109,346)
<b>Income from operations</b>	-	<b>195,761</b>	<b>337,210</b>
Finance income	34	11,242	22,115
Finance costs	34	(90,459)	(91,069)
Share of profit of equity-accounted investees and joint ventures	16 y 36	9,950	9,102
Foreign currency translation differences	35	5,725	(7,176)
<b>Profit before income taxes</b>	-	<b>132,219</b>	<b>270,182</b>
Tax expense (benefit) from continuing operations	22.a	(42,751)	(68,216)
<b>Profit from continuing operations</b>		<b>89,468</b>	<b>201,966</b>
<b>NET PROFIT</b>		<b>89,468</b>	<b>201,966</b>
<b>Net profit attributable to</b>			
Shareholders of the Parent	29.h	162,893	203,047
Non-controlling interests	-	(73,425)	(1,081)
<b>PROFIT</b>		<b>89,468</b>	<b>201,966</b>
<b>Earnings per share</b>			
Basic earnings per share - Continuing operations US\$/share	29.h	0.00929	0.01158
<b>Basic earnings per share</b>		<b>0.00929</b>	<b>0.01158</b>
Diluted earnings per share - Continuing operations US\$/ share	29.h	0.00929	0.01158
<b>Diluted earnings per share</b>		<b>0.00929</b>	<b>0.01158</b>

The accompanying notes are integral part of these consolidated financial statements



Colbún S.A. and Subsidiaries  
Consolidated Statements of Other Comprehensive Income  
for the period ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note	January - December	
	N°	2020 ThUS\$	2019 ThUS\$
Net profit		89,468	201,966
Components of other comprehensive income that will not be reclassified to profit or loss for the period, before taxes			
Profit (loss) for new measurements of defined benefit plans	-	(3,963)	(5,819)
Total other comprehensive (loss) income that will not be reclassified to profit or loss for the period, before taxes	-	(3,963)	(5,819)
Components of other comprehensive income (loss) that will be reclassified to profit or loss for the period, before taxes			
Gain (loss) for foreign currency translation differences	16.a	516	(494)
Gain (loss) from cash flow hedges	-	(5,993)	4,070
Share of comprehensive income (loss) on associates and joint ventures using the equity	-	(18)	(62)
Total other comprehensive income (loss) that will be reclassified to profit or loss for the period, before taxes		(5,495)	3,514
Other components of other comprehensive income (loss), before taxes		(9,458)	(2,305)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss for the period			
Income tax related to new measurements of defined benefit plans	22.c	1,070	1,571
Income tax related to components of other comprehensive income that will be reclassified to profit or loss for the period			
Income tax related to share of other comprehensive income (loss) on associates and joint ventures using the equity method	22.c	5	17
Income tax related to cash flow hedges	22.c	1,618	(1,000)
Income tax related to components of other comprehensive income		2,693	588
Total other comprehensive (loss) income		(6,765)	(1,717)
Total comprehensive income		82,703	200,249
Comprehensive income (loss) attributable to:			
Shareholders of the Parent		156,128	201,330
Non-controlling interests		(73,425)	(1,081)
TOTAL COMPREHENSIVE INCOME		82,703	200,249

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries  
Consolidated Statements of Cash Flows - Direct Method  
for the period ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

STATEMENTS OF CASH FLOWS - DIRECT METHOD	Note	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
N°			
Cash flows from (used in) operating activities			
Cash receipts from operating activities			
Cash receipts from sale of goods and rendering of services	-	1,609,272	1,742,876
Cash receipts from premiums and services, annuities and other benefits of subscribed policies	-	21,792	102
Other cash receipts from operating activities	-	4,720	16,335
Cash payments for operating activities			
Cash payments to suppliers for goods and services	-	(778,145)	(943,291)
Cash payments to and on behalf of employees	-	(59,438)	(70,193)
Cash payments for premiums and services, annuities and other benefits of subscribed policies	-	(21,166)	(17,068)
Other cash payments for operating activities	-	(164,934)	(155,593)
Cash generated from operating activities	-	612,101	573,168
Dividends received	-	9,146	13,951
Interest received	-	10,201	21,505
Income taxes paid	-	(99,921)	(35,242)
Other cash receipts (payments)	-	(5,903)	(8,562)
Net cash flows from operating activities		525,624	564,820
Cash flows from (used in) investing activities			
Other payments to acquire interests in joint ventures	-	(5,336)	61
Sales of other long live assets, classified as investing activities	-	-	20,718
Acquisition of property, plant and equipment	-	(112,556)	(87,784)
Other cash receipts (payments)	-	(242,702)	101,319
Net cash flows from (used in) investing activities n		(360,594)	34,314
Cash flows from (used in) financing activities			
Proceeds from borrowings	-	546,913	-
Amounts proceeds from long-term loans	-	500,000	-
Amounts proceeds from short-term loans	-	46,913	-
Payment of lease liabilities	-	(9,946)	(7,906)
Payment of loans	-	(416,562)	(46,946)
Dividends paid	-	(241,319)	(346,264)
Interest paid	-	(81,266)	(80,753)
Other cash (payments) receipts	-	(44,181)	(3,137)
Net cash used in financing activities	8.c	(246,361)	(485,006)
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held		(81,331)	114,128
Effects of movements in exchange rates on cash and cash equivalents			
Effects of movements in exchange rates on cash and cash equivalents		8,552	(6,433)
Net increase (decrease) in cash and cash equivalents		(72,779)	107,695
Cash and cash equivalents as of January 1		326,886	219,191
Cash and cash equivalents as of December 31	8	254,107	326,886

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries  
Statements of Changes in Equity  
for the period ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent									Non-controlling interests	Equity
		Share capital	Share premium	Changes in other reserves					Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
				Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves				
Balance as of January 1, 2020		1,282,793	52,595	(256,631)	13,341	-	985,863	742,573	1,458,332	3,536,293	199,342	3,735,635
Increase (decrease) of equity due an error		-	-	-	-	-	-	-	-	-	-	-
Balance as of January 1, 2020, adjusted		1,282,793	52,595	(256,631)	13,341	-	985,863	742,573	1,458,332	3,536,293	199,342	3,735,635
Changes in equity												
Comprehensive income												
Profit (loss) for the period									162,893	162,893	(73,425)	89,468
Other comprehensive income				516	(4,388)	(2,893)	-	(6,765)	-	(6,765)	-	(6,765)
Dividends									(232,970)	(232,970)	-	(232,970)
Increase (decrease) from other changes		-	-	-	-	2,893	(28,922)	(26,029)	26,029	-	-	-
Total changes in equity		-	-	516	(4,388)	-	(28,922)	(32,794)	(44,048)	(76,842)	(73,425)	(150,267)
Equity as of December 31, 2020	29	1,282,793	52,595	(256,115)	8,953	-	956,941	709,779	1,414,284	3,459,451	125,917	3,585,368

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent									Non-controlling interests	Equity
		Share capital	Share premium	Changes in other reserves					Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
				Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves				
Balance as of January 1, 2019		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938
Increase (decrease) of equity due an error		-	-	-	-	-	-	-	-	-	-	-
Balance as of January 1, 2019, adjusted		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938
Changes in equity												
Comprehensive income												
Profit (loss) for the period									203,047	203,047	(1,081)	201,966
Other comprehensive income				(494)	3,025	(4,248)	-	(1,717)	-	(1,717)	-	(1,717)
Dividends									(321,551)	(321,551)	-	(321,551)
Increase (decrease) from other changes		-	-	-	-	4,248	(30,407)	(26,159)	26,159	-	(1)	(1)
Total changes in equity		-	-	(494)	3,025	-	(30,407)	(27,876)	(92,345)	(120,221)	(1,082)	(121,303)
Equity as of December 31, 2019	29	1,282,793	52,595	(256,631)	13,341	-	985,863	742,573	1,458,332	3,536,293	199,342	3,735,635

The accompanying notes are integral part of these consolidated financial statements

COLBÚN S.A. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands of U.S. dollars)  
(Translation of the report originally issued in Spanish - See note 2)

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, 2020, Colbún is a power generation company and the Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of twelve entities: Colbún S.A. and eleven 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 his 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 ID 4.336.502-2 (7.22%) and his children Eliodoro Matte Capdevila, Taxpayer ID 13.921.597-4 (3.26%); Jorge Matte Capdevila, Taxpayer ID 14.169.037-K (3.26%), and María del Pilar Matte Capdevila, Taxpayer ID 15.959.356-8 (3.26%).
- Bernardo Matte Larraín, Taxpayer ID 6.598.728-7 (8.05%) and his children Bernardo Matte Izquierdo, Taxpayer ID 15.637.711-2 (3.35%); Sofia Matte Izquierdo, Taxpayer ID 16.095.796-4 (3.35%), and Francisco Matte Izquierdo, Taxpayer ID 16.612.252-K (3.35%).

Natural persons indicated above are part of the same corporate group due to family relationship.



As of December 31, 2020, 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

The Company’s line of business is the production, transportation, distribution, and supply of energy and 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 3,236 MW to the National Power System ("SEN" for its Spanish acronym).

Hydroelectric power plants have an installed capacity of 1,626 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 1,601 MW and are distributed in the Nehuenco located in the Valparaíso Region; Candelaria power plant in the O'Higgins 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 2020 are: CGE Distribución S.A. and Enel Distribución Chile S.A.

The main unregulated customers supplied during 2020 are: Codelco for its divisions Salvador, Andina, Ventanas y El Teniente, Anglo American Sur S.A. for its work sites de Los Bronces/Las Tórtolas, Compañía Minera Zaldivar SpA, 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., Comercial ECCSA S.A (Ripley Store), Grupo Camanchaca (Camanchaca Cultivos Sur S.A., Camanchaca Pesca Sur S.A., Compañía Pesquera Camanchaca S.A. y Salmones Camanchaca S.A.), Sociedad Contractual Minera Franke, Minera Meridian Ltda, Molibdenos y Metales S.A., Inacal S.A., Nuevo Sur S.A., Sonda S.A., Atacama Kozan and Essbio 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 2.9% 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 15% in power generation.

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, 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, a new law was published in the Official Gazette that establishes a new Power Transmission System and 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 its own legal personality is established to operate the National Electric System, which began to exercise its functions as of 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, 64 kilometers south of 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: Grupo Distriluz, comprised by Electro Norte S.A., Electro Noreste S.A. y Electrocentro S.A. e Hidrandina, COELVISAC, Enel Distribución S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. and Luz del Sur S.A.A.

Customers with short-term contracts: Celepsa S.A., Atria Energía (Ex GCZ), Ege Junín, Enel Distribución S.A.A, SEAL Distribución and Distriluz Group (option contract).

Unregulated customers: Pamolsa, Austral, Minera Luren, B Braun, Garment, Del Ande, Grupo Patio, UTP, Chavimochic, Fabricaciones Rema, Logística AQP, Laboratorio Portugal, Modipsa, Idat, Fibraforte, océano Seafood, Cetus and Pesquera Altair.

**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 2020, 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 10.0 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 third quarter of 2020 was approximately 49.2 TWh, concentrated in the mining and residential sectors. In 2019, the system demand was 52.9 TWh.

**3. Significant Accounting policies**

**3.1 Accounting policies**

These Consolidated Financial Statements of Colbún S.A. and subsidiaries as of December 31, 2020, 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 were approved by the Board of Directors for issue at their Meeting held on January 26, 2021.

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, 2020 and December 31, 2019.
- Statement of Comprehensive Income for the period ended December 31, 2020 and 2019.
- Statement of Cash Flows for the period ended December 31, 2020 and 2019.
- Statements of Changes in Equity for the period ended December 31, 2020 and 2019.
- 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, except for 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. Consolidation basis** - 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	Funcional currency	Tax ID No.	Ownership % as of			
				12.31.2020			12.31.2019
				Direct	Indirect	Total	Total
Termoeléctrica Nehuenco S.A., en Liquidación <sup>(3)</sup>	Chile	US\$	76.528.870-3	100	-	100	100
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
Santa Sofia SpA	Chile	US\$	76.487.616-4	100	-	100	100
Colbún Perú S.A.	Peru	US\$	0-E	100	-	100	100
Inversiones de Las Canteras S.A.	Peru	US\$	0-E	-	51	51	51
Fenix Power Perú S.A.	Peru	US\$	0-E	-	51	51	51
Desaladora del Sur S.A. <sup>(2)</sup>	Peru	PEN	0-E	-	51	-	-
Efizity Ingeniería SpA. <sup>(1)</sup>	Chile	PEN	76.362.527-3	100	-	100	-
Efizity SpA	Chile	Ch\$	76.236.821-8	-	100	100	-
Efizity S.A.C.	Peru	PEN	0-E	-	100	100	-

**Variations in the consolidation perimeter**

During the 2020 period, we can see the following variations in the consolidation perimeter:

- <sup>(1)</sup> On September 3, 2020, Colbún S.A. acquired 100% of the shares of Sociedad Efizity Ingeniería SpA, a joint-stock company incorporated in accordance with the Chilean laws.
- a) Efizity SpA is a join stock company constituted in accordance with the Chilean laws, Efizity Ingeniería SpA is the only and exclusive owner of all the shares.
- b) Efizity S.A.C is a closed stock company organized in accordance with the laws of the Republic of Peru, Efizity Ingeniería SpA and Colbún Perú S.A. are owners of all its shares.
- c) Efizity Ingeniería S.A.S is a simplified joint stock company organized in accordance with the laws of the Republic of Colombia, Efizity Ingeniería SpA is only and exclusive owner of all the shares.
- <sup>(2)</sup> On October 27, 2020, Fenix Power Perú S.A. and Colbún Perú S.A. constituted Sociedad Desaladora del Sur SA, a stock company incorporated in accordance with the laws of Peru, whose objective is the desalination of sea water, purification, conduction, marketing and provision of drinking water supply services to the Potable Water Service and Sewerage of Lima (SEDAPAL for its Spanish acronym) or to third parties.

In 2019, changes in the consolidation perimeter were as follows:

<sup>(3)</sup> 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.

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 acquire non-controlling interest, if any. For each business combination, the Company determines whether the non-controlling interest of the acquire is measured at fair value or proportional to the net identifiable assets of the acquire. 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 acquired business’ main contracts.

If the business combination is conducted by stages, ownership interests previously maintained in the acquired 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 acquired 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 transferred consideration, 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 acquire 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 it´s 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. N°.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 non-profit 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 acquire.

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	Funcional currency	Tax ID N°	Ownership % as of	
					12.31.2020	12.31.2019
					Direct	Indirect
Associate	Electrogas S.A.	Chile	US\$	96.806.130-5	42.5	42.5
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	Chile	Ch\$	77.017.930-0	50.0	50.0

**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	12.31.2020	12.31.2019
Pesos	710.95	748.74
Euros	0.8141	0.8918
Soles	3.6240	3.3170
Unidades de fomento	0.0245	0.0264

**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 is 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 principals 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 total equity captions 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 26 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 unique 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 impact 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 tributes, 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 expended 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, 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 consolidated financial statements.

**y. Reclassifications** - For comparative purposes and regarding of a taxonomy change instructed by the CMF, the items related to the rights-of-use were reclassified from “Property, Plant and Equipment” to a new item “Right-of-use assets” by ThUS\$ 135,826, the items related to the lease liability from “Other current financial liabilities” to a new caption “Short-term lease liabilities” for ThUS \$ 9,482 and “Other non-current financial liabilities” to a new caption “Long-term lease liabilities” for ThUS \$ 134,390 for the period December 2019.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020. Those that may be relevant for the Group are indicated below:

3.2.1. Standards effective from January 1, 2020

Adopted Standards		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 (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
IFRS 16	Covid-19 Related Rent Concessions (Amendment to IFRS 16)	June 1, 2020

**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 standard 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 can replace 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 standard is effective for annual periods beginning on or after January 1, 2020.

**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 standard is effective for annual periods beginning on or after January 1, 2020.

**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 standard is effective for annual periods beginning on or after January 1, 2020.

**IFRS 16 Rent reductions related to Covid-19:** In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide relief to lessees in applying IFRS 16 guidance related to lease modifications by rent reductions that occur as a direct consequence of the Covid-19 pandemic. The amendment does not apply to landlords.

As a practical solution, a tenant may choose not to assess whether the Covid-19-related rent reduction granted by a landlord is a lease modification. A lessee making this choice will recognize changes in lease payments from Covid-19-related rent reductions in the same way that it would recognize the change under IFRS 16 as if the change were not a lease modification.

A lessee will apply this practical solution retrospectively, recognizing the cumulative effect of the initial application of the amendment as an adjustment to the beginning balance of retained earnings (or other component of equity, as applicable) at the beginning of the annual period over which it is reported in which the lessee applies the amendment for the first time.

A lessee will apply this amendment for annual periods beginning on or after June 1, 2020. Early application is allowed, including in financial statements not authorized for publication as of May 28, 2020.

This standard is effective as of June 1, 2020.

3.2.2. Accounting pronouncements effective starting from January 1, 2021 and thereafter:

Standards issued by the IASB yet to be adopted		Fecha de aplicación obligatoria
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16)	January 1, 2021
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
IAS 16	Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 17)	January 1, 2022
IAS 1	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023
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

**IFRS 17 Insurance Contracts:** Issued in May 2017, this Standard requires that insurance liabilities be measured at a current compliance value 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, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

**Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16):** In August 2020, the IASB published the second phase of the Interest Rate Benchmark Reform comprising amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With this publication, the IASB has completed its work in response to the effects of the reform of interbank offered rate (IBOR, for its acronym in English) on financial information.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR)

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been applied at that time. While application is retrospective, and entity is not required to restate prior periods.

**Reference to the Conceptual Framework (Amendments to IFRS 3):** In May 2020, the IASB issued Amendments to *IFRS 3 Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace the reference to a previous version of the IASB’s *Conceptual Framework* (the 1989 Framework) with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments will be effective for annual periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all the amendments contained the *Amendments to Reference to the Conceptual Framework in IFRS Standards* issued in March 2018.

The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the *Conceptual Framework* in use.

**Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16):** The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss in accordance with the applicable standards.

The amendment will be effective for annual periods beginning on or after 1 January 2022. The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

**Onerous Contracts - costs of fulfilling a contract (Amendment to IAS 37):** In May 2020, the IASB issued amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments will be effective for annual periods beginning on or after 1 January 2022. The amendments must be applied prospectively to contracts for which and entity has not yet fulfilled all of its obligation at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions.

**Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements:** In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments will be effective for annual periods beginning on or after 1 January 2023. The entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28):** In September 2014, this amendment was issued that requires that, when transferring subsidiaries to an associate or joint venture, the entire gain is recognized when the assets transferred meet the definition of “business” under IFRS 3, Business Combinations . The modification establishes strong pressure on the definition of "business" for recognition in results. The amendment also introduces new and unexpected postings for transactions that consider partial holding in assets that does not constitute a business.

The effective date of application of this amendment has been postponed indefinitely.

This modification does not have significant effects for the Company.

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 is oriented 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 risk management function is the CEO´s responsibility as well as o 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.

**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 could raise 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 owns combined cycle power plant and has a commercial policy oriented towards committing 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 situatuons of low water availability 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 fuel prices. 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 prices.

In Peru, the cost of natural gas has a lower dependence to international prices, given the significant domestic natural gas production, which allows it to limit exposure to this risk. As in Chile, the remaining portion exposed to international price fluctuations is mitigated through indexation formulas in its energy sales contracts.

Accordingly, exposure to risk related to fuel prices fluctuations is partly mitigated.

**c. Fuel supply risk**

The Company 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 which 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 with Argentine producers, to complement the gas supply of LNG.

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 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 holds a policy of conducting regular maintenance, 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.

On November 26, as a result of a landslide, an obstruction of the flow of waterflow transported through the Pataguilla tunnel, part of the Las Mercedes zone, occurred. This collapse caused a lack of water availability to agricultural areas in the communes of Curacaví and María Pinto, until December 18, date on which the tunnel’s operation was restored. The root cause assessment for the collapse is currently under process.

**e. Project construction risk**

The development of new generation and transmission 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 must 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**

In the context of the constitutional process originated from the commitment called "Agreement for Peace and the New Constitution" ("Acuerdo por la Paz y la Nueva Constitución"), and the subsequent approval by plebiscite of the drafting of a new Constitution, on April 11 2021, the 155 constituents in charge of its drafting will be elected and the text must be submitted to a new in 2022. The constitutional process may result in changes to the institutional framework applicable to the business activity in the country.

On December 12, due to the outbreak of COVID-19 that affects the country, classified as a pandemic by the World Health Organization, the President of the Republic decided to extend the State of Constitutional Exception of Catastrophe, due to public calamity, throughout the national territory, by means of Supreme Decree 104, 2020, of the Ministry of the Interior and Public Security, and its modifications, for an additional period of 90 days.

In this context, within the framework of the serious health crisis affecting the country, on January 5, 2021, Law No. 21,301 was enacted, which extends the effects of Law No. 21,249, which provides for exceptional measures in favor of the end users of health services, electricity and gas network. This initiative extends the term of benefits to end users, which were in force until November 2020.

Additionally, the Environment and Natural Resources Commission of the Chamber of Deputies maintains under review the indications that were presented on the Bill that seeks to advance the decommissioning of coal-fired plants that was generally approved by the Chamber. This bill, initiated by a parliamentary motion, seeks to prohibit the installation and operation of coal-fired thermoelectric generation plants throughout the national territory as of January 1, 2026. The Ministries of Energy and the Environment, the CNE and the National Electric Coordinator have exposed before the Commission the inconvenience of advancing the closure of the coal-fired power plants through legal means. It is important to remember that in 2019 the generators signed a voluntary agreement with the government, by which they committed not to build new coal-fired plants and agreed to the progressive closure of the coal-fired plants.

On November 16, the processing of a new bill corresponding to a parliamentary motion entered through the Senate began, which seeks to "ensure water security for the different productive uses of water" and whose main provisions establish modifications in the Water Code and in the General Law of Electrical Services. Its amendments aim to limit the possibility of exercising water rights for hydroelectric generation, particularly that which comes from natural or artificial reservoirs (such as reservoirs), when these affect other uses of water, such as for example the human consumption and use for irrigation, in which case there must be a coordination that allows the simultaneous use of both rights. It also establishes the obligation that companies with hydroelectric generation have plans to transform their productive matrix (towards renewable sources other than water) within a period of 5 years.

The Draft Framework Law on Climate Change entered the Senate by the Executive on January 13, 2020, is in its first constitutional process, is currently being discussed by the Senate Committee on the Environment and National Assets and has the utmost urgency. The objective of this bill is to create a legal framework to "face the challenges of climate change; move towards a development low in greenhouse gas emissions, until reaching and maintaining the neutrality of these emissions; reduce vulnerability and increase resilience to the adverse effects of climate change, and comply with the international commitments assumed by the State of Chile on the matter".

On the other hand, the Government continues to promote the following regulatory changes that, depending on the way they are implemented, could represent opportunities or risks for the Company.

- (i) The "Modernization of the Distribution Segment" (Long Law), which aims 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, promote investment and improve the quality of service to end users. In the context of modernization and comprehensive reform, the Executive submitted to the Chamber of Deputies' Mining and Energy Commission a bill that establishes the right to electricity portability, creating the figure of the marketer as a new market agent, in addition to considering the modernization of the supply bidding mechanism and the introduction of the role of the information manager to reduce information asymmetries and protect customers' consumption data.

This bill corresponds to the first of three initiatives in which the Executive sub-divided the Long Distribution Law. The other two bills that have not yet been introduced in Congress are:

- a) Quality of Service, which seeks to improve the efficient pricing scheme, define a long-term strategic quality of service plan and establish compensation in favor of clients for excessive time interruptions
- b) Distributed Generation, the purpose of which is to promote distributed generation, define new actors and enable pilot projects with a coordinated expansion of the distribution and transmission networks.

The Chamber's Mining and Energy Commission has convened the private sector, civil society, academics, and the public sector in order to capture the opinion of the various organizations so that parliamentarians can make the necessary recommendations on the bill.



- (ii) The “Flexibility Strategy”, which has the objective of addressing the systemic and market consequences that will arise as a result of the increasing incorporation of renewable energy from variable sources. Recently, the Ministry of Energy published the definitive Strategy, announcing the three axes or pillars it considers: (a) Market design for the development of a Flexible System, (b) Regulatory framework for Storage Systems, and (c) Flexible operation of the System. Within the framework of this Strategy, working groups are being set up with industry representatives to address the measures that have been proposed in each of the axes.

(iii) At the regulatory and resolution level, it is worth noting:

- a. On December 26, 2020, Decree No. 42 of 2020 of the Ministry of Energy was published in the Official Gazette, introducing modifications to Supreme Decree No. 62 of 2006, which approved the regulations for capacity transfers between generating companies. The main modifications that this decree introduces are the recognition of sufficiency power to plants with Storage Systems and the incorporation of the State of Strategic Reserve in the framework of the decommissioning of coal-fired plants.
- b. Regarding the Complementary Services market (SSCC), in September 2020, the Coordinator published the final update report of SSCC 2020, in which he suspended the SSCC auctions of secondary frequency control (CSF) and tertiary frequency control (CTF). As a result, both Enel and Colbún presented discrepancies before the Panel of Experts for not agreeing with the form and conclusions of the Coordinator's decision.

In this context, the CNE and the Coordinator worked on changes, in their opinion, to necessary resume the auctions, which materialized in the resolutions of November 23, which modified the Ancillary Services definition report and the resolution of maximum prices. After this, on December 16, 2020, the auctions of these Ancillary Services were resumed and, in parallel, letters of withdrawal were presented for the discrepancies presented to the Panel.

#### Peru

After Luz del Sur filed a complaint against the Ministry of Energy, due to the fact that - in the opinion of the electricity company - Decree 043-2017-EM, which is related to the declaration of fuel prices by the generating plants, had both legal and constitutional violations, the Supreme Court declared this Decree null and void and ordered the Ministry of Energy to establish new provisions based on the existing Decree 039-2017-EM. This declaration of nullity refers to the possibility that the thermal power plants have today to declare a minimum price of energy with respect to the use of natural gas which is much lower than the actual price of generation with that fuel (because it is permitted to exclude from such declaration costs associated with take or pay clauses established in the contracts for transport and distribution of gas, mainly). The ruling indicates that two different prices cannot be declared: one in bar (which includes all costs) and another for the declaration of gas prices (order of dispatch of plants).

#### g. Risk of variation in demand/supply and sales price of electricity.

The projection of future power 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 solar and wind renewable energy projects, resulted in a decrease in the short-term price of power (marginal cost) during the last years.

Regarding 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 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. Regarding the impact of COVID19 on energy demand, there is still uncertainty about how and for how long this contingency will extend. Energy demand in Chile has grown approximately 1.6% during 4Q20 compared to 4Q19 and 0.4% during 2020 compared to 2019, while Peru has experienced a fall of approximately 0.3% during the quarter and 7.0% during 2020.

Additionally, there is a complex world economic outlook, which may lead to a contraction of the economies in Chile and Peru, which will surely have effects on future electricity demand.

#### 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, 2020, 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.

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, 2020, 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 11.b to these Consolidated 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 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, 2020, Colbún has cash surpluses of approximately US\$967 million, invested in time deposits for an average of 83 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) three line of bonds registered with the local market, two for UF 7 million as a whole and one for UF 7 million, and (ii) uncommitted credit revolving facilities for approximately US\$150 million. For its part, Fenix Power has committed credit lines for a total of US \$25 million, with a one-year term, contracted with two local banks. In addition, Fenix Power has uncommitted lines for a total of US \$34 million, contracted with three local banks.

Within the next twelve months, the Company will have to disburse approximately US\$110 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, 2020, Colbún has the following local risk ratings: AA by Fitch Ratings and Feller Rate, with stable outlook. At international level, the Company's ratings are: Baa2 by Moody's, BBB by S&P and BBB+ by Fitch Ratings, all with stable outlooks.

As of December 31, 2020, Fenix Power 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 23.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, 2020, 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 23%. For existing derivatives, the Company's foreign counterparties have risk ratings equivalent to 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 24% in terms of notional value.

Liquidity risk is 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, 2020 are as follows:

(i) Useful lives 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	32
Machinery	4 - 20	10
Transport equipment	5 - 15	6
Office equipment	5 - 12	9
IT equipment	3 - 10	6
Power-generating asset	2 - 100	41
Transmission line operation and maintenance	20	13
Right-of-use assets	2 - 14	12
Other property, plant and equipment	10 - 50	31

Additional detail per class of plants is presented below

Classes of plants	Useful life (years)	Average remaining useful life (years)
<b>Power-generating facilities</b>		
Hydroelectric power plants		
Civil works	10 - 100	71
Electromechanical equipment	02 - 100	21
Thermal power plants		
Civil works	10 - 60	22
Electromechanical equipment	02 - 60	16
Solar power plant		
Electromechanical equipment	5 - 25	21
Civil works	25	23

(ii) Useful lives of intangible assets other than goodwill (with finite useful lives):

Intangible assets from contracts with customers are mainly acquired contracts for 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)	Average remaining useful life (years)
Customer contractual relationships	2 - 15	11
Software	1 - 15	6
Rights and concessions	1 - 10	5

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 have required possible impairment losses analysis, 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, 2020, the Company carried out an impairment assessment in the Peru CGU and recorded an impairment provision in the subsidiary Fenix Power S.A in Peru for a gross amount (before deferred taxes) of ThUS\$ 179,615. The foregoing, to reflect the lower recoverable amount compare to the carrying amount of the assets as a result of the lower marginal costs and energy prices observed during the last years as a consequence of lower than expected growth rates as a result of a lower dynamism of economic activity , delays in the regulatory matters processing and exogenous events (political, natural disasters). This condition intensified during 2020 as a result of the COVID-19 impact, and a 7% decrease was recorded in energy demand compared to 2019. This has deepened a situation of oversupply in the Peruvian market of electricity generation, negatively impacting the level of energy prices in that market and it is likely that the reestablishment of the balance between supply and demand will take more time than previously considered (see note 37).

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. Goodwill

On September 3, 2020, Colbún S.A. acquired 100% of the voting shares of Efizity Ingeniería SpA ("Efizity"), a company organized under Chilean law.

Efizity is a company whose business is the provision of value-added services complementary to the energy supply in any form, including the design and implementation of energy efficiency solutions, carrying out installations and land works for monitoring and control of electrical installations.

In accordance with IFRS 3, the measurement period is the period after the acquisition date during which the acquirer can adjust the provisional amounts recognized in a business combination. This period shall not exceed one year from the date of acquisition.

Assets acquired and liabilities assumed

The fair values of Efizity's identifiable assets acquired and assumed liabilities at the acquisition date were:

Assets acquired and liabilities assumed	Fair value recorded at acquisition
	ThUS\$
Total net assets	
Total current assets	1,135
Intangible Assets	13
Other non-current assets	391
Total current assets	404
Total Assets	
Total current liabilities	992
Intangible Assets	304
Total non-current liabilities	304
Total Liabilities	1,296
Total Net Assets	243
Profit from business combination / Goodwill	5,573
Consideration transferred	5,816

7. 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 the supply agreements, but these are established according to Colbún's total capacity, fully supplying them 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 power plant.

Colbún is part of the SEN dispatch system in Chile and SEIN dispatch system in Peru. The generation of each of power plants 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 differentiates 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: 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 Transmisión 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.

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The table below presents information by operating segment:

Segment operating results as of 12.31.2020	Chile Generation	Chile Transmission	Perú Generation	Operating segments	Elimination of intersegment revenue	Total operating segments
<b>Revenue</b>						
Revenue	1,134,028	51,400	159,440	1,344,868	4,000	1,348,868
Revenue from transactions with other operating segments	250	28,818	-	29,068	(29,068)	-
<b>Total revenue from third parties and transactions with other operating segments</b>	<b>1,134,278</b>	<b>80,218</b>	<b>159,440</b>	<b>1,373,936</b>	<b>(25,068)</b>	<b>1,348,868</b>
Raw materials and consumables	(502,075)	(12,283)	(86,506)	(600,864)	25,068	(575,796)
Employee benefit expenses	(59,295)	-	(6,062)	(65,357)	-	(65,357)
Interest expenses	(63,507)	(110)	(26,842)	(90,459)	-	(90,459)
Interest income	10,431	94	717	11,242	-	11,242
Depreciation and amortization expenses	(188,996)	(11,047)	(46,572)	(246,615)	-	(246,615)
Share of profit or loss of equity-accounted associates and joint ventures	172,429	-	-	172,429	(162,479)	9,950
Income tax expense from continuing operations	16,157	(15,519)	(43,389)	(42,751)	-	(42,751)
Other significant items other than cash	-	-	-	-	-	-
Profit (loss) before taxes	430,298	57,426	(193,026)	294,698	(162,479)	132,219
<b>Profit (loss) from continuing operations</b>	<b>446,455</b>	<b>41,907</b>	<b>(236,415)</b>	<b>251,947</b>	<b>(162,479)</b>	<b>89,468</b>
<b>Profit (loss)</b>	<b>446,455</b>	<b>41,907</b>	<b>(236,415)</b>	<b>251,947</b>	<b>(162,479)</b>	<b>89,468</b>
Assets	5,907,891	417,727	757,215	7,082,833	(448,966)	6,633,867
Equity-accounted investees	475,815	-	-	475,815	(448,966)	26,849
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	23,577	12,633	28,562	64,772	-	64,772
Liabilities	2,452,878	94,005	501,616	3,048,499	-	3,048,499
<i>Equity</i>						3,585,368
<b>Liabilities and equity</b>						<b>6,633,867</b>
Impairment losses recognized in profit or loss for the year	(4,517)	-	(179,615)	(184,132)	-	(184,132)
Cash flows from (used in) operating activities	422,775	39,347	63,502	525,624	-	525,624
Cash flows from (used in) investing activities	(318,587)	(11,994)	(30,013)	(360,594)	-	(360,594)
Cash flows from (used in) financing activities	(184,778)	(36,290)	(25,293)	(246,361)	-	(246,361)

Continued

Segment operating results as of 12.31.2019	Chile Generation	Chile Transmission	Perú Generation	Operating Segments	Elimination of intersegment revenue	Total operating segments
<b>Revenue</b>						
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)	-
<b>Total revenue from third parties and transactions with other operating segments</b>	<b>1,265,341</b>	<b>83,424</b>	<b>174,786</b>	<b>1,523,551</b>	<b>(36,164)</b>	<b>1,487,387</b>
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)
Profit (loss) before taxes	259,629	59,973	(4,772)	314,830	(44,648)	270,182
<b>Profit (loss) from continuing operations</b>	<b>204,964</b>	<b>43,635</b>	<b>(1,985)</b>	<b>246,614</b>	<b>(44,648)</b>	<b>201,966</b>
<b>Profit (loss)</b>	<b>204,964</b>	<b>43,635</b>	<b>(1,985)</b>	<b>246,614</b>	<b>(44,648)</b>	<b>201,966</b>
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
<b>Liabilities and equity</b>						<b>6,705,350</b>
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)

Information about products and services

Sales in the main geographical markets	January - December	
	2020 ThUS\$	2019 ThUS\$
<b>Chile Generation</b>		
Energy sales	855,655	997,639
Power sales	139,569	149,405
Other income	139,054	118,297
<b>Subtotal</b>	<b>1,134,278</b>	<b>1,265,341</b>
<b>Chile Transmission</b>		
Sales from tolls	80,218	83,424
<b>Subtotal</b>	<b>80,218</b>	<b>83,424</b>
<b>Peru</b>		
Energy sales	113,127	123,422
Power sales	40,697	40,340
Other income	5,616	11,024
<b>Subtotal</b>	<b>159,440</b>	<b>174,786</b>
<b>Total reportable segments</b>	<b>1,373,936</b>	<b>1,523,551</b>
<b>Elimination of inter-segment revenue</b>	<b>(25,068)</b>	<b>(36,164)</b>
<b>Total sales</b>	<b>1,348,868</b>	<b>1,487,387</b>

Information on sales to main customers

Main customers	January - December			
	2020		2019	
	ThUS\$	%	ThUS\$	%
<b>Chile Generation</b>				
Corporación Nacional del Cobre Chile	374,498	27%	413,016	27%
CGE Distribución S.A.	174,057	13%	158,484	10%
Enel Distribución Chile S.A.	108,037	8%	123,840	8%
Anglo American S.A.	77,230	6%	109,598	7%
Sociedad Austral del Sur S.A.	3,013	0%	87,043	6%
Colbún Transmisión S.A	250	0%	-	0%
Others	397,193	29%	373,360	25%
<b>Subtotal</b>	<b>1,134,278</b>	<b>83%</b>	<b>1,265,341</b>	<b>83%</b>
<b>Chile Transmission</b>				
Colbún S.A.	28,818	2%	35,816	2%
Corporación Nacional del Cobre Chile	8,793	1%	15,731	1%
Anglo American S.A.	3,281	0%	4,687	0%
Others	39,326	3%	27,190	2%
<b>Subtotal</b>	<b>80,218</b>	<b>6%</b>	<b>83,424</b>	<b>5%</b>
<b>Peru</b>				
Luz del Sur S.A.A.	75,063	5%	75,754	5%
Enel Distribución Perú S.A.A.	19,974	1%	20,678	1%
Comité de Operación Económica del Sistema Interconectado Nacional	7,348	1%	6,330	0%
Compañía Eléctrica El Platanal	9,947	1%	13,573	1%
Atria Energía S.A.C.	9,276	1%	10,858	1%
Others	37,832	2%	47,593	4%
<b>Subtotal</b>	<b>159,440</b>	<b>11%</b>	<b>174,786</b>	<b>12%</b>
<b>Total reportable segments</b>	<b>1,373,936</b>	<b>100%</b>	<b>1,523,551</b>	<b>100%</b>
<b>Elimination of inter-segment revenue</b>	<b>(25,068)</b>		<b>(36,164)</b>	
<b>Total sales</b>	<b>1,348,868</b>		<b>1,487,387</b>	



8. Cash and cash equivalents

a. Detail

As of December 31, 2020, and December 31, 2019, this caption is composed of the following:

Cash and cash equivalents	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Cash on hand	45	48
Cash in banks	192,327	24,400
Time deposits	22,208	214,296
Other cash equivalents	39,527	88,142
Total	254,107	326,886

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 of these consolidated financial statements.

As of December 31, 2020, and December 31, 2019, 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 9.

b. Detail by currency

The detail of cash and cash equivalents by currency, considering the effects of derivatives, is as follows:

Currency	12.31.2020		12.31.2019	
	Currency	Currency with derivative <sup>(1)</sup>	Currency	Currency with derivative <sup>(1)</sup>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EUR	2,042	2,042	332	332
CLP	79,005	79,005	195,043	44,043
PEN	7,124	7,124	6,363	6,363
USD	165,936	165,936	125,148	276,148
Total	254,107	254,107	326,886	326,886

<sup>(1)</sup> Considers the subscribed exchange rate forward effect to re-denominate in U.S. dollars certain term deposits in Chilean pesos. As of December 31, 2020, cash and cash equivalents do not have derivatives.

c. Reconciliation of liabilities arising from financial activities

Liabilities arising from financing activities	Balance as of 01.01.2020  ThUS\$	Cash flow  ThUS\$	Changes that do not represent cash flows				Balance as of 12.31.2020  ThUS\$
			Dividends  ThUS\$	Interests  ThUS\$	Valuation  ThUS\$	Other  ThUS\$	
Finance lease liabilities <sup>(1)</sup>	143,872	(20,698)	-	11,623	(158)	118	134,757
Banks payable	-	24,650	-	442	-	439	25,531
Bonds Payable <sup>(2)</sup>	1,534,791	(8,994)	-	80,393	18,349	11,446	1,635,985
Dividends payable	-	(241,319)	241,573	-	-	-	254
Total	1,678,663	(246,361)	241,573	92,458	18,191	12,003	1,796,527

Liabilities arising from financing activities	Balance as of 01.01.2019  ThUS\$	Cash flow  ThUS\$	Changes that do not represent cash flows				Balance as of 12.31.2019  ThUS\$
			Dividends  ThUS\$	Interests  ThUS\$	Valuation  ThUS\$	Other  ThUS\$	
Finance lease liabilities	14,644	(18,643)	-	10,799	-	137,072	143,872
Bonds payable	1,586,657	(116,962)	-	67,417	(9,964)	7,643	1,534,791
Dividends payable	36,001	(346,264)	310,263	-	-	-	-
Other accounts receivable	-	(3,137)	-	-	-	3,137	-
Total	1,637,302	(485,006)	310,263	78,216	(9,964)	147,852	1,678,663

<sup>(1)</sup> See note 24.a

<sup>(2)</sup> See note 23.a

9. Other financial assets

As of December 31, 2020, and December 31, 2019, this caption is composed of the following:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Time deposits <sup>(1)</sup>	713,293	470,535	-	-
Hedge derivative instruments <sup>(2)</sup> (ver nota 14.1)	1,362	2,249	10,199	1,836
Investment for share offering	-	-	84	82
Total	714,655	472,784	10,283	1,918

<sup>(1)</sup> As of December 31, 2020, investments in term deposits that were classified in this caption have an original average investment term less than 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).

<sup>(2)</sup> Relates to the current positive mark-to-market adjustments of hedging derivatives in place at each reporting date.

10. Trade and other receivables

As of December 31, 2020, and December 31, 2019, this caption is composed of the following:

Caption	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Trade receivables by contract	191,740	241,202	109,282	28,923
Other receivables <sup>(1)</sup>	9,431	11,364	-	-
Total	201,171	252,566	109,282	28,923

<sup>(1)</sup> As of December 31, 2020, the current balance comprises recoverable taxes for ThUS\$ 6,582 and other minor items for ThUS\$ 2,849. (ThUS\$ 8,779 and ThUS\$ 2,585 as of December 31, 2019, respectively). Company believes these assets are recoverable within 12 months.

The average collection period is 30 days.

The balances of trade and other receivables, Non-Current, correspond mainly to accounts receivable, whose accounting treatment is derived from the application of Law No. 21,185, which creates a temporary price stabilization mechanism (PEC).

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	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Opening balance	974	623
Increase (decrease) in the allowance	2,331	892
Impairment losses	(37)	-
Reversal of impairment losses	(518)	(541)
Closing balance	2,750	974

The fair value of trade and other receivables is not significantly different from their carrying amount.

As of December 31, 2020, and December 31, 2019, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio

Invoiced	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	3,997	2,452	1	-	979	7,429
Trade receivables, unregulated	14,111	195	82	125	1,622	16,135
Other receivables	2,201	284	11	52	1,385	3,933
Allowance for impairment losses	(2,718)	-	-	-	(32)	(2,750)
Subtotal	17,591	2,931	94	177	3,954	24,747
Invoices to be issued	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	29,894	-	-	-	-	29,894
Trade receivables, unregulated	78,131	-	-	-	-	78,131
Other receivables	58,968	-	-	-	-	58,968
Subtotal	166,993	-	-	-	-	166,993
Total Trade Receivables	184,584	2,931	94	177	3,954	191,740
No. of customers (unaudited)	332	71	40	22	349	

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	3,062	20,007
Other receivables	2,461	631	431	532	2,015	6,070
Allowance for impairment losses	(419)	-	-	-	(555)	(974)
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	

b) Customers in legal collection

There are no trade and other receivables accounted for in legal collection.

11. 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, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 8)	-	192,372	192,372
Time deposits and other cash equivalents (see Note 8)	22,208	39,527	61,735
Trade and other receivables <sup>(1)</sup> (See Note 10)	194,589	-	194,589
Trade receivables due from related parties (see Note 12.b.1)	75	-	75
Derivative financial instruments (see Note 14.1)	-	11,561	11,561
Other financial assets (see Note 9)	713,293	-	713,293
Total	930,165	243,460	1,173,625
December 31, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 8)	-	24,448	24,448
Time deposits and other cash equivalents (see Note 8)	214,296	88,142	302,438
Trade and other receivables <sup>(1)</sup> (see Note 10)	243,787	-	243,787
Trade receivables due from related parties (see Note 12.b.1)	833	-	833
Derivative financial instruments (see Note 14.1)	-	4,085	4,085
Other financial assets (see Note 9)	470,535	-	470,535
Total	929,451	116,675	1,046,126

<sup>(1)</sup> As of December 31, 2020, recoverable taxes for ThUS\$ 6,582 are not considered. As of December 31, 2019, the balance related to current recoverable taxes amounted to ThUS\$ 8,779.



a.2 Liabilities

December 31, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 22.c.1 and c.2)	1,661,516	-	1,661,516
Lease liabilities (see Note 24)	134,757	-	134,757
Derivative financial instruments (see Note 14.1)	-	858	858
Trade and other payables (see Note 25)	130,680	-	130,680
Payables due to related parties (see Note 12.b.2)	161	-	161
Total	1,927,114	858	1,927,972

December 31, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 22.c.1 and c.2)	1,534,791	-	1,534,791
Lease liabilities (see Note 24)	143,872	-	143,872
Derivative financial instruments (see Note 14.1)	-	1,837	1,837
Trade and other payables (see Note 25)	165,756	-	165,756
Payables due to related parties (see Note 12.b.2)	5,936	-	5,936
Total	1,850,355	1,837	1,852,192

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

Credit quality of financial assets	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Customers with local risk rating		
AAA	65.679	41.001
AA+	17.979	13.396
AA	289	38.267
AA-	33.875	576
A+	3.894	34.274
A	2.754	-
A-	26	825
BBB+	-	19
Total	124.496	128.358
Customers with no local risk rating		
Total	67.244	141.766
Cash in banks and bank short-term deposits, local market		
AAA	661.639	461.585
AA+	-	200.372
AA	198	-
Total	661.837	661.957
Cash in banks and bank short-term deposits, international market <sup>(*)</sup>		
AAA	-	20.053
BBB- o superior	266.036	27.269
Total	266.036	47.322
Counterparty derivative financial assets, national market		
AAA	10.429	-
AA	24	-
Total	10.453	-
Counterparty derivative financial assets, international market <sup>(*)</sup>		
AAA	-	4.085
AA-	817	-
A+o inferior	291	-
Total	1.108	4.085

<sup>(\*)</sup> Foreign risk classification

12. Related parties 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, 2020, the distribution of ownership interest is as follows:

Shareholders	Ownership %
Minera Valparaíso S.A. <sup>(*)</sup>	35.17
Forestal Cominco S.A. <sup>(*)</sup>	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. <sup>(**)</sup>	4.71
Banco de Chile por cuenta de State Street	3.20
Banco Santander - JP Morgan	3.14
Banco de Chile por cuenta de terceros	2.72
AFP Provida S.A. <sup>(**)</sup>	1.40
AFP Cuprum S.A. <sup>(**)</sup>	1.35
Larrain Vial S.A. - Corredora de Bolsa	1.31
Other shareholders	23.42
Total	100.00

<sup>(\*)</sup> Entities owned by Parent Group (Matte Group).

<sup>(\*\*)</sup> 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 N°	Company	Country	Relationship	Currency	Current	
					12.31.2020	12.31.2019
					ThUS\$	ThUS\$
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	16	822
96.853.150-6	Papeles Cordillera S.A.	Chile	Common business group	Ch\$	47	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	12	11
Total					75	833

b. 2. Trade payables due from related parties

Tax ID N°	Company	Country	Relationship	Currency	Current	
					12.31.2020	12.31.2019
					ThUS\$	ThUS\$
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	15	639
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	16	5
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	89	3,203
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	36	1,275
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	5	814
Total					161	5,936

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 N°	Company	Country	Relationship	Currency	Transaction	January - December			
						2020		2019	
						Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit
						ThUS\$	ThUS\$	ThUS\$	ThUS\$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	Toll for using facilities	1,563	(1,313)	2,299	(1,932)
				UF	Revenue for services rendered	125	105	136	114
				Ch\$	Dividend received <sup>(1)</sup>	-	-	5,986	
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	Gas transport service	9,603	(8,070)	9,851	(8,278)
				US\$	Diesel transport service	117	(98)	1,302	(1,094)
				US\$	Dividend declared <sup>(2)</sup>	13,486		5,576	-
				US\$	Dividend received <sup>(2)</sup>	9,146		7,965	-
97.080.000-K	Banco Bice	Chile	Common group	Ch\$	Expenses for services received	28	(24)	22	(19)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Parent common director	US\$	Easements	1,150	966	1,056	888
				US\$	Sale of energy and capacity	9,360	7,866	8,620	7,244
96.532.330-9	CMPC Celulosa S.A.	Chile	Common group	Ch\$	Sale of energy and capacity and energy transport	30,758	25,847	25,433	21,372
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	Dividend paid <sup>(3)</sup>	33,850	-	48,775	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	Dividend paid <sup>(3)</sup>	85,041	-	122,536	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	Diesel supply service	8,192	(6,884)	9,889	(8,310)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	Telephone services	223	(187)	290	(244)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Ch\$	Telephone services	15	(13)	67	(56)
96.925.430-1	Sercor S.A.	Chile	Common director	Ch\$	Stock administration service	97	(82)	104	(87)
90.844.000-5	Kupfer Hermanos S.A	Chile	Common director	Ch\$	Purchase of personal protective equipment	125	(105)	204	(171)
					Sale of energy and capacity	204	171	162	136
76.351.385-8	Orion Power S.A.	Chile	Common group	Ch\$	Operation and maintenance service	178	(150)	443	(372)
76.138.547-K	Mega Archivos S.A.	Chile	Common director	Ch\$	Document storage service	22	(18)	49	(41)
93.628.000-5	Molibdenos y Metales S.A.	Chile	Common group	Ch\$	Sale of energy and capacity	4,915	4,131	1,011	849
79.943.600-0	Forsac SpA	Chile	Common group	Ch\$	Sale of energy and capacity	417	350	305	256
95.304.000-K	CMPC Maderas SpA	Chile	Common group	Ch\$	Sale of energy and capacity	9,501	7,984	11,786	9,904
96.853.150-6	Papeles Cordillera S.A.	Chile	Common group	US\$	Revenue for services rendered	47	47	-	-
91.440.000-7	Forestal Mininco SpA	Chile	Common group	Ch\$	Sale of energy and capacity	206	173	174	146

- <sup>(1)</sup> Dividends declared and paid by Transquillota Ltda.
  - In June 2019, Transquillota Ltda. distributed and paid retained earnings for MMCLP\$ 8,140, of which Colbún corresponds to MMCLP\$ 4,070, equivalent to ThUS\$ 5,986 (50%).
- <sup>(2)</sup> Dividends declared and paid by Electrogas, S.A.
  - In January 2020, Electrogas S.A. rectified the dividend reported in December in ThUS\$ 78 of which to Colbún corresponds ThUS\$ 33 (42.5%).
  - In April 2020, Electrogas declared a provisional dividend charged to the profits of the year 2019 for ThUS\$ 13,665, of which to Colbún corresponds ThUS\$ 5,808 (42.5%).
  - In May 2020, a dividend payment of ThUS\$ 3,400 is received, leaving a balance pending collection of ThUS\$ 3,196.
  - In September 2020, a dividend payment of ThUS\$ 3,196 was received.
- <sup>(3)</sup> Dividends declared and paid to Minera Valparaíso S.A. and Forestal Cominco S.A.
  - Corresponds to the final dividend agreed at the Shareholders' Meeting dated April 30, 2020 and paid on May 12, 2020.
  - Corresponds to the final dividend agreed at the Shareholders' Meeting dated April 25, 2019 and paid on May 7, 2019.

c. 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, 2020 and December 31, 2019.

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.

On August 25, 2020 in an ordinary meeting of the Board of Directors held, Mr. Francisco Matte Izquierdo presented his resignation from the position of Director of Colbun S.A., which became effective as of the same date.

At that same meeting, the Board of Directors agreed to appoint Mr. Bernardo Matte Larraín as his replacement until the next Ordinary Shareholders' Meeting, at which time the Board of Directors will be completely renewed.

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.

On August 25, 2020 in an ordinary meeting of the Board of Directors held, Mr. Francisco Matte Izquierdo presented his resignation to the Directors' Committee of Colbun S.A., which became effective as of that same date.

At that same meeting, the Board of Directors agreed to appoint Mr. Rodrigo Donosso Munita as his replacement.

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, 2020, and 2019, 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					
		2020			2019		
		Colbún Board ThUS\$	Variable remuneration <sup>(2)</sup> ThUS\$	Directors Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors Committee ThUS\$
Hernán Rodríguez Wilson <sup>(1)</sup>	Chairman	130	131	-	119	43	-
Vivianne Blanlot Soza <sup>(1)</sup>	Deputy-chairwoman	65	79	-	71	106	-
Bernardo Larraín Matte <sup>(1)</sup>	Director	65	79	-	71	106	-
Luz Granier Bulnes <sup>(1)</sup>	Director	65	79	22	71	106	24
Juan Eduardo Correa García <sup>(1)</sup>	Director	65	105	-	97	212	-
Francisco Matte Izquierdo	Director	42	79	14	71	106	24
Andrés Lehuedé Bromley <sup>(1)</sup>	Director	65	79	-	71	106	-
María Emilia Correa <sup>(1)</sup>	Director	65	52	22	47	-	18
Rodrigo José Donoso Munita <sup>(1)</sup>	Director	65	52	8	47	-	-
Bernardo Matte Larraín <sup>(1)</sup>	Director	23	-	-	-	-	-
Jorge Matte Capdevila	Director	-	26	-	25	106	-
Arturo Mackenna Iñiguez	Director	-	-	-	-	61	-
María Ignacia Benítez Pereira	Director	-	13	-	12	-	4
TOTALES		650	774	66	702	952	70

- (1) Current Directors as of December 31, 2020.
- (2) The payment corresponding to the variable remuneration calculated based on the profit of the year 2019 was made.

At the Ordinary Stockholders' Meeting held on April 30, 2020, it was agreed to pay variable annual compensation equal to 0.75% of the profit for the year 2020, from which fixed compensation paid in 2020 is deducted.

e.2 Board Counseling Expenses

For the periods ended December 31, 2020 and December 31, 2019, the Board of Directors did not incur in advisory expenses

e.3 Compensation of Senior Management members who are not Directors

Name	Position
Thomas Keller Lippold	Gerente General
Juan Eduardo Vásquez Moya	Gerente División Negocios y Gestión de Energía
Carlos Luna Cabrera	Gerente División Generación
Sebastián Moraga Zúñiga	Gerente División Finanzas y Administración
Eduardo Lauer Rodríguez	Gerente División Ingeniería y Proyectos
Rodrigo Pérez Stiepovic	Gerente Legal
Paula Martínez Osorio	Gerente de Organización y Personas
Olivia Heuts Goen	Gerente de Desarrollo
Heraldo Alvarez Arenas	Gerente de Auditoría Interna
Daniel Gordon Adam	Gerente de Medio Ambiente
Pedro Vial Lyon	Gerente de Asuntos Públicos
Luis Le Fort Pizarro	Gerente de Transmisión

The remuneration earned by key management personnel amounts to:

Concept	January - December	
	2020 ThUS\$	2019 ThUS\$
Short-term employee benefits	4,807	4,478
Other long-term benefits	856	793
Termination benefits	546	894
Total	6,209	6,165

e.4 Receivables and payables and other transactions

As of December 31, 2020, and December 31, 2019 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, 2020, and December 31, 2019, 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, 2020 and December 31, 2019, 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.

13. Inventories

As of December 31, 2020, and December 31, 2019, this caption is composed of the following:

Inventory	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Spare parts for maintenance	19,204	22,647
Coal	14,054	29,135
Inventory in transit	-	16
Oil	3,732	4,062
Gas Line Pack	630	519
Allowance for obsolescence <sup>(1)</sup>	(3,974)	(7,820)
<b>Total</b>	<b>33,646</b>	<b>48,559</b>

<sup>(1)</sup> 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, 2020, and 2019, the use of inventory recognized as expenses is detailed as follows:

Inventory Cost	January - December	
	2020 ThUS\$	2019 ThUS\$
Warehouse consumption	8,203	9,033
Oil (see note 31)	9,523	12,601
Gas (see note 31)	245,413	337,284
Coal (see note 31)	70,351	73,646
<b>Total</b>	<b>333,490</b>	<b>432,564</b>

14. 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, 2020, the Company classified all its hedges as "Cash flow hedges".

14.1 Hedging instruments

As of December 31, 2020, and December 31, 2019, this caption includes the valuation of financial instruments for such periods, detailed as follows:

Hedging assets		Current		Non-current	
		12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Currency hedging instrument	Cash flow hedges	1,355	2,249	10,199	1,836
Fuel price hedge	Cash flow hedges	7	-	-	-
Total (see note 9)		1,362	2,249	10,199	1,836

Hedging liabilities		Current		Non-current	
		12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Currency hedging instrument	Cash flow hedges	858	1,837	-	-
Interest rate hedging instrument	Cash flow hedges	-	-	-	-
Total (see note 23.a)		858	1,837	-	-

Hedging instruments, net		504	2,248	10,199	-
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The portfolio of hedging instruments at Colbún S.A. and subsidiaries is as follows:

Hedging instrument	Fair value Hedginig instrument		Underlying asset hedged	Hedged risk	Type of hedge
	12.31.2020 ThUS\$	12.31.2019 ThUS\$			
Currency forwards	24	-	Future Project Disbursements	Exchange rate	Cash flow
Currency forwards	(763)	-	Customers	Exchange rate	Cash flow
Currency forwards	1,355	2,249	Financial Investments	Exchange rate	Cash flow
Cross Currency Swaps	10,080	(1)	Bonds payable	Exchange rate and interest rate	Cash flow
Coal options	7	-	Oil and gas purchases	Coal price	Cash flow
Total	10,703	2,248			

As of December 31, 2020, the Company determined no gains or losses associated with ineffective cash flow hedges that should be recognized in profit or loss.

14.2 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 30, 2020, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the hierarchy.



15. Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of December 31, 2020, and December 31, 2019, is detailed below.

Subsidiary	12.31.2019						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Termoeléctrica Nehuenco S.A., en liquidación	7	-	-	41	(34)	-	-
Colbún Transmisión S.A.	39,073	378,653	7,233	86,771	323,722	80,218	41,907
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Santa Sofía SpA	-	156	-	180	(24)	-	2
Colbún Perú S.A.	21,023	131,056	107	-	151,972	-	(75,893)
Inversiones de Las Canteras S.A.	794	257,534	684	671	256,973	-	(149,848)
Fenix Power Perú S.A.	74,502	682,714	91,142	410,474	255,600	159,440	(149,636)
Desaladora Del Sur S.A.	250	-	-	-	250	-	-
Efizity Ingeniería SpA	907	520	1,134	248	45	641	(180)

Subsidiary	12.31.2019						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Termoeléctrica Nehuenco S.A., en liquidación	7	-	-	41	(34)	-	(3,103)
Colbún Transmisión S.A.	35,183	379,459	46,229	72,658	295,755	83,424	43,635
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Santa Sofía SpA	-	154	-	180	(26)	-	1
Colbún 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)

16. Equity-accounted investees

a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of December 31, 2020, and December 31, 2019 is described below.

Relationship	Company	Number of shares	Ownership percentage	Balance as of	Accrued profit or loss	Dividends	Equity Reserve		Settlement	Other increase (decrease)	Total
							Foreign currency transaction difference	Reserve in hedge derivatives			
				12.31.2020 %	01.01.2020 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	12.31.2020 ThUS\$
Associate	Electrogas S.A.	175,076	42.5%	16,572	8,149	(8,353)	-	-	-	-	16,368
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	8,146	1,801	-	534	-	-	-	10,481
Totales				24,718	9,950	(8,353)	534	-	-	-	26,849

Relationship	Sociedad	Number of shares	Ownership percentage	Balance as of	Accrued profit or loss	Dividends	Equity Reserve		Settlement	Other increase (decrease)	Total
							Foreign currency transaction difference	Reserve in hedge derivatives			
				12.31.2019 %	01.01.2019 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	12.31.2019 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	4,900	49.0%	(25)	-	-	(2)	-	27	-	-
Joint Venture	Aysén Energía S.A., en Liquidación	4,900	49.0%	(11)	-	-	(1)	-	12	-	-
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	13,635	989	(5,987)	(491)	-	-	-	8,146
Totales				30,202	9,102	(14,086)	(494)	(45)	39	-	24,718

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, 2020, and December 31, 2019, is as follows:

Relationship	Company	12.31.2020						Retained earnings (accumulated deficit) ThUS\$
		Current assets ThUS\$	Non-current assets ThUS\$	Current liabilities ThUS\$	Non-current liabilities ThUS\$	Equity ThUS\$	Revenue ThUS\$	Operating costs ThUS\$
Associate Joint venture	Electrogas S.A.	10,851	41,254	4,481	9,111	38,513	35,690	(3,267)
	Transmisora Eléctrica de Quillota Ltda.	10,032	14,199	1,135	2,135	20,961	7,388	(857)
12.31.2019								
Relationship	Company	Current assets ThUS\$	Non-current assets ThUS\$	Current liabilities ThUS\$	Non-current liabilities ThUS\$	Equity ThUS\$	Revenue ThUS\$	Operating costs ThUS\$
		Current assets ThUS\$	Non-current assets ThUS\$	Current liabilities ThUS\$	Non-current liabilities ThUS\$	Equity ThUS\$	Revenue ThUS\$	Operating costs ThUS\$
Associate Joint venture	Electrogas S.A.	8,687	46,765	4,910	11,548	38,994	36,276	(3,286)
	Transmisora Eléctrica de Quillota Ltda.	4,434	14,505	488	2,159	16,292	4,263	(848)
							19,090	1,977

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) 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.



17. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of December 31, 2020, and December 31, 2019, is as follows:

Intangible assets, net		12.31.2020 ThUS\$	12.31.2019 ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	202	202
	Water rights	17,436	17,436
	Easements	58,288	58,060
	Intangible assets related to customers	33,834	37,010
Licenses	Software	2,768	2,072
Total		122,110	124,362
Intangible assets, gross		12.31.2020 ThUS\$	12.31.2019 ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	228	228
	Water rights	17,455	17,455
	Easements	60,140	59,738
	Intangible assets related to customers	46,815	46,815
Licenses	Software	17,069	15,095
Total		151,289	148,913
Accumulated amortization		12.31.2020 MUS\$	12.31.2019 MUS\$
Rights not internally generated	Concessions	(26)	(26)
	Water rights	(19)	(19)
	Easements	(1,852)	(1,678)
	Intangible assets related to customers	(12,981)	(9,805)
Licenses	Software	(14,301)	(13,023)
Total		(29,179)	(24,551)

b. Movements in intangible assets

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

Movements for the period 2020	Rights not internally generated					Licenses	Intangibles assets, net
	Emission rights for particulate matter ThUS\$	Concessions ThUS\$	Water rights ThUS\$	Easements ThUS\$	Intangible assets related to customers ThUS\$	Software ThUS\$	
Opening balance as of 01.01.2020	9,582	202	17,436	58,060	37,010	2,072	124,362
Additions	-	-	-	1,714	-	1,030	2,744
Acquisition made through business combinations (see note 6)	-	-	-	-	-	13	13
Increase (decrease) resulting from other movements	-	-	-	(296)	-	-	(296)
Disposals	-	-	-	(1,280)	-	-	(1,280)
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Transport from assets under construction	-	-	-	264	-	930	1,194
Transport between assets	-	-	-	-	-	-	-
Amortization expenses (see Note 32)	-	-	-	(174)	(3,176)	(1,277)	(4,627)
Closing balance as of 12.31.2020	9,582	202	17,436	58,288	33,834	2,768	122,110

Movements for the period 2019	Rights not internally generated					Licenses	Intangibles assets, net
	Emission rights for particulate matter ThUS\$	Concessions ThUS\$	Water rights ThUS\$	Easements ThUS\$	Intangible assets related to customers 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	-	-	-	(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

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.

18. Property, plant and equipment

a. Detail of property, plant and equipment

As December 31, 2020, and December 31, 2019, the caption property, plant and equipment is detailed as follows:

Property, plant and equipment, net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Land	306,647	306,436
Building, construction and facilities	86,064	111,202
Machinery	1,052	1,135
Transport equipment	363	484
Office equipment	918	1,133
IT equipment	2,127	1,154
Power-generating assets	3,721,350	4,025,981
Assets under construction	280,406	310,640
Other property, plant and equipment	449,077	413,685
Total	4,848,004	5,171,850
Property, plant and equipment, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Land	306,647	306,436
Building, construction and facilities	143,438	137,675
Machinery	1,877	1,770
Transport equipment	1,631	1,627
Office equipment	6,894	6,916
IT equipment	10,328	9,342
Power-generating assets	5,897,608	5,847,341
Assets under construction	414,886	444,381
Other property, plant and equipment	578,399	528,667
Total	7,361,708	7,284,155
Accumulated depreciation and impairment of property, plant and equipment	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Building, construction and facilities	(57,374)	(26,473)
Machinery	(825)	(635)
Transport equipment	(1,268)	(1,143)
Office equipment	(5,976)	(5,783)
IT equipment	(8,201)	(8,188)
Power-generating assets	(2,176,258)	(1,821,360)
Assets under construction	(134,480)	(133,741)
Other property, plant and equipment	(129,322)	(114,982)
Total	(2,513,704)	(2,112,305)

b. Movements in property, plant and equipment

As of December 31, 2020, and December 31, 2019, the caption property, plant and equipment, net is composed of the following:

Movements for the period 2020	Land ThUS\$	Building, construction and facilities ThUS\$	Machinery ThUS\$	Transport equipment ThUS\$	Office equipment ThUS\$	IT equipment ThUS\$	Power- generating assets ThUS\$	Assets under construction ThUS\$	Other property, plant and equipment ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2020	306,436	111,202	1,135	484	1,133	1,154	4,025,981	310,640	413,685	5,171,850
Additions	211	-	-	-	-	348	81	61,087	9	61,736
Acquisition made through business combinations (see note 6)	-	-	3	4	6	32	-	-	31	76
Increase (decrease) resulting from other movements	-	30	(1)	-	-	-	9,904	-	41,416	51,349
Disposals	-	(12)	-	-	(89)	(834)	(23,441)	(9,984)	(3)	(34,363)
Accumulated depreciation of disposals	-	-	-	-	89	818	5,000	-	3	5,910
Impairment losses recognized in other comprehensive income	-	(26,661)	-	(10)	(34)	(64)	(148,384)	(739)	(2,232)	(178,124)
Transport from assets under construction	-	5,420	105	-	61	1,369	64,170	(80,598)	8,279	(1,194)
Transport between assets	-	325	-	-	-	122	(447)	-	-	-
Accumulated depreciation, transport between assets	-	(20)	-	-	-	(27)	47	-	-	-
Depreciation expenses (see Note 33)	-	(4,220)	(190)	(115)	(248)	(791)	(211,561)	-	(12,111)	(229,236)
Total movements	211	(25,138)	(83)	(121)	(215)	973	(304,631)	(30,234)	35,392	(323,846)
Closing balance as of 12.31.2020	306,647	86,064	1,052	363	918	2,127	3,721,350	280,406	449,077	4,848,004

Movements for the period 2019	Land ThUS\$	Building, construction and facilities ThUS\$	Machinery ThUS\$	Transport equipment ThUS\$	Office equipment ThUS\$	IT equipment ThUS\$	Power- generating assets ThUS\$	Assets under construction ThUS\$	Other property, plant and equipment ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2019	306,894	112,707	1,186	626	3,168	1,439	4,233,043	314,410	413,125	5,386,598
Additions	458	-	-	-	23	199	14,846	123,125	25	138,676
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 of disposals	-	-	-	22	7	3	48,607	-	551	49,190
Impairment losses recognized in other comprehensive income	-	-	-	-	-	-	-	(49,671)	-	(49,671)
Transport from assets under construction	-	740	81	-	121	110	59,294	(73,573)	12,181	(1,046)
Transport between assets	-	2,348	49	-	(2,306)	35	(126)	-	-	-
Accumulated depreciation, transport between assets	-	(462)	(2)	-	460	(2)	6	-	-	-
Depreciation expenses (see Note 33)	-	(4,131)	(179)	(128)	(331)	(627)	(215,737)	-	(12,046)	(233,179)
Total movements	(458)	(1,505)	(51)	(142)	(2,035)	(285)	(207,062)	(3,770)	560	(214,748)
Closing balance as of 12.31.2019	306,436	111,202	1,135	484	1,133	1,154	4,025,981	310,640	413,685	5,171,850



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, 2020, and December 31, 2019, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS\$ 40,751 and ThUS\$ 23,026, respectively. The companies with which it operates are: SIEMENS Energy INC, SEMI CHILE SPA, GE Global Parts & Products GmbH, General Electric Global Services GM, Ingenieria Agrosonda Ltda., Constructora y Maquinarias Pulmahue, Contract Chile S.A., Seidor Chile S.A., ABB Power Grids Brasil LTDA, among others.

iii) As of December 31, 2020 and 2019 the accrued capitalized interest costs (IAS 23), are as follows:

Concept	January - December	
	2020 ThUS\$	2019 ThUS\$
<b>Capitalized interest costs</b>		
Capitalized interest costs	165	-
Interest expenses	-	-
Total interest costs incurred	165	-
Cost capitalization rate for loans eligible for capitalization	0.08%	0.00%

iv) Operating leases - Lessor

As of December 31, 2020, and December 31, 2019, 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, 2020	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	124,328	497,299	2,116,330	2,737,957
<b>Total</b>	<b>124,328</b>	<b>497,299</b>	<b>2,116,330</b>	<b>2,737,957</b>
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
<b>Total</b>	<b>122,639</b>	<b>490,548</b>	<b>2,324,967</b>	<b>2,938,154</b>

v) Additional information required for XBRL taxonomy.

1. Disbursements recognized during the construction

Disbursements recognized during the construction, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Assets under construction	100,403	78,559
<b>Total</b>	<b>100,403</b>	<b>78,559</b>

2. Assets fully depreciated still in use

Assets fully depreciated still in use, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Building, construction and facilities	1,407	1,327
Machinery	156	41
Transport equipment	676	552
Office equipment	5,035	4,350
IT equipment	6,762	7,057
Power-generating assets	124,468	31,460
Other property, plant and equipment	1,506	1,423
<b>Total</b>	<b>140,010</b>	<b>46,210</b>
Assets fully depreciated still in use, accumulated depreciation	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Building, construction and facilities	(1,407)	(1,327)
Machinery	(156)	(41)
Transport equipment	(676)	(550)
Office equipment	(5,035)	(4,350)
IT equipment	(6,762)	(7,057)
Power-generating assets	(110,475)	(31,214)
Other property, plant and equipment	(1,506)	(1,423)
<b>Total</b>	<b>(126,017)</b>	<b>(45,962)</b>

vi) Detail of other property, plant and equipment:

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

Other property, plant and equipment, net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Substations	153,230	153,612
Transmission lines	130,106	133,803
Spare parts classified as property, plant and equipment	160,050	118,632
Other property, plant and equipment	5,691	7,638
<b>Other property, plant and equipment, net</b>	<b>449,077</b>	<b>413,685</b>
Other property, plant and equipment, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Substations	235,615	228,416
Transmission lines	170,425	170,130
Spare parts classified as property, plant and equipment	160,050	118,632
Other property, plant and equipment	10,077	11,489
<b>Other property, plant and equipment, gross</b>	<b>576,167</b>	<b>528,667</b>
Accumulated depreciation and impairment of other property plant and equipment	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Substations	(82,385)	(74,804)
Transmission lines	(40,319)	(36,327)
Other property, plant and equipment	(4,386)	(3,851)
<b>Total depreciation and impairment</b>	<b>(127,090)</b>	<b>(114,982)</b>

Vii) Detail of power-generating assets

Power-generating assets, net		12.31.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	1,634,448	1,657,363
	Coal-fired thermal power	260,519	272,272
	Oil and gas-fired thermal power	46,451	36,683
	Solar power	145	152
Power-generating equipment and machinery	Hydropower	568,974	600,036
	Coal-fired thermal power	432,248	455,074
	Oil and gas-fired thermal power	770,277	995,680
	Solar power	8,288	8,721
<b>Balance of power-generating assets, net</b>		<b>3,721,350</b>	<b>4,025,981</b>
Power-generating assets, gross		12.31.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	2,232,362	2,228,161
	Coal-fired thermal power	359,193	358,815
	Oil and gas-fired thermal power	59,404	47,813
	Solar power	162	162
Power-generating equipment and machinery	Hydropower	952,033	933,147
	Coal-fired thermal power	632,120	628,030
	Oil and gas-fired thermal power	1,652,908	1,641,795
	Solar power	9,426	9,418
<b>Balance of power-generating assets, net</b>		<b>5,897,608</b>	<b>5,847,341</b>
Accumulated depreciation and impairment of power-generating assets		12.31.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	(597,914)	(570,798)
	Coal-fired thermal power	(98,674)	(86,543)
	Oil and gas-fired thermal power	(12,953)	(11,130)
	Solar power	(17)	(10)
Power-generating equipment and machinery	Hydropower	(383,059)	(333,111)
	Coal-fired thermal power	(199,872)	(172,956)
	Oil and gas-fired thermal power	(882,631)	(646,115)
	Solar power	(1,138)	(697)
<b>Total depreciation and impairment</b>		<b>(2,176,258)</b>	<b>(1,821,360)</b>



19. Right-of-use assets

a. Detail Right-of-Use assets

The right-of-use assets recognized as of December 31, 2020 and December 31, 2019 are as follows:

Right-of-use assets, Net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Transmission line operation and maintenance	9,067	9,814
Right-of-use office equipment	59	30
Right-of-use facilities	4,458	5,983
Right-of-use vehicles	364	1,250
Right-of-use Calidda gas pipeline	109,223	118,325
Right-of-use IT equipment	320	424
<b>Total</b>	<b>123,491</b>	<b>135,826</b>
Right-of-use assets, Gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Transmission line operation and maintenance	16,853	15,154
Right-of-use office equipment	239	58
Right-of-use facilities	7,860	7,620
Right-of-use vehicles	2,247	2,182
Right-of-use Calidda gas pipeline	127,427	127,427
Right-of-use IT equipment	603	509
<b>Total</b>	<b>155,229</b>	<b>152,950</b>
Accumulated depreciation right-of-use assets	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Transmission line operation and maintenance	(7,786)	(5,340)
Right-of-use office equipment	(180)	(28)
Right-of-use facilities	(3,402)	(1,637)
Right-of-use vehicles	(1,883)	(932)
Right-of-use Calidda gas pipeline	(18,204)	(9,102)
Right-of-use IT equipment	(283)	(85)
<b>Total</b>	<b>(31,738)</b>	<b>(17,124)</b>

As of December 31, 2020 and 2019, the company maintain in its records leases related to its offices, warehouse, parking lots, vehicles, computers and printers.

The subsidiary Fenix maintains contracts 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 13 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 13 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.

b. Movements of right-of-use assets

The composition and movement of assets by right of use, net as of December 31, 2020 and December 31, 2019, has been as follows:

Movements for the period 2020	Transmission line operation and maintenance ThUS\$	Right-of-use office equipment ThUS\$	Right-of-use facilities ThUS\$	Right-of-use vehicles ThUS\$	Right-of-use Calidda gas pipeline ThUS\$	Right-of-use IT equipment ThUS\$	Right-of-use assets, Net ThUS\$
Opening balance as of 01.01.2020	9,814	30	5,983	1,250	118,325	424	135,826
Adiciones	-	-	201	-	-	91	292
Acquisition made through business combinations (see note 6)	-	75	-	50	-	-	125
Depreciation expenses (see Note 33)	(747)	(46)	(1,726)	(936)	(9,102)	(195)	(12,752)
Total movements	(747)	29	(1,525)	(886)	(9,102)	(104)	(12,335)
Closing balance as of 12.31.2020	9,067	59	4,458	364	109,223	320	123,491

Movements for the period 2019	Transmission line operation and maintenance ThUS\$	Right-of-use office equipment ThUS\$	Right-of-use facilities ThUS\$	Right-of-use vehicles ThUS\$	Right-of-use Calidda gas pipeline ThUS\$	Right-of-use IT equipment ThUS\$	Right-of-use assets, Net ThUS\$
Opening balance as of 01.01.2019	10,558	-	-	-	-	-	10,558
Additions	-	58	7,620	2,182	127,427	509	137,796
Depreciation expenses (see Note 33)	(744)	(28)	(1,637)	(932)	(9,102)	(85)	(12,528)
Total movements	(744)	30	5,983	1,250	118,325	424	125,268
Closing balance as of 12.31.2019	9,814	30	5,983	1,250	118,325	424	135,826

As of December 31, 2020, and December 31, 2019, the present value of future payments arising from contracts recognized as leases are detailed as follows:

December 31, 2020	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Gross	20,352	73,371	126,235	219,958
Interests	(11,044)	(36,296)	(37,861)	(85,201)
Present value (see note 23.a)	9,308	37,075	88,374	134,757

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)
Present value (see note 23.a)	9,397	36,630	97,845	143,872

20. Current taxes

The balance of current taxes receivable and payable presented in current assets and liabilities as of December 31, 2020 and 2019, respectively, are detailed below:

a. Current tax assets

	Current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Recoverable taxes from previous years	991	13,488
Recoverable taxes for the year (see Note 22.a.1)	16,639	3,421
Other recoverable taxes	-	231
<b>Total</b>	<b>17,630</b>	<b>17,140</b>

b. Current tax liabilities

	Current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Payable taxes for the year (see Note 22.a.1)	7	32,146
<b>Total</b>	<b>7</b>	<b>32,146</b>

21. Other non-financial assets

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Insurance premium for facilities and civil responsibility	15,191	14,384	-	-
Prepayments <sup>(1)</sup>	22,451	6,170	41,519	35,506
Patent for non-use of water rights <sup>(2)</sup>	-	-	4,366	3,906
Other miscellaneous assets	258	129	1,783	1,082
<b>Total</b>	<b>37,900</b>	<b>20,683</b>	<b>47,668</b>	<b>40,494</b>

<sup>(1)</sup> Corresponds to advance payments to domestic and foreign suppliers.

<sup>(2)</sup> Credit under Article No.129 bis 20 of the Chilean Water Code, Decree Law No.1.122. As of December 31, 2020 and 2019, the Company recognized impairment charges for ThUS\$ 4,530 and ThUS\$ 4,508, respectively. 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.

22. Income taxes

a. Income tax benefit (expense)

Income tax benefit (expense)	January - December	
	2020 ThUS\$	2019 ThUS\$
<b>Current income tax (expense) benefit</b>		
Current income taxes	(74,386)	(101,908)
Adjustments to prior-year current income tax expense	169	2,198
<b>Total current income tax expense, net</b>	<b>(74,217)</b>	<b>(99,710)</b>
<b>Deferred income tax (expense) benefit</b>		
Deferred income tax benefit arising from temporary differences	31,466	31,494
<b>Total deferred income tax benefit, net</b>	<b>31,466</b>	<b>31,494</b>
<b>Income tax benefit (expense)</b>	<b>(42,751)</b>	<b>(68,216)</b>

As of December 31, 2020, and December 31, 2019, income tax benefit (expense) and deferred taxes from foreign and domestic parties is detailed as follows:

Income tax benefit (expense)	January - December	
	2020 ThUS\$	2019 ThUS\$
Domestic current income tax (expense) benefit	(74,125)	(97,209)
Foreign current income tax (expense) benefit	(92)	(2,501)
<b>Total current income tax (expense) benefit, net</b>	<b>(74,217)</b>	<b>(99,710)</b>
Domestic deferred income tax benefit (expense)	(12,083)	26,478
Foreign deferred income tax benefit (expense)	43,549	5,016
<b>Total deferred income tax benefit (expense)</b>	<b>31,466</b>	<b>31,494</b>
<b>Income tax expense charged to profit or loss</b>	<b>(42,751)</b>	<b>(68,216)</b>



a.1 Reconciliation of current taxes

As of December 31, 2020 and December 31, 2019, the reconciliation of current taxes to income tax is as follows:

Current tax reconciliation	12.31.2020						
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 ThUS\$	Tax liabilities ThUS\$
Colbún S.A.	(58,207)	1,278	63,743	1,506	(99)	8,221	-
Colbún Transmisión S.A.	(15,926)	-	20,415	-	-	4,489	-
Efizity Ingeniería SpA. <sup>(1)</sup>	(6)	-	21	-	-	15	-
Colbún Perú S.A.	(154)	-	147	-	-	-	(7)
Inversiones Las Canteras S.A.	-	-	4	-	-	4	-
Fenix Power S.A.	-	-	864	3,046	-	3,910	-
Totales	(74,293)	1,278	85,194	4,552	(99)	16,639	(7)

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 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	-
Totales	(101,031)	(1,050)	69,781	3,634	(59)	3,421	(32,146)

<sup>(1)</sup> Current tax result corresponds to balances recorded in the takeover balance sheet. (See note 6.)

As of December 31, 2020, Colbún S.A., together with its subsidiaries, it generated tax profits, for which a consolidated Income Tax Provision was recorded, net of monthly provisional payments (PPM) and credits for ThUS\$ 7 and recoverable taxes for ThUS\$ 16,639.

In the case of the foreign subsidiary Fenix Power Perú S.A., as of December 31, 2020, it recognizes accumulated tax losses of ThUS\$ 193,273, 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

Income tax benefit (expense)	January - December			
	2020		2019	
	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %
Profit before income taxes	132,200		270,182	
Tax expense using the legal rate <sup>(1)</sup>	(35,694)	27.0%	(72,949)	27.0%
Differences between US dollars and tax financial accounting in local currency through deferred taxes <sup>(2)</sup>	(13,500)	10.2%	2,700	-1.0%
Other differences	6,443	-4.9%	2,033	-0.8%
Income tax expense	(42,751)	32.3%	(68,216)	25.2%

<sup>(1)</sup> As of December 31, 2020, and December 31, 2019, the income tax expense was calculated using the tax rate of 27% (Law No. 20.780) that applies in Chile. Regarding the differences in tax rates with foreign subsidiaries (29.5%), they are presented in other differences.

<sup>(2)</sup> 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, except for the subsidiaries of the Efizity Group. 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	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes related to tax losses	57,162	48,104
Deferred taxes related to provisions	24,857	21,303
Deferred taxes related to obligations for post-employment benefits	12,152	9,836
Deferred taxes related to anticipated income	5,938	6,234
Deferred taxes related to investments in associates	4,735	4,735
Deferred taxes related to rights-of-use	1,998	1,061
Deferred taxes related to contingencies	535	46
Deferred taxes related to unrealized gain or loss	292	292
Deferred tax assets	107,669	91,611

Deferred tax liabilities	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes related to depreciation <sup>(1)</sup>	(928,422)	(952,387)
Deferred taxes related to hedging instruments	(217)	667
Deferred taxes related to inventory	(518)	1,490
Deferred taxes related to finance costs	(19,044)	(13,840)
Deferred taxes related to intangible assets	(11,787)	(12,696)
Deferred tax liabilities	(959,988)	(976,766)
Total deferred tax assets and liabilities, net	(852,319)	(885,155)

<sup>(1)</sup> As of December 31, 2020 includes deferred tax for impairment in fixed assets (see note 18 b. And note 37)

Deferred taxes movements	12.31.2020 ThUS\$	31.12.2019 ThUS\$
<b>Deferred taxes as of January 1</b>	<b>(885,155)</b>	<b>(922,739)</b>
Tax losses	9,058	(3,803)
Hedging instruments	(884)	568
Intangible assets	909	786
Rights-of-use assets	937	1,061
Contingencies	489	(617)
Obligations for post-employment benefits	2,316	2,333
Unearned revenue	(296)	2,471
Investments in associates <sup>(1)</sup>	-	4,735
Inventory	(2,008)	(428)
Provisions	3,554	1,408
Finance costs	(5,204)	1,921
Property, plant and equipment	23,965	27,149
<b>Closing balance</b>	<b>(852,319)</b>	<b>(885,155)</b>

<sup>(1)</sup> 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 asset		Non-current liability	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Fenix Power Perú S.A.	81,122	37,654	-	-
Santa Sofia SpA.	156	154	-	-
Efizity SpA.	63	-	-	-
Efizity Ingeniería SpA.	49	-	-	-
Efizity Perú SAC	33	-	-	-
Inversiones de Las Canteras S.A.	-	-	(570)	(652)
Colbún Transmisión S.A.	-	-	(57,193)	(58,106)
Colbún S.A.	-	-	(875,979)	(864,205)
<b>Subtotal</b>	<b>81,423</b>	<b>37,808</b>	<b>(933,742)</b>	<b>(922,963)</b>
<b>Net deferred taxes</b>			<b>(852,319)</b>	<b>(885,155)</b>

### c. Income taxes in other comprehensive income

	January - December	
	2020 ThUS\$	2019 ThUS\$
Related to cash flow hedges	1,618	(1,000)
Related to defined benefit plans	1,070	1,571
<b>Income tax related to components of other comprehensive income</b>	<b>2,688</b>	<b>571</b>
Related to share of other comprehensive profit or loss on equity-accounted associates and joint ventures using the equity method	5	17
<b>Income tax related to components of other comprehensive income</b>	<b>2,693</b>	<b>588</b>

### 23. Other financial liabilities

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

#### a. Obligations with financial institutions

Other financial liabilities	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Interest-Bearing Loans	25,313	-	218	-
Bonds payable and bills of exchange <sup>(1)</sup>	76,937	70,455	1,559,048	1,464,336
Hedging derivatives <sup>(2)</sup>	858	1,837	-	-
<b>Total</b>	<b>103,108</b>	<b>72,292</b>	<b>1,559,266</b>	<b>1,464,336</b>

<sup>(1)</sup> Interest accrued for bonds payable have been determined using the effective rate.

<sup>(2)</sup> See note 14.1

#### 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	12.31.2020 ThUS\$	12.31.2019 ThUS\$
U.S. Dollar	1,606,384	1,472,598
Inflation-adjusted units	55,571	64,030
Pesos	419	-
<b>Total</b>	<b>1,662,374</b>	<b>1,536,628</b>



c. Maturity and currency of the obligations with financial institutions

c.1 Bank borrowings

As of 12.31.2020						
Debtor's ID number	0-E	0-E	76.362.527-3	76.236.821-8	76.236.821-8	
Debtor's name	Fenix Power Perú S.A.	Fenix Power Perú S.A.	Efizity Ingenieria SPA	Efizity SPA	Efizity SPA	
Debtor's country	Perú	Perú	Chile	Chile	Chile	
Creditor's ID number	0-E	0-E	97006000-6	97006000-6	97030000-7	
Creditor's name	Banco de Credito del Perú	Scotiabank	BCI	BCI	Estado	
Creditor's country	Perú	Perú	Chile	Chile	Chile	
Currency or inflation-adjusted unit	US\$	US\$	CLP	CLP	UF	
Amortization frequency	Annual	Annual	Monthly	Monthly	Monthly	
Interest type	Variable	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	
Effective rate	2.02%	3.65%	6.36%	3.48%	4.80%	
Nominal rate	2.02%	3.65%	6.36%	3.48%	4.80%	
Nominal amounts	ThUS\$					Totals
Up to 90 days	-	-	25	24	20	69
90 days to 1 year	10,025	15,067	79	73	-	25,244
1-3 years	-	-	83	135	-	218
1-2 years	-	-	83	101	-	184
2-3 years	-	-	-	34	-	34
3-5 years	-	-	-	-	-	-
3-4 years	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Subtotal nominal amounts	10,025	15,067	187	232	20	25,531
Carrying amounts	ThUS\$					Totals
Up to 90 days	-	-	25	24	20	69
90 days to 1 year	10,025	15,067	79	73	-	25,244
Current Interest-Bearing Loans	10,025	15,067	104	97	20	25,313
1-3 years	-	-	83	135	-	218
1-2 years	-	-	83	101	-	184
2-3 years	-	-	-	34	-	34
3-5 years	-	-	-	-	-	-
3-4 years	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Non-current Interest-Bearing Loans	-	-	83	135	-	218
Total Interest-Bearing Loans	10,025	15,067	187	232	20	25,531

c.2 Bonds payable

As of 12.31.2020								
Debtor's Tax ID No.	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	Foreign	
Debtor's name	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	Perú	
Creditor's ID number	234	499	538	-	-	-	-	
Serie	Serie C	Serie F	Serie I	144A/RegS	144A/RegS	144A/RegS	144A/RegS	
Maturity date	10-15-2021	05-01-2028	06-10-2029	10-10-2027	07-10-2024	03-06-2030	09-20-2027	
Currency or inflation-adjusted unit	UF	UF	UF	US\$	US\$	US\$	US\$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	Bullet	Biannual	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	5.11%	4.80%	3.89%	4.57%	
Nominal rate	7.00%	3.40%	4.50%	3.95%	4.50%	3.15%	4.32%	
Nominal amounts	ThUS\$							Total ThUS\$
Up to 90 days	-	-	-	-	3,345	4,988	15,657	23,990
90 days to 1 year	8,793	17,031	11,384	4,334	-	-	12,000	53,542
1-3 years	-	32,706	22,300	-	-	-	55,000	110,006
1-2 years	-	16,353	11,150	-	-	-	27,000	54,503
2-3 years	-	16,353	11,150	-	-	-	28,000	55,503
3-5 years	-	32,706	22,300	-	157,410	-	40,000	252,416
3-4 years	-	16,353	11,150	-	157,410	-	24,000	208,913
4-5 years	-	16,353	11,150	-	-	-	16,000	43,503
Over 5 years	-	40,883	39,025	500,000	-	500,000	186,000	1,265,908
Subtotal nominal amounts	8,793	123,326	95,009	504,334	160,755	504,988	308,657	1,705,862
Carrying amounts	ThUS\$							Total ThUS\$
Up to 90 days	-	-	-	-	3,345	4,988	15,657	23,990
90 days to 1 year	8,712	16,674	11,227	4,334	-	-	12,000	52,947
Current performance bonds	8,712	16,674	11,227	4,334	3,345	4,988	27,657	76,937
1-3 years	-	31,992	21,986	-	-	-	53,892	107,870
1-2 years	-	15,996	10,993	-	-	-	26,424	53,413
2-3 years	-	15,996	10,993	-	-	-	27,468	54,457
3-5 years	-	31,992	21,986	-	156,215	-	39,061	249,254
3-4 years	-	15,996	10,993	-	156,215	-	23,513	206,717
4-5 years	-	15,996	10,993	-	-	-	15,548	42,537
Over 5 years	-	39,993	38,479	467,301	-	471,411	184,740	1,201,924
Non-current performance bonds	-	103,977	82,451	467,301	156,215	471,411	277,693	1,559,048
Total performance bonds	8,712	120,651	93,678	471,635	159,560	476,399	305,350	1,635,985

Bonds payable (continued)

As of 12.31.2019							
Debtor's Tax ID No.	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	Foreign	
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	Perú	
Creditor's ID number	234	499	538	-	-	-	
Serie	Serie C	Serie F	Serie I	144A/RegS	144A/RegS	144A/RegS	
Maturity date	15-10-2021	01-05-2028	10-06-2029	10-10-2027	10-07-2024	20-09-2027	
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	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	7,922	110,649	86,293	463,332	495,075	301,065	1,464,336
Total performance bonds	15,687	126,113	96,687	467,666	505,700	322,938	1,534,791

c.3 Expected interests by currency of the obligations with financial institutions:

Liability	Currency	Interests as of 12.31.2020		Capital	Maturity date	Up to 3 months	Maturity				Total interests	Total debt
		Accrued	Forecasted				3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perù)	US\$	10,769	57,386	305,000	20-09-2027	6,584	6,324	22,502	18,045	14,700	68,155	373,155
Series C Bond	UF	3	8	212	15-10-2021	-	11	-	-	-	11	223
Series F Bond	UF	17	388	3,000	01-05-2028	-	98	155	101	51	405	3,405
Series I Bond	UF	6	458	2,318	10-06-2029	-	100	164	115	85	464	2,782
Bond 144A/RegS 2014	US\$	3,345	24,989	157,410	10-07-2024	3,542	3,542	14,167	7,083	-	28,334	185,744
Bond 144A/RegS 2017	US\$	4,334	252,416	500,000	11-10-2027	-	19,750	39,500	39,500	158,000	286,750	756,750
Bond 144A/RegS 2020	US\$	4,987	73,763	500,000	06-03-2030	7,875	7,875	31,500	31,500	-	78,750	578,750
Liability	Currency	Interests as of 12.31.2019		Capital	Maturity date	Up to 3 months	Maturity				Total interests	Total debt
		Accrued	Forecasted				3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perù)	US\$	3,950	77,954	323,000	20-09-2027	6,972	6,778	24,747	20,160	23,247	81,904	404,904
Series C Bond	UF	6	30	414	15-04-2021	-	25	11	-	-	36	450
Series F Bond	UF	19	497	3,400	01-05-2028	-	111	182	128	95	516	3,916
Series I Bond	UF	6	570	2,591	10-06-2029	-	112	188	140	136	576	3,167
Bond 144A/RegS 2014	US\$	10,625	101,875	500,000	10-07-2024	11,250	11,250	45,000	45,000	-	112,500	612,500
Bond 144A/RegS 2017	US\$	4,334	232,666	500,000	11-10-2027	-	19,750	39,500	39,500	138,250	237,000	737,000



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Lease obligation (continued)

As of 12.31.2019											
Debtor's Tax ID No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	Foreign	Foreign	Foreign	Foreign	Foreign	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Perú	Perú	Perú	Perú	Perú	
Creditor's Tax ID No.	96656410-5	96860250-0	96565580-8	96587380-5	76497459-k	0-E	0-E	0-E	0-E	0-E	
Creditor's name	Bice Vida Compania De Seguros S.A.	B.Raices Santa Lucia SA	Cia. De Leasing Tattersall S.A.	Vigatec S.A.	Nuevo Capital Leasing SpA	Laila Fatima Gaber B.	Arrendamiento Operativo CIB S.A.	T-COPIA	Calidda <sup>(1)</sup>	Consorcio Transmantaro S.A.	
Creditor's country	Chile	Chile	Chile	Chile	Chile	Perú	Perú	Perú	Perú	Perú	
Currency or inflation-adjusted unit	UF	UF	UF	UF	UF	US\$	US\$	US\$	US\$	US\$	
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	-	-	-	-	-	
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%	
Nominal rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%	
Nominal amounts	ThUS\$										Total ThUS\$
Up to 90 days	207	168	245	11	127	1	4	23	1,512	129	2,427
90 days to 1 year	623	517	754	35	127	24	18	8	4,535	414	7,055
1-3 years	1,705	1,471	171	97	255	18	26	26	13,392	1,316	18,477
1-2 years	832	718	171	48	170	6	26	26	6,470	619	9,086
2-3 years	873	753	-	49	85	12	-	-	6,922	697	9,391
3-5 years	529	456	-	50	-	67	-	-	15,332	1,655	18,089
3-4 years	529	456	-	50	-	23	-	-	7,407	778	9,243
4-5 years	-	-	-	-	-	44	-	-	7,925	877	8,846
Over 5 years	-	-	-	-	-	172	-	-	87,005	10,647	97,824
Subtotal nominal amounts	3,064	2,612	1,170	193	509	282	48	57	121,776	14,161	143,872
Carrying amounts	ThUS\$										Total ThUS\$
Up to 90 days	207	168	245	11	127	1	4	23	1,512	129	2,427
90 days to 1 year	623	517	754	35	127	24	18	8	4,535	414	7,055
Liabilities under lease agreements, current	830	685	999	46	254	25	22	31	6,047	543	9,482
1-3 years	1,705	1,471	171	97	255	18	26	26	13,392	1,316	18,477
1-2 years	832	718	171	48	170	6	26	26	6,470	619	9,086
2-3 years	873	753	-	49	85	12	-	-	6,922	697	9,391
3-5 years	529	456	-	50	-	67	-	-	15,332	1,655	18,089
3-4 years	529	456	-	50	-	23	-	-	7,407	778	9,243
4-5 years	-	-	-	-	-	44	-	-	7,925	877	8,846
Over 5 years	-	-	-	-	-	172	-	-	87,005	10,647	97,824
Liabilities under lease agreements, non-current	2,234	1,927	171	147	255	257	26	26	115,729	13,618	134,390
Total liabilities under lease agreements	3,064	2,612	1,170	193	509	282	48	57	121,776	14,161	143,872

25. Trade and other payables

As of December 31, 2020, and December 31, 2019, trade and other payables are composed of the following:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Trade payables	108,776	146,974	-	-
Dividends payable	942	658	-	-
Other payables	8,010	188	12,952	17,936
Total	117,728	147,820	12,952	17,936

The main suppliers or creditors, with their respective representativeness percentages as of December 31, 2020 are:

Main creditors	%
Siemens Energy, Inc.	7.37%
GE Global Parts & Products Gmbh	5.89%
Chubb Seguros Chile S.A.	5.49%
Mapfre Cía. Seguros G. de Chile S.A.	5.25%
Comité de Operación Económica del Sur	3.21%
Transportadora de Gas del Perú S.A.	2.95%
Southbridge Cía. de Seguros Generales	2.89%
Gas Natural de Lima y Callao S.A.	2.37%
Pluspetrol Perú Corporation S.A.	2.09%
Zimmerman PV Tracker Gmbh	1.32%
Others	61.17%
	100.00%

Aging of the portfolio of trade and other payables:

Concept	Balance as of 12.31.2020	
	Current ThUS\$	Total ThUS\$
Goods	29,545	29,545
Services	74,631	74,631
Others	4,600	4,600
Subtotal	108,776	108,776
Concept	Balance as of 12.31.2019	
	Current ThUS\$	Total ThUS\$
Goods	47,764	47,764
Services	85,139	85,139
Others	14,071	14,071
Subtotal	146,974	146,974

As of December 31, 2020, the amounts payable for invoices receivable for goods and services amount to ThUS\$ 74,446; as of December 31, 2019, it amounted to ThUS\$ 82,611.

For accounts payable to suppliers, the average payment period is 15 days from the date of receipt of the invoice; as a result of this, the fair value does not differ significantly from the related carrying amount.



26. Other provisions

a. Description of provisions

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

Provisions	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
From legal proceedings	3,785	1,976	-	-
Decommissioning, restoration and rehabilitation costs Related to the environment	-	-	46,785	35,259
	25,585	24,718	-	-
<b>Total</b>	<b>29,370</b>	<b>26,694</b>	<b>46,785</b>	<b>35,259</b>

b. Movements in provisions during the period

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

Movements in provisions	From legal proceedings <sup>(1)</sup>	Decommission ing, restoration and rehabilitation costs	Related to the environment <sup>(2)</sup>	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2020	1,976	35,259	24,718	61,953
Increase in existing provisions, other provisions	1,809	11,526	25,584	38,919
Provision used, other provisions	-	-	(24,717)	(24,717)
<b>Balance as of 12.31.2020</b>	<b>3,785</b>	<b>46,785</b>	<b>25,585</b>	<b>76,155</b>

Movements in provisions	From legal proceedings <sup>(1)</sup>	Decommission ing, restoration and rehabilitation costs	Related to the environment <sup>(2)</sup>	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)
<b>Balance as of 12.31.2019</b>	<b>1,976</b>	<b>35,259</b>	<b>24,718</b>	<b>61,953</b>

<sup>(1)</sup> Provisions for differences and/or tax administrative contingencies (see note 38.c).  
<sup>(2)</sup> Corresponds to the provision for tax expense that is levied on the emissions on thermoelectric plants (Law 20.780).

c. Decommissioning

The non-current balance corresponds to the disbursement related to the decommission 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. Litigations

As of December 31, 2020, and December 31, 2019, the Company recognized provisions for litigation in accordance with IAS 37 (see note 38, letter c).

27. 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, 2020, and December 31, 2019, this caption comprises the following:

Employee benefits	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Accrued vacations, current	5,655	3,842	-	-
Performance bonus, current	11,439	10,358	-	-
Other benefits	-	373	2,398	3,796
Provision for severance indemnity payments	7,060	5,259	40,600	31,780
<b>Total</b>	<b>24,154</b>	<b>19,832</b>	<b>42,998</b>	<b>35,576</b>

b. Movements in provision during the period

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

Movements in provisions	Accrued vacations, current	Performance bonus, current	Other benefits, current	Provision for severance indemnity payments	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2020	3,842	10,358	373	5,259	19,832
Increase in existing provisions, other provisions	2,044	10,603	482	1,801	14,930
Provision used, other provisions	(231)	(9,522)	(855)	-	(10,608)
<b>Balance as of 12.31.2020</b>	<b>5,655</b>	<b>11,439</b>	<b>-</b>	<b>7,060</b>	<b>24,154</b>

Movements in provisions	Accrued vacations, current	Performance bonus, current	Other benefits, current	Provision for severance indemnity payments	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	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)
<b>Balance as of 12.31.2019</b>	<b>3,842</b>	<b>10,358</b>	<b>373</b>	<b>5,259</b>	<b>19,832</b>

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 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, 2020, 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, 2020 and December 31, 2019, this caption comprises the following:

Provision for employee benefits	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Severance indemnity payments	47,660	37,039
<b>Total</b>	<b>47,660</b>	<b>37,039</b>
Present value of the obligation for defined benefit plans	12.31.2020 MUS\$	12.31.2019 MUS\$
Opening balance as of January 1	37,039	32,813
Cost of current service	5,086	4,371
Interest cost	151	93
Foreign currency translation differences	1,969	(2,022)
Actuarial gain (loss)	4,384	5,279
Payments	(969)	(3,495)
<b>Closing balance</b>	<b>47,660</b>	<b>37,039</b>

ii) **Actuarial assumptions** - The main assumptions used for actuarial calculation purposes are as follows:

Actuarial basis used		12.31.2020	12.31.2019
Discount rate		0.20%	0.66%
Expected rate of salary increases		1.62%	1.62%
Turnover rate	Voluntary	2.20%	3.30%
	Dismissal	2.70%	5.00%
Retirement age	Men	65	65
	Women	60	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, 2020. The source of the reference rate is Chilean Central Bank.

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	
	12.31.2020 %	12.31.2019 %	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Period rate	0.20	0.66	47,660	37,039
Rate decrease by 50 b.p.	-0.30	0.16	51,428	39,971
Rate increased by 50 b.p.	0.70	1.16	44,274	34,402

**28. Other non-financial liabilities**

As of December 31, 2020, and December 31, 2019, this caption comprises the following:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Withholdings	21,375	22,504	-	-
Unearned revenue <sup>(1)</sup>	1,321	1,592	20,775	20,957
<b>Total</b>	<b>22,696</b>	<b>24,096</b>	<b>20,775</b>	<b>20,957</b>

<sup>(1)</sup> Corresponds to prepayments received related to the operations and maintenance services. Revenue is recognized when the service is rendered. Non-current balance includes ThUS\$ 8,293 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\$ 6,156 (expiration of the contract in 2028). As of December 31, 2019, such balance amounted to ThUS\$ 20,957.

**29. 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, 2020, and December 31, 2019, 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	12.31.2020	12.31.2019
No. of outstanding shares as of January 1	17,536,167,720	17,536,167,720
<b>Changes in outstanding shares</b>		
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 N° of shareholders

As of December 31, 2020, the number of shareholders is 2,910.

b. Share capital

Share capital corresponds to the paid-in capital indicated in letter a.

c. Share premium

As of December 31, 2020, and December 31, 2019, 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 30, 2020, 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 a meeting held on November 24, 2020, the Board of Directors of Colbún S.A. agreed to distribute an interim dividend charged to profits for the year ending December 31, 2020, for the total amount of ThUS\$ 81,218; corresponding to US\$ 0.00463 per share. Payment of this dividend began on December 16, 2020.

At the Shareholders' Meeting on April 30, 2020, it was approved to distribute a final dividend of ThUS\$ 110,630 corresponding to US\$ 0.00631 per share, and an eventual dividend charged to accumulated earnings of previous years for ThUS\$ 50,000, corresponding to US\$ 0.00285 per share, which began to be paid on May 12, 2020.

At the Board of Directors' Meeting held on March 31, 2020, 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\$ 110,630 corresponding to US\$ 0.00631 per share, which in addition to a provisional dividend of ThUS\$ 92,404 corresponding to US\$ 0.00527 per share, would amount to Net Distributable Profit for 2019 of ThUS\$ 203,045; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$ 50,000, corresponding to US\$ 0.00285 per share.

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 corresponding to US\$0.00890 per share, which in addition to a provisional dividend of ThUS\$84,236 corresponding to US\$0.00480 per share, would amount to Net Distributable Profit for 2018 of ThUS\$240,350; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$100,000, corresponding to US\$0.00570 per share.

At the Shareholders' Meeting held on April 25, 2019, the directors agreed to distribute a final dividend of ThUS\$ 156,114 corresponding to US\$ 0.00890 per share, and a provisional dividend recognized in retained earnings from prior periods of ThUS\$ 100,000 corresponding to US\$ 0.00570 per share, which was paid starting on 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, corresponding 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	12.31.2020 ThUS\$	12.31.2019 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	400,112	413,304
Revaluation of deferred taxes	(108,361)	(111,658)
Merger reserve	174,967	193,993
Affiliate translation effects	(40,658)	(41,174)
Subsidiaries' reserve	(12,051)	(12,051)
Hedging reserve	8,819	13,194
Affiliate hedging effects	131	145
<b>Total</b>	<b>709,779</b>	<b>742,573</b>

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, 2020, and December 31, 2019, changes in reserves for retained earnings are detailed as follows:

Distributable retained earnings	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Opening balance as of January 1	1,458,332	1,550,677
Profit or loss for the year	162,893	203,047
Effect of actuarial profit (loss)	(2,893)	(4,248)
Dividends	(232,970)	(321,551)
Realized retained earnings	28,922	30,407
<b>Total distributable retained earnings</b>	<b>1,414,284</b>	<b>1,458,332</b>

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, 2020, and December 31, 2019, the indebtedness level detailed is as follows:

	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total liabilities</b>	<b>3,048,499</b>	<b>2,969,715</b>
Total current liabilities	306,532	338,298
Total non-current liabilities	2,741,967	2,631,417
<b>Total equity</b>	<b>3,585,368</b>	<b>3,735,635</b>
Equity attributable to the Parent	3,459,451	3,536,293
Non-controlling interest	125,917	199,342
<b>Indebtedness ratio</b>	<b>0.85</b>	<b>0.79</b>

The Company should report the compliance of commitments entered with financial institutions on a quarterly basis. As of December 31, 2020, the Company complies with all the financial indicators required in such contracts (See note 39).

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.

	12.31.2020	12.31.2019
Profit (loss) attributable to shareholders of the Parent (ThUS\$)	162,893	203,047
Profit (loss) available for common shareholders, basic (ThUS\$)	162,893	203,047
Weighted average number of shares, basic (No. of shares)	17,536,167,720	17,536,167,720
<b>Basic earnings per share (U.S. dollars per share)</b>	<b>0.00929</b>	<b>0.01158</b>

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)	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Shareholders of the Parent</b>	<b>162,893</b>	<b>203,047</b>
Cash flow for the year charged to prior years	-	-
Effect on unrealized finance income that generated no cash flows	-	-
<b>Net cash flow for the year</b>	<b>-</b>	<b>-</b>
<b>Net distributable profit</b>	<b>162,893</b>	<b>203,047</b>
<b>Mandatory minimum dividend</b>	<b>81,447</b>	<b>101,524</b>

### 30. Revenue

For the periods ended December 31, 2020, and 2019, this caption comprises the following:

	January - December	
	2020 ThUS\$	2019 ThUS\$
Regulated customer sales	438,374	580,661
Unregulated customer sales	698,794	687,351
Toll charges	54,842	61,172
Spot market sales	131,216	121,631
Other income	25,642	36,573
<b>Total</b>	<b>1,348,868</b>	<b>1,487,387</b>

### 31. Raw materials and consumable

For the periods ended December 31, 2020, and 2019, this caption comprises the following:

	January - December	
	2020 ThUS\$	2019 ThUS\$
Oil consumption (see Note 13)	(9,523)	(12,601)
Gas consumption (see Note 13)	(245,413)	(337,284)
Coal consumption (see Note 13)	(70,351)	(73,646)
Purchase of energy and capacity	(54,098)	(64,930)
Toll charges	(112,760)	(120,145)
Third-party work and supplies	(83,651)	(83,378)
<b>Total</b>	<b>(575,796)</b>	<b>(691,984)</b>

### 32. Employee benefits expenses

For the periods ended December 31, 2020, and 2019, this caption comprises the following (see note 3.1.m. and 3.1.o.):

	January - December	
	2020 ThUS\$	2019 ThUS\$
Salaries and wages	(52,075)	(57,499)
Short-term employee benefits	(5,224)	(5,986)
Severance indemnity payments	(5,985)	(5,277)
Other personnel expenses	(2,073)	(5,590)
<b>Total</b>	<b>(65,357)</b>	<b>(74,351)</b>

### 33. Depreciation and amortization expenses

For the periods ended December 31, 2020, and 2019, this caption comprises the following:

	January - December	
	2020 ThUS\$	2019 ThUS\$
Depreciation (see Note 18.b)	(229,236)	(233,179)
Depreciation right-of-use assets (see note 19.b)	(12,752)	(12,528)
Amortization of intangible assets (see Note 17.b)	(4,627)	(4,815)
<b>Total</b>	<b>(246,615)</b>	<b>(250,522)</b>

### 34. Total finance income and finance cost

For the periods ended December 31, 2020, and 2019, this caption comprises the following:

Income (loss) from investments	January - December	
	2020 ThUS\$	2019 ThUS\$
Income on cash and other cash equivalents	11,242	22,115
<b>Total finance income</b>	<b>11,242</b>	<b>22,115</b>
Finance cost	January - December	
	2020 ThUS\$	2019 ThUS\$
Expenses on bonds	(65,745)	(67,931)
Interest expense for lease liabilities <sup>(1)</sup>	(9,077)	(9,563)
Expense incurred for financial provisions	(9,865)	(8,491)
Borrowing costs	(2,666)	(2,139)
Income/expense on the valuation of net financial derivatives	(2,265)	(2,104)
Other expenses (bank expenses)	(396)	(401)
Other expenses (commissions)	(610)	(439)
Capital financial expenses (see note 18.c.iv)	165	-
<b>Total finance cost</b>	<b>(90,459)</b>	<b>(91,069)</b>
<b>Total finance income and finance costs</b>	<b>(79,217)</b>	<b>(68,954)</b>

<sup>(1)</sup> Leases recognized under IFRS 16

35. Foreign currency translation and income (expense) from inflation-adjusted units

The items that originate the effects on income for the concepts of foreign currency translation and inflation-adjusted units are detailed below:

a. Foreign currency translation difference

Foreign currency translation difference	Currency	January - December	
		2020 ThUS\$	2019 ThUS\$
Cash and cash equivalents	Ch\$	8,882	(4,110)
Cash and cash equivalents	PEN	(1,195)	653
Trade and other receivables	Ch\$	49	(3,890)
Trade and other receivables	PEN	(1,060)	95
Current tax assets	Ch\$	9,029	(797)
Current tax assets	PEN	(1,093)	243
Other non-financial assets, non-current	Soles	1,308	(1,204)
Other non-financial assets, non-current	Ch\$	(132)	12
Foreign currency translation difference - assets		15,788	(8,998)
Other financial liabilities, current	UF	(6,326)	1,310
Other financial liabilities, current	PEN	227	(64)
Trade and other payables	Ch\$	(581)	(3,004)
Trade and other payables	PEN	53	(19)
Other non-financial liabilities	Ch\$	(57)	(155)
Provisions for employee benefits	Ch\$	(3,379)	3,754
Foreign currency translation difference - liabilities		(10,063)	1,822
Total foreign currency translation difference		5,725	(7,176)

36. Income (expense) from investments accounted for using the equity method

Income from investments accounted by equity method for the years ended December 31, 2020 and 2019 respectively, are presented in the following breakdown:

Net interest in affiliates' income	January - December	
	2020 ThUS\$	2019 ThUS\$
Electrogas S.A.	8,149	8,113
Transmisora Eléctrica de Quillota Ltda.	1,801	989
Total	9,950	9,102

37. Other gains (losses)

For the periods ended December 31, 2020, and 2019, this caption comprises the following:

Other gains	January - December	
	2020 ThUS\$	2019 ThUS\$
Insurance	21,280	-
Other income	8,350	2,845
Total other gains	29,630	2,845
Other losses	January - December	
	2020 ThUS\$	2019 ThUS\$
Emissions of thermoelectric plants <sup>(1)</sup>	(13,362)	(13,625)
Sale of Antilhue shares	-	(12,354)
Comission for prepayment of Bond <sup>(2)</sup>	(17,391)	-
Disposal of property, plant and equipment	(27,000)	(8,805)
Impairment of unused water rights patents	(4,517)	(4,332)
Donations and community contributions	(3,720)	(2,774)
Inventory obsolescence	(3)	(2,267)
Calidda leasing	-	(2,247)
Decommissing cost	(1,350)	(1,345)
Impairment of other projects	-	(49,671)
Impairment CGU Perú <sup>(3)</sup>	(179,615)	-
Impairment of water rights	-	(175)
Loss from derivativa contracts	(354)	(969)
Litigation-related legal fees	(1,153)	(783)
Write-offs and fines	(60)	(539)
Allowance for doubtful customers	(2,230)	(210)
Other	(19,011)	(12,095)
Total other losses	(269,766)	(112,191)
Total other gains (losses)	(240,136)	(109,346)

<sup>(1)</sup> Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

<sup>(2)</sup> Corresponds to the prepaid tender premium of the 2024 Bond for ThUS\$ 14,306 and adjustments for capitalized expenses of the 2024 Bond for US\$ 3.084.

<sup>(3)</sup> Impairment of the assets of the subsidiary Fenix Power Perú S.A. (see Note 5.b)



38. Guarantees with third parties and contingent assets and liabilities

a. Guarantees with third parties

a.1 Direct guarantees: As of December 31, 2020, the Company has provided direct guarantees for ThUS\$ 48,648.

Assets committed			Outstanding balance	
Type of guarantee	Currency	Carrying amount	12.31.2020	12.31.2019
			ThUS\$	ThUS\$
Performance bond	Ch\$	1,262,873,136	1,776	1,681
Performance bond	US\$	25,707,251	25,707	20,347
Performance bond	UF	517,616	21,165	25,344
Guarantee check	UF	167	7	-
Total			48,655	47,372

b. Third-party guarantees

b.1 Current guarantees denominated in U.S. dollars as of December 31, 2020

Deposited by	Relationship	Total ThUS\$
GE Energy Parts Inc.	Suppliers	15,000
Enercon Gmbh	Suppliers	13,000
Trina Solar (Chile) SpA	Suppliers	7,194
TSGF SpA	Suppliers	5,785
Ingeniería Agrosonda SpA	Suppliers	5,099
Consorcio Isotron Sacyr S.A.	Suppliers	1,059
Cía. General de Electricidad S.A.	Suppliers	797
ABB Ltda.	Suppliers	594
Rhona S.A.	Suppliers	282
Abengoa Chile S.A.	Suppliers	200
Andritz Hydro S.R.L.	Suppliers	200
B.Bosch S.A.	Suppliers	200
Ingeniería y Construcción Sigdo Koppers S.A.	Suppliers	200
Inprolec S.A.	Suppliers	200
Kipreos Ingenieros S.A.	Suppliers	200
Pine SpA	Suppliers	176
HMV Chile	Suppliers	169
Siemens Energy SpA	Suppliers	142
Sieyuan Electric Co. Ltd.	Suppliers	75
Generadores Mexicanos S.A. de C.V.	Suppliers	44
Ing. y Ases. en Computación y Comunicación Neosecure S.A.	Suppliers	37
Tadeo Czerweny S.A.	Suppliers	21
Serv. de Respaldo de Energía Técnica Ltda.	Suppliers	18
Reliable Energy Ingeniería Ltda.	Suppliers	8
Sistemas Eléctricos Ingeniería y Servicios S.A.	Suppliers	6
Reivax S.A.	Suppliers	5
Total		50,711

b.2 Current guarantees denominated in Euros as of December 31, 2020

Deposited by	Relationship	Total ThUS\$
Zimmermannn Pv-Stahlban Gmbh	Suppliers	5,526
SMA Solar Technology AG	Suppliers	1,681
Andritz Hydro S.R.L.	Suppliers	606
Andritz Chile Ltda.	Suppliers	22
Total		7,835

b.3 Current guarantees denominated in Chilean pesos as of December 31, 2020

Deposited by	Relationship	Total ThUS\$
Siemens S.A.	Suppliers	373
Vecchiola Ingeniería y Construcción S.A.	Suppliers	255
Serv. Logísticos Vizcal Ltda.	Suppliers	77
SG Ingeniería Eléctrica Ltda.	Suppliers	68
Konecranes Chile SpA	Suppliers	22
XPE Consult SpA	Suppliers	21
Resiter Industrial S.A.	Suppliers	16
Jaime Fuente y Cía. Ltda.	Suppliers	15
Dimetales SpA	Suppliers	12
Sodexo Chile SpA	Suppliers	12
Vigaflow S.A.	Suppliers	12
Andritz Metaliza S.A.	Suppliers	9
ST Ingeniería y Construcción SpA	Suppliers	9
Laboratorio Hidrolab S.A.	Suppliers	7
Consultora y Constructora de Proyectos de Ingeniería Sergio Pereira EIRL	Suppliers	4
Ximena M. Soto Orellana	Suppliers	4
Imahf S.A.	Suppliers	3
Serv. Industriales Cordillera SpA	Suppliers	3
Máximo E. Sanhueza Manríquez	Suppliers	2
Serv. Vortex SpA	Suppliers	1
MV Servicios para la Construcción Ltda.	Suppliers	1
Hidrosimm SpA	Suppliers	1
Total		927

b.4 Current guarantees denominated in Inflation-adjusted units as of December 31, 2020

Deposited by	Relationship	Total ThUS\$
Contract Chile S.A.	Suppliers	1,541
Ingeniería Agrosonda SpA	Suppliers	1,462
Serv. Industriales Ltda.	Suppliers	251
Echeverría Izquierdo Montajes Industriales S.A.	Suppliers	204
Elecnor Chile S.A.	Suppliers	204
Empresa de Montajes Industriales Salfa S.A.	Suppliers	204
Ingeniería y Construc. Sigdo Koppers S.A.	Suppliers	204
Strabag SpA	Suppliers	204
Algoritmos y Mediciones Ambientales SpA	Suppliers	189
Andritz Chile Ltda.	Suppliers	121
ODR Ingeniería y Montajes Ltda.	Suppliers	86
Transportes Bretti Ltda.	Suppliers	81
Marcelo Javier Urrea Caro EIRL	Suppliers	54
Securitas S.A.	Suppliers	51
MV Servicios para la Construcción Ltda.	Suppliers	46
Soluciones Modulares Cn S.A.	Suppliers	43
Universidad de Concepción	Suppliers	43
Soc. Comercial San Cristóbal Ltda.	Suppliers	42
OHL Servicios Ingesan S.A. Agencia en Chile	Suppliers	41
Latinamericana Serv. de Ingeniería y Construcción Ltda.	Suppliers	39
Vigatec S.A.	Suppliers	38
Constructora Javag SpA	Suppliers	36
Soc. Comercial Camin Ltda.	Suppliers	35
Conecta Ingeniería S.A.	Suppliers	29
Buses Ahumada Ltda.	Suppliers	28
Dragatec S.A.	Suppliers	28
Serv. Industriales Warner SpA	Suppliers	26
Mario Francisco Segura Caballero	Suppliers	26
Transportes José Carrasco Retamal EIRL	Suppliers	24
Serv. Emca SpA	Suppliers	24
Integración de Tecnologías Ltda.	Suppliers	23
Sodexo Chile SpA	Suppliers	21
MYA Chile Soluciones contra Incendio e Industriales Ltda.	Suppliers	19
ISS Facility Services S.A.	Suppliers	19
Barlovento Chile Ltda.	Suppliers	18
Aguasin SpA	Suppliers	17
Serv. Industriales Euroambiente Ltda.	Suppliers	16
Soc. de Transportes Turismos e Invers.	Suppliers	14
WSP Ambiental S.A.	Suppliers	13
Constructora Gómez Salazar Ltda.	Suppliers	10
Atco Sabinco S.A.	Suppliers	10
Comercial e Industrial Co-OI Ltda.	Suppliers	10
Tecno Fast S.A.	Suppliers	10
Soc. Comercial y de Inversiones Conyser Ltda.	Suppliers	10
Siemens S.A.	Suppliers	10
Mantenición de Jardines Arcoiris Ltda.	Suppliers	9
Woss SpA	Suppliers	6
Total		5,639



Fenix Power Perú S.A.

b. Current guarantees denominated in Peruvian soles as of December 31, 2020

Deposited by	Relationship	Total ThUS\$
Empresa Regional de Serv. Público del Oriente S.A.	Suppliers	1,624
Procarvi S.A.	Suppliers	40
Busser SAC	Suppliers	29
J&V Resguardo SAC	Suppliers	28
Laub & Quijandria Consultores	Suppliers	4
People Intermediacion SAC	Suppliers	4
Total		1,729

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, 2020, 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.

As of December 31, 2020, the case 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 alleged in the TAV and on March 31, 2020, the TAM rejected the case file, ordering the SMA to issue the corresponding resolution. The SMA filed a new appeal against this judgment on the Supreme Court, which was rejected as inadmissible. It would correspond, according to the procedural rules, to comply with the ruling of the TAV and the SMA should formulate, during the next months, charges again in this procedure. This process is expected to end in acquittal, compliance plan or fine, according to law.

As of December 31, 2020, the SMA has not filed new charges.

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 processes are at the end of their discussion stage, with the parties having submitted their respective demands and responses.

The Court summoned the parties to the conciliation stage provided for in the bases but this was not achieved, and then the Court set the points of proof and suspended the probation period in accordance with the law in force. It is expected that the evidence will be rendered as of the next December.

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.

4.- Arbitration against CGE

On December 18, 2020, by filing the corresponding lawsuit, Colbún has initiated the arbitration procedure provided for in the Electricity Purchase Agreement with CGE, to resolve the difference between the parties, in the sense that this distributor discounted at its discretion and without legal or contractual basis, the invoices for April, May and July approximately Ch\$ 2,800 million, alleging that its final clients had not paid it as a consequence of the current pandemic.

Based on the background and expert opinions available at this date, Management reasonably estimates a favorable result and that ultimately the client should pay all of the amounts involved.

39. Commitments

Commitments entered 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, 2020, the Company complies with all the financial indicators required in such contracts, the detail of which are as follows:

Covenants	Status	12.31.2020	Term
Local market bonds			
EBITDA/Net finance costs	> 3,0	8.62	jun-2029
Indebtedness ratio	< 1,2	0.85	jun-2029
Minimum equity	> ThUS\$ 1.348.000	ThUS\$ 3,459,451	jun-2029

Calculation methodologies

Concept	Account	Amount as of 12.31.2020	
Equity	Total equity	ThUS\$	3,585,368
Net equity	Total equity - Non-controlling interests	ThUS\$	3,459,451
Minimum equity	Total equity - Non-controlling interests	ThUS\$	3,459,451
Total liabilities	Total current liabilities + Total non-current liabilities	ThUS\$	3,048,524
Indebtedness ratio	Total liabilities / Equity		0.85
Ebitda <sup>(*)</sup>	Revenue - Raw materials and consumables - Employee benefit expenses - other expenses by nature	ThUS\$	682,512
Net financial costs <sup>(*)</sup>	Finance costs - Finance income	ThUS\$	79,217

(\*) 12 trailing months

40. Environment

The Group's companies on which disbursements associated with environment have been made are: Colbún S.A. and Fenix Power Perú S.A.

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:

Photovoltaic Solar Projects Diego de Almagro Sur I and II : Photovoltaic solar power plant located in the Atacama Region, approximately 27 kilometers south of Diego de Almagro, considering an approximate power of 220MW and an average annual generation of approximately 615 GWh. These projects have their Environmental Impact Study approved.

The construction phase of the project began during the month of September with the closure of the perimeter and roads.

Puente Negro S/E Expansion: Expansion of the Puente Negro electrical substation in the O'Higgins Region.

The project is 96% complete.

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.

Photovoltaic Solar Project Machicura: located in the Colbún area, at the foot of the Machicura reservoir, with an estimated power of 11.3 MW. The construction phase of the project began during the month of December 2020 with the perimeter closure and leveling of the land.

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, 2020, and December 31, 2019, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:



Accrued expenses as of 12.31.2020

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
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Expense	401	dic-20
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Expense	508	dic-20
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Expense	284	dic-20
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Expense	9	dic-20
Colbún S.A.	Quileco	Environmental Management of Power Plant	Expense	Expense	134	dic-20
Colbún S.A.	Los Quílos	Environmental Management of Power Plant	Expense	Expense	203	dic-20
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	109	dic-20
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Expense	166	dic-20
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Expense	86	dic-20
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Expense	191	dic-20
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Expense	77	dic-20
Colbún S.A.	Homitos	Environmental Management of Power Plant	Expense	Expense	69	dic-20
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Expense	35	dic-20
Total					2,272	

Future expenses as of 12.31.2020

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
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Cost	45	mar-21
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	1	mar-21
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	12	mar-21
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	1	mar-21
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	21	mar-21
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	2	mar-21
Colbún S.A.	Quileco	Environmental Management of Power Plant	Expense	Cost	4	mar-21
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	5	mar-21
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	4	mar-21
Total					95	

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
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	557	dic-19
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	505	dic-19
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	458	dic-19
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	277	dic-19
Colbún S.A.	Quileco	Environmental Management of Power Plant	Expense	Cost	235	dic-19
Colbún S.A.	Los Quílos	Environmental Management of Power Plant	Expense	Cost	222	dic-19
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Power Plant	Expense	Cost	213	dic-19
Colbún S.A.	Candelaria	Environmental Management of Parent	Expense	Cost	199	dic-19
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	172	dic-19
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	158	dic-19
Colbún S.A.	Zona Maule	Environmental Management of Parent	Expense	Cost	156	dic-19
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	114	dic-19
Colbún S.A.	Antihue	Environmental Management of Power Plant	Expense	Cost	81	dic-19
Colbún S.A.	Homitos	Environmental Management of Power Plant	Expense	Cost	77	dic-19
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	32	dic-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
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	48	mar-20
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	43	mar-20
Colbún S.A.	Antihue	Environmental Management of Power Plant	Expense	Cost	18	mar-20
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	16	mar-20
Colbún S.A.	Candelaria	Environmental Management of Parent	Expense	Cost	13	mar-20
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	12	mar-20
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	12	mar-20
Colbún S.A.	Los Quílos	Environmental Management of Power Plant	Expense	Cost	8	mar-20
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Power Plant	Expense	Cost	6	mar-20
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	4	mar-20
Colbún S.A.	Quileco	Environmental Management of Power Plant	Expense	Cost	3	mar-20
Colbún S.A.	Homitos	Environmental Management of Power Plant	Expense	Cost	3	mar-20
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	2	mar-20
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	2	mar-20
Total					196	

Disbursements in Peru

Accrued expenses as of 12.31.2020

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	191	dic-20
Total					191	

Future expenses as of 12.31.2020

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	36	mar-21
Total					36	

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	dic-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	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	-	mar-20
Total					-	

41. Events occurred after the date of the financial position

At the meeting held on January 26, 2021, the Company's Board of Directors approved the consolidated financial statements as of December 31, 2020, prepared in accordance with International Financial Reporting Standards (IFRS), issued by the IASB.

On January 20, Colbún reached an agreement with Goldman Sachs, pursuant to which the Company will gradually sell the accounts receivable generated by the rate stabilization mechanism (Law No. 21,185), for a total amount of approximately US\$ 95 million. Additionally, Colbún reported that it is in advanced negotiations with the Inter-American Development Investment Corporation to participate in the financing of the acquisition of a part of the aforementioned accounts receivable.

No other subsequent events have occurred between January 1, 2021, and the date of issuance of these Financial Statements.



42. Foreign currency

The detail of Assets and Liabilities in foreign currency with effect on the result for exchange difference is as follows:

Assets	Foreign currency	Currency	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total current assets</b>				
Cash and cash equivalents	Ch\$	US\$	79,005	44,043
Cash and cash equivalents	Euro	US\$	2,042	332
Cash and cash equivalents	PEN	US\$	7,124	6,363
Other non-financial assets, current	Ch\$	US\$	19,802	3,286
Trade and other receivables, current	Ch\$	US\$	155,915	189,016
Trade and other receivables, current	PEN	US\$	24,992	27,136
Trade receivables due from related parties, current	Ch\$	US\$	12	11
Current tax assets	Ch\$	US\$	11	214
Current tax assets	PEN	US\$	3,910	3,693
<b>Total current assets</b>			<b>292,813</b>	<b>274,094</b>
<b>Non-current assets</b>				
Other non-financial assets, non-current	Ch\$	US\$	5,737	4,588
Trade and other receivables, non-current	Ch\$	US\$	-	17,148
<b>Total non-current assets</b>			<b>5,737</b>	<b>21,736</b>
<b>Total assets</b>			<b>298,550</b>	<b>295,830</b>
Liabilities	Foreign currency	Currency	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total current liabilities</b>				
Other financial liabilities, current	UF	US\$	221	-
Other financial liabilities, current	UF	US\$	14,326	15,776
Lease liabilities, current	UF	US\$	1,988	-
Trade and other payables	Ch\$	US\$	105,176	106,886
Trade and other payables	PEN	US\$	12,552	12,899
Payables due to related parties, current	Ch\$	US\$	31	644
Other current provisions	Ch\$	US\$	29,370	804
Provisions for employee benefits, current	Ch\$	US\$	22,688	18,244
Provisions for employee benefits, current	PEN	US\$	1,319	1,588
Other non-financial liabilities, current	Ch\$	US\$	21,229	30,665
Other non-financial liabilities, current	PEN	US\$	1,382	572
<b>Total current liabilities</b>			<b>210,282</b>	<b>188,078</b>
<b>Non-current liabilities</b>				
Other financial liabilities, non-current	Ch\$	US\$	218	-
Other financial liabilities, non-current	UF	US\$	41,225	52,442
Lease liabilities, non-current	UF	US\$	2,844	-
Provisions for employee benefits, non-current	Ch\$	US\$	42,998	35,576
Other non-financial liabilities, non-current	Ch\$	US\$	9,952	14,936
<b>Total non-current liabilities</b>			<b>97,237</b>	<b>102,954</b>
<b>Total liabilities</b>			<b>307,519</b>	<b>291,032</b>

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 29, letter e).

Maturity profile of other financial liabilities in foreign currency

As of December 31, 2020	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	Ch\$	US\$	49	152	218	-	-	419
Other financial liabilities	UF	US\$	20	14,326	10,993	10,993	19,239	55,571
<b>Total</b>			<b>69</b>	<b>14,478</b>	<b>11,211</b>	<b>10,993</b>	<b>19,239</b>	<b>55,990</b>

As of December 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
<b>Total</b>			<b>758</b>	<b>15,018</b>	<b>21,773</b>	<b>11,187</b>	<b>22,842</b>	<b>71,578</b>

43. Headcount (unaudited)

As of December 31, 2020, and 2019, this caption comprises the following:

	No. of employees					
	12.31.2020			12.31.2019		
	Chile	Peru	Total	Chile	Peru	Total
Managers and main executives	82	9	91	71	8	79
Professionals and technical staff	717	73	790	623	66	689
Other	244	21	265	255	18	273
Total	1,043	103	1,146	949	92	1,041
Average of the year	1,029	95	1,124	970	90	1,060

44. Exhibit 1 Additional information required for XBRL taxonomy

This exhibit forms an integral part of the Company's consolidated financial statements.

Fees for external auditors

As of December 31, 2020, and 2019, this caption comprises the following:

Concept	January - December	
	2020 ThUS\$	2019 ThUS\$
Audit services	335	347
Tax services	6	4
Other services	307	89
Auditor's fees	648	440

\*\*\*\*\*



# Earning Report As of December 31, 2020

## 1. HIGHLIGHTS

### Main Figures at a Consolidated Level:

■ ■ ■ **Operating Income** for the first quarter of 2021 (1Q21) amounted to **US\$335.6 million**, decreasing 2% compared to the operating income recorded in the first quarter of 2020 (1Q20) mainly explained by (1) lower physical sales in the spot market due to a lower generation recorded during the quarter and (2) lower physical sales to regulated clients as a result of a diminished demand caused by the pandemic.

■ ■ ■ Consolidated **EBITDA** in 1Q21 reached **US\$137.4 million**, decreasing 20% compared to the US\$172.3 million EBITDA in 1Q20, mainly explained by (1) the higher raw materials and consumables used costs mainly due to higher generation with diesel and purchases in the spot market at a marginal cost higher than 1Q20 (US\$77/MWh vs US\$51/MWh) explained by lower hydroelectric generation and less gas availability; (2) lower operating income recorded during the period, and (3) higher personnel expenses in USD as a result of the appreciation of exchange rate compared to 1Q20.

■ ■ ■ **Non-operating result** in 1Q21 recorded losses of **US\$43.9 million**, lower than the losses of US\$49.4 million in 1Q20. The lower losses are mainly explained by lower “Other losses” recorded in 1Q20 associated to the premium paid for the prepayment of the 2024 Bond “144-A” maturing in 2024 of US\$17 million. This effect was partially offset by the recording of financial cost on “Other losses” line, related to the selling of the first group of accounts receivables generated by the energy price stabilization mechanism (PEC) of US\$14.2 million.

■ ■ ■ In 1Q21 **tax expenses** of **US\$79.3 million** were recorded, compared to the tax expenses of US\$21.9 million in 1Q20. The higher tax expense in 1Q21 is mainly explained by a deferred tax recognition of US\$64.5 million, associated with Colbún Transmisión S.A sale announcement and correspond to the tax applied to the difference between book value and tax value of the investment.

■ ■ ■ In 1Q21, the Company recorded **losses** of **US\$41.2 million**, compared to the profit of US\$40.5 million in 1Q20. The losses of the quarter are mainly explained by (1) the higher tax expenses and (2) the lower gross profit previously mentioned.



### Highlights of the quarter:

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■ ■ ■ Regarding the **COVID-19 pandemic contingency**, the Company's power plants are operating normally and Colbún has taken actions considering two priority focuses: (1) to protect the health of workers, collaborators, suppliers and our surrounding communities and (2) to ensure the continuity and security of the energy supply. Regarding the impact of COVID-19 on energy demand, there is still uncertainty about the magnitude and length of this contingency. Energy demand in Chile decreased approximately 0,1% during 1Q21 compared to 1Q20 and 0.6% during the last twelve months, while in Peru, there was an increase of approximately 2.5% during the quarter and a decrease of 6,0% during the last twelve months.

■ ■ ■ On February 6, Colbún sold to Chile Electricity PEC SpA the first group of accounts receivables associated to the energy price stabilization mechanism, Law 21,185. On April 1, the sale of the second group of accounts receivables was completed. As a whole, these sales comprised accounts receivable for a nominal value of US\$84.1 million. It should be noted that the differential between the nominal amount of the accounts receivables sold and the purchase price will be recorded as "Other losses" for fiscal year 2021. In the first quarter of 2021, US\$14.2 million were recorded for this concept associated with the first sales of accounts receivables.

■ ■ ■ On March 11, Colbún was included for the first time in The Sustainability Yearbook 2021, a yearbook that groups together the 15% of the companies in each industry with the best score in the Dow Jones Sustainability Index, and groups the companies with the best evaluation in sustainability matters, including economic, social and environmental management, as well as corporate governance aspects of the companies.

■ ■ ■ In order to simplify the presentation of the equity composition in the Financial Statements of Fenix Power Subsidiary, during March 2021, the accumulated losses for US\$171.5 million from previous years were capitalized. It should be noted this adjustment has no impact at the equity level.

■ ■ ■ On March 30, Colbún announced the sale of its subsidiary Colbún Transmisión S.A. to Alfa Desarrollo SpA, 80% controlled by APG Energy and Infra Investments and 20% by Celeo Redes. The closing of the transaction and the transfer of the shares are subject to certain customary conditions for this type of transaction. The sale price reached US\$1,295 million, which may experience variations due to the application of the adjustments stipulated in the respective contract, which are usual for this type of transaction. This operation is estimated to have a positive effect on income before taxes of US\$930 million.

### Subsequent events:

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■ ■ ■ On May 12, dividends were paid for a total of US\$246.3 million. This payment is comprised of (1) a definitive dividend for US\$81.7 million, and (2) an eventual dividend, charged to the profits of previous years, for US\$164.6 million. Based on the above and considering the US\$81.2 million paid in December 2020 as a provisional dividend, the total distribution of dividends reached US\$327.5 million.

## 2. PHYSICAL SALES AND GENERATION BALANCE

### 2.1. Physical sales and generation balance in Chile

Table 1 shows a comparison between physical energy and capacity sales, and generation in 1Q20 and 1Q21.

**Table 1:** Physical sales and generation in Chile

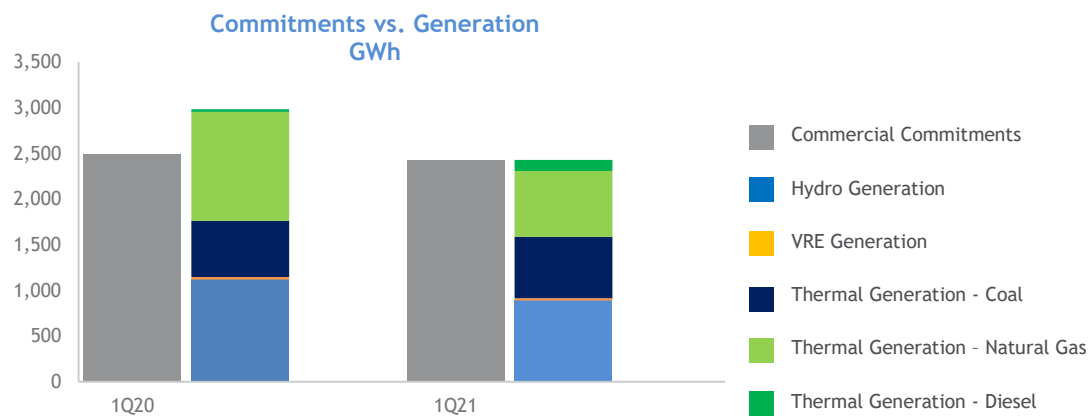
Sales	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
<b>Total Physical Sales (GWh)</b>	<b>2,895</b>	<b>2,523</b>	<b>(13%)</b>
Regulated Clients	788	726	(8%)
Unregulated Clients	1,706	1,699	(0%)
Sales to the Spot Market	400	98	(75%)
<b>Capacity Sales (MW)</b>	<b>1,390</b>	<b>1,247</b>	<b>(10%)</b>
Generation	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
<b>Total Generation (GWh)</b>	<b>2,984</b>	<b>2,428</b>	<b>(19%)</b>
Hydraulic	1,120	887	(21%)
Thermal	1,838	1,513	(18%)
Gas	1,190	722	(39%)
Diesel	31	119	278%
Coal	617	672	9%
VRE	26	28	5%
Wind Farm*	20	21	9%
Solar	7	6	(5%)
<b>Spot Market Purchases (GWh)</b>	<b>0</b>	<b>174</b>	<b>-</b>
<b>Sales - Purchases to the Spot Market (GWh)</b>	<b>400</b>	<b>(76)</b>	<b>-</b>

(\*): 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 **2,523 GWh** during 1Q21, decreasing 13% compared to 1Q20, due to lower sales to the spot market, mainly explained by the lower gas and hydroelectric generation registered during the quarter.

■ ■ ■ On the other hand, quarterly **generation** decreased 19% compared to 1Q20, mainly due to (i) a lower gas generation (-468 GWh) driven by a lower LNG import and lower availability of Argentinean gas compared to 1Q20. The decision to import less LNG is explained by the expectations of hydrological availability based on the thaw forecast made by the CNE, which was well above the actual availability and (2) a lower hydro generation (-233 GWh) explained by less favorable hydrological conditions compared to 1Q20. These effects were partially offset by higher generation based on diesel (+87 GWh) and coal (+55 GWh).

■ ■ ■ The **spot market balance** during the quarter recorded net purchases of 76 GWh, compared to the net sales of 400 GWh recorded in 1Q20. The difference is mainly explained by the lower generation during the quarter.



■ ■ ■ **Generation Mix in Chile:** As of Mar21, the hydrological year (Apr21-Mar22) presented lower rainfalls compared to an average year in the main SEN basins, being the basins that present deficits: Aconcagua: -24%; Maule: -19%; Laja: -8%; Biobío: -14% and Chapo -11%. Average marginal cost measured in Alto Jahuel increased compared to 1Q20, averaging US\$77/MWh in 1Q21, compared to US\$51/MWh.

SEN Generation	Quarterly Figures		Var % T/T
	1Q20	1Q21	
<b>Total Generación (GWh)</b>	<b>19,931</b>	<b>19,917</b>	<b>(0%)</b>
Hydraulic	4,835	4,349	(10%)
Gas Thermal	4,139	3,060	(26%)
Diesel Thermal	134	671	402%
Coal Thermal	7,142	7,196	1%
Wind Farm	1,140	1,444	27%
Solar	1,935	2,575	33%
Others	606	622	3%



## 2.2. Physical sales and generation balance in Peru

Table 2 shows a comparison between physical energy and capacity sales and generation in 1Q20 and 1Q21.

**Table 2:** Physical sales and generation in Peru

Sales	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
Total Physical Sales (GWh)	515	561	9%
Costumers under Contract	515	509	(1%)
Sales to the Spot Market	-	52	-
Capacity Sales (MW)	558	560	0%
Generation	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
Total Generation (GWh)	343	521	52%
Gas	343	521	52%
Spot Market Purchases (GWh)	186	58	(69%)
Sales - Purchases to the Spot Market (GWh)	(186)	(6)	-

■ ■ ■ **Physical sales** during 1Q21 reached 561 GWh, increasing 9% compared to 1Q20. The higher physical sales are mainly explained by the higher sales to the spot market as a result of the higher generation of the plant during the quarter associated with (1) the preventive maintenance of the TG12 gas turbine carried out during 1Q20 and (2) the COES request to stop operating as a result of the decrease in demand registered in Perú after the State of Emergency decree in March 2020 in order to face the COVID-19 pandemic.

■ ■ ■ On the other hand, Fenix **thermal generation** reached 521 GWh, increasing 52% compared to 1Q20 mainly due to the same reasons that explain the lower physical sales registered during the quarter.

■ ■ ■ The **balance in the spot market** recorded net purchases for 6 GWh, compared to the net purchases for 186 GWh during the same quarter of the previous year, due to the higher generation registered in the period for the same reasons explained above.

■ ■ ■ **Generation mix in Peru:** Hydroelectric generation in the SEIN (National Interconnected Electrical System) decreased 0.4% compared to 1Q20 due to less favorable hydrological conditions recorded during the period. On the other hand, thermal generation increased 7.6% during 1Q21 compared to 1Q20, mainly due to a higher energy demand from the system.

The accumulated energy demand growth rate as of 1Q21 was 2.5%, mainly due to the recovery of the system demand.

## 3. INCOME STATEMENT ANALYSIS

Table 3 presents a summary of the Consolidated Income Statement in 1Q20 and 1Q21.

**Table 3:** Income Statement (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
OPERATING INCOME	342.6	335.6	(2%)
Regulated Customers Sales	114.7	107.7	(6%)
Unregulated Customers Sales	168.5	166.8	(1%)
Energy and Capacity Sales	37.9	27.4	(28%)
Transmission Tolls	15.1	26.0	72%
Other Operating Income	6.3	7.7	21%
RAW MATERIALS AND CONSUMABLES USED	(144.0)	(163.2)	13%
Transmission Tolls	(21.6)	(31.3)	45%
Energy and Capacity Purchases	(15.5)	(15.9)	3%
Gas Consumption	(68.5)	(66.3)	(3%)
Diesel Consumption	(4.3)	(16.7)	289%
Coal Consumption	(20.8)	(21.1)	1%
Other Operating Expenses (*)	(13.4)	(12.0)	(10%)
GROSS PROFIT	198.6	172.3	(13%)
Personnel Expenses	(15.1)	(21.3)	41%
Other Expenses, by Nature (*)	(11.1)	(13.7)	23%
Depreciation and Amortization Expenses	(60.6)	(55.4)	(8%)
OPERATING INCOME (LOSS) (**)	111.8	81.9	(27%)
EBITDA	172.3	137.4	(20%)
Financial Income	5.0	1.3	(74%)
Financial Expenses	(22.5)	(22.2)	(1%)
Exchange rate Differences	(4.8)	(2.8)	-
Profit (Loss) of Companies Accounted for Using the Equity Method	2.3	1.4	(41%)
Other Profit (Loss)	(29.4)	(21.5)	(27%)
NON-OPERATING INCOME	(49.4)	(43.9)	(11%)
PRE-TAX PROFIT (LOSS)	62.4	38.1	-
Income Tax Expense	(21.9)	(79.3)	-
AFTER TAX PROFIT (LOSS)	40.5	(41.2)	-
PROFIT (LOSS) OF CONTROLLER	43.7	(38.9)	(189%)
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	(3.2)	(2.3)	-

(\*) The Company made a change in the classification criteria in costs allocation mainly associated with Insurance, Surveillance, Patents and Contributions, which as of this year are charged as an expense. Therefore, for comparative purposes, the figures presented as of 1Q20 in this Earnings Report are pro forma.  
(\*\*): 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-20	Mar-20	Mar-21
Chile (CLP / US\$)	710.95	852.03	721.82
Chile UF (CLP/UF)	29,070.33	28,597.46	29,394.77
Peru (PEN / US\$)	3.62	3.44	3.76

3.1. Operating Income analysis of the generation business in Chile

Table 5 presents a summary of Operating Income and EBITDA in 1Q20 and 1Q21. Subsequently, the major accounts and/or variations will be analyzed.

Table 5: EBITDA generation business in Chile (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
OPERATING INCOME	289.8	288.5	(0%)
Regulated Customers Sales	85.4	80.4	(6%)
Unregulated Customers Sales	163.1	160.2	(2%)
Energy and Capacity Sales	36.2	24.9	(31%)
Other Operating Income	5.0	23.1	-
RAW MATERIALS AND CONSUMABLES USED	(132.4)	(153.4)	16%
Transmission Tolls	(28.4)	(38.8)	37%
Energy and Capacity Purchases	(14.2)	(15.7)	11%
Gas Consumption	(57.4)	(51.1)	(11%)
Diesel Consumption	(4.3)	(16.7)	288%
Coal Consumption	(20.8)	(21.1)	1%
Other Operating Expenses (*)	(7.3)	(10.0)	37%
GROSS PROFIT	157.4	135.1	(14%)
Personnel Expenses	(13.6)	(19.4)	43%
Other Expenses, by Nature (*)	(9.5)	(11.7)	24%
Depreciation and Amortization Expenses	(46.7)	(43.7)	(6%)
OPERATING INCOME (LOSS) (**)	87.6	60.2	(31%)
EBITDA	134.3	103.9	(23%)

(\*) The Company made a change in the classification criteria in costs allocation mainly associated with Insurance, Surveillance, Patents and Contributions, which as of this year are charged as an expense. Therefore, for comparative purposes, the figures presented as of 1Q20 in this Earnings Report are pro forma.  
(\*\*): 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 1Q21 amounted to **US\$288.5 million**, in line with the income presented in 1Q20. The lower energy sales in the spot market are explained by lower generation recorded during the period and lower income from regulated clients, mainly due to lower physical sales recorded as a result of the pandemic. These effects were partially offset by higher “Other income”, mainly explained by the registration of income from tolls, for the application of CUT according to the resolution in Jul20.

The **raw materials and consumables used costs** recorded **US\$153.4 million** in 1Q21, increasing 16% compared to 1Q20, mainly due to (1) higher generation with diesel and higher purchases in the spot market at a marginal cost higher than 1Q20 (US\$77 / MWh vs US\$51 / MWh) explained by lower hydroelectric generation and lower gas availability. These effects were partially offset by lower gas consumption associated with lower generation with said fuel.

**EBITDA** in 1Q21 reached **US\$103.9 million**, decreasing 23% compared to the EBITDA of US\$134.3 million in 1Q20, mainly due to (1) the higher raw materials and consumables used costs and (2) higher personnel expenses and “Other expenses, by nature” due to the appreciation of the exchange rate compared to 1Q20. This effect was partially offset by the lower operating income recorded during the period.

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 1Q10 and 1Q21. Subsequently, the main accounts and/or variations will be analyzed.

Table 6: EBITDA transmission business in Chile (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
OPERATING INCOME	22.7	19.2	(15%)
Transmission Tolls	22.7	19.2	(15%)
RAW MATERIALS AND CONSUMABLES USED	(4.1)	(2.5)	(39%)
Transmission Tolls	0.0	0.0	-
Other Operating Expenses (*)	(4.1)	(2.5)	(39%)
GROSS PROFIT	18.6	16.7	(10%)
Other Expenses, by Nature (*)	(0.2)	(0.2)	-
Depreciation and Amortization Expenses	(2.7)	(2.8)	3%
OPERATING INCOME (LOSS) (**)	15.7	13.7	(12%)
EBITDA	18.4	16.5	(10%)

(\*) The Company made a change in the classification criteria in costs allocation mainly associated with Insurance, Surveillance, Patents and Contributions, which as of this year are charged as an expense. Therefore, for comparative purposes, the figures presented as of 1Q20 in this Earnings Report are pro forma.  
(\*\*): 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 components of Colbun’s transmission costs are operation and maintenance costs and IT. Thereby, the margin received by the Company corresponds to AVI. Additionally, if they are received, reassessments are incorporated into income and costs.

Operating Income in 1Q21 reached **US\$19.2 million**, of which 36% corresponds to income from national assets, 3% to zonal assets and 61% corresponds to the dedicated segment. The lower income recorded in 1Q21 are mainly explained by (1) lower income from national assets driven by 2018’s reassessments recorded in 1Q20 for approximately US\$1.0 million and (2) lower income from zonal assets due to the reclassification of some assets from this segment announced by the regulator of US\$1.1 million and (3) lower income from the dedicated segment explained by other adjustment in this segment contracts for approximately US\$0.6 million.

**EBITDA** for 1Q21 reached US\$16.5 million, lower than the US\$18.4 million EBITDA recorded in 1Q20, mainly due to the decrease in operating income, previously explained.



### 3.3. Operating Income analysis in Peru

Table 7 shows a summary of Fenix's Operating Income and EBITDA for the quarters 1Q20 and 1Q21. Subsequently, the main accounts and/or variations will be analyzed.

**Table 7:** EBITDA in Peru (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
<b>OPERATING INCOME</b>	<b>37.8</b>	<b>38.0</b>	<b>0%</b>
Regulated Customers Sales	29.3	27.4	(7%)
Unregulated Customers Sales	5.5	6.6	20%
Sales to Other Generators	1.7	2.5	48%
Other Operating Income	1.3	1.5	15%
<b>RAW MATERIALS AND CONSUMABLES USED</b>	<b>(15.0)</b>	<b>(17.4)</b>	<b>16%</b>
Transmission Tolls	(0.7)	(0.4)	(40%)
Energy and Capacity Purchases	(1.3)	(0.4)	-
Gas Consumption	(11.1)	(15.1)	36%
Diesel Consumption	-	0.0	-
Other Operating Expenses (*)	(1.9)	(1.5)	(22%)
<b>GROSS PROFIT</b>	<b>22.8</b>	<b>20.5</b>	<b>(10%)</b>
Personnel Expenses	(1.6)	(1.8)	15%
Other Expenses, by Nature (*)	(1.5)	(1.8)	21%
Depreciation and Amortization Expenses	(11.2)	(8.9)	(20%)
<b>OPERATING INCOME (LOSS) (**)</b>	<b>8.5</b>	<b>8.0</b>	<b>(6%)</b>
<b>EBITDA</b>	<b>19.7</b>	<b>16.9</b>	<b>(14%)</b>

(\*) The Company made a change in the classification criteria in costs allocation mainly associated with Insurance, Surveillance, Patents and Contributions, which as of this year are charged as an expense. Therefore, for comparative purposes, the figures presented as of 1Q20 in this Earnings Report are pro forma.  
(\*\*): 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 1Q21 recorded **US\$38.0 million**, in line with the operating income recorded in 1Q20 of US\$37.8 million, despite a decrease in regulated client sales, mainly due to the higher income from unregulated clients, associated with the entry into force of a new contract with Distriluz (25 MW) and sales to the spot market driven by the plant greater availability during 1Q21.

■ ■ ■ **Raw materials and consumables used costs** reached **US\$17.4 million** in 1Q21, increasing 16% compared to the same quarter of the previous year, mainly explained by a higher gas consumption driven by the higher generation recorded during the period.

■ ■ ■ Fenix's **EBITDA** reached **US\$16.9 million** in 1Q21, decreasing 14% compared to the US\$19.7 million EBITDA recorded in 1Q20, mainly due to the higher gas consumption previously mentioned.

### 3.4. Consolidated Non-Operating Result analysis (Chile & Peru)

Table 8 shows a summary of the Consolidated Non-Operating Result (Chile and Peru) in 1Q20 and 1Q21. Subsequently, the main accounts and/or variations will be analyzed.

**Table 8:** Consolidated Non-Operating Result (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q20	1Q21	
Financial Income	5.0	1.3	(74%)
Financial Expenses	(22.5)	(22.2)	(1%)
Exchange rate Differences	(4.8)	(2.8)	-
Profit (Loss) of Companies Accounted for Using the Equity Method	2.3	1.4	(41%)
Other Profit (Loss)	(29.4)	(21.5)	(27%)
<b>NON-OPERATING INCOME</b>	<b>(49.4)</b>	<b>(43.9)</b>	<b>(11%)</b>
<b>PRE-TAX PROFIT (LOSS)</b>	<b>62.4</b>	<b>38.1</b>	<b>(39%)</b>
Income Tax Expense	(21.9)	(79.3)	-
<b>AFTER TAX PROFIT (LOSS)</b>	<b>40.5</b>	<b>(41.2)</b>	<b>-</b>
<b>PROFIT (LOSS) OF CONTROLLER</b>	<b>43.7</b>	<b>(38.9)</b>	<b>(189%)</b>
<b>PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST</b>	<b>(3.2)</b>	<b>(2.3)</b>	<b>(28%)</b>

■ ■ ■ **Non-operating result** in 1Q21 recorded losses of **US\$43.9 million**, lower than the losses of US\$49.4 million in 1Q20. The lower losses are mainly explained by lower "Other losses" recorded in 1Q20 associated to the premium paid for the prepayment of the 2024 Bond "144-A" maturing in 2024 of US\$17 million. This effect was partially offset by the recording of financial cost on "Other losses" line, related to the selling of the first group of accounts receivables generated by the energy price stabilization mechanism (PEC) of US\$14.2 million.

■ ■ ■ In 1Q21 **tax expenses** of **US\$79.3 million** were recorded, compared to the tax expenses of US\$21.9 million in 1Q20. The higher tax expense in 1Q21 is mainly explained by a deferred tax recognition of US\$64.5 million, associated with Colbún Transmisión S.A sale announcement and correspond to the tax applied to the difference between book value and tax value of the investment.

■ ■ ■ In 1Q21, the Company recorded **losses** of **US\$41.2 million**, compared to the profit of US\$40.5 million in 1Q20. The losses of the quarter are mainly explained by (1) the higher tax expenses and (2) the lower gross profit previously mentioned.

#### 4. CONSOLIDATED BALANCE SHEET ANALYSIS

Table 9 shows an analysis of the Balance Sheet's relevant accounts as of Dec20 and Mar21. Subsequently, the main variations will be analyzed.

**Table 9:** Consolidated Balance Sheet Main Accounts for Chile and Peru (US\$ million)

	Dec-20	Mar-21	Var	Var %
Current assets	1,259.2	1,835.5	576.3	46%
Non-current assets	5,374.7	4,858.2	(516.5)	(10%)
<b>TOTAL ASSETS</b>	<b>6,633.9</b>	<b>6,693.7</b>	<b>59.9</b>	<b>1%</b>
Current liabilities	306.5	429.7	123.1	40%
Non-current liabilities	2,742.0	2,718.0	(24.0)	(1%)
Total net equity	3,585.4	3,546.1	(39.3)	(1%)
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>6,633.9</b>	<b>6,693.7</b>	<b>59.8</b>	<b>1%</b>

**Current Assets:** Reached US\$1,835.5 million as of Mar21, increasing 46% compared to the current assets registered as of Dec20, mainly explained by (1) a reclassification of non-current assets from Colbún Transmission's assets to the account "Non-current assets or group of assets disposal as held for sales or as held for distribution to owners" in the short term for US\$376.6 million; (2) higher current receivables, mainly associated with (i) the reclassification of accounts receivable generated by the price stabilization mechanism of US\$36.2 million to the short term, (ii) the recording of receivables associated with tolls and (iii) and an increase in receivables associated with standard operation and (3) higher financial investment driven by (1) operating income of the quarter and (ii) the sale of the first group of receivables from the price stabilization mechanism.

**Non-current Assets:** Recorded US\$4,858.2 million as of Mar21, decreasing 10% compared to the non-current assets recorded as of Dec20, mainly due to (1) a reclassification of non-current assets from Colbún Transmission's assets to the account "Non-current assets or group of assets disposal as held for sales or as held for distribution to owners" in the short term for US\$376.6 million and (2) lower non-current receivables, driven by the reclassification of receivables associated to the price stabilization mechanism.

**Current Liabilities:** Totaled US\$429.7 million as of Mar21, increasing 40% compared to the current liabilities recorded as of Dec20, mainly due to (1) a reclassification of non-current liabilities from Colbún Transmission's liabilities to the account "Current liabilities different than liabilities included in groups of assets for disposal classified as held for sale" in the short term for US\$ 71.2 million and (2) higher current receivables mainly associated with higher coal purchases.

**Non-current Liabilities:** Reached US\$2,718.0 million as of Mar21, decreasing 1% compared to Dec20 mainly due to reclassification of non-current liabilities from Colbún Transmission's liabilities to the account "Current liabilities different than liabilities included in groups of assets for disposal classified as held for sale" in the short term for US\$ 71.2 million. This effect was partially offset by an increase in deferred tax liabilities associated with Colbún Transmisión sale announcement previously mentioned.

**Total Net Equity:** Recorded US\$3,546.1 million, decreasing 1% compared to the total net equity as of Dec20, mainly due to the losses recorded during the period.

**Table 10:** Main Debt Items (US\$ million)

	Dec-20	Mar-21	Var	Var %
Gross Financial Debt*	1,796.3	1,781.2	(15.1)	(1%)
Financial Investments**	967.4	1,027.8	60.4	6%
Net Debt	828.9	753.4	(75.5)	(9%)
EBITDA LTM	682.5	647.5	(35.0)	(5%)
Net Debt/EBITDA LTM	1.2	1.2	(0.1)	(4%)

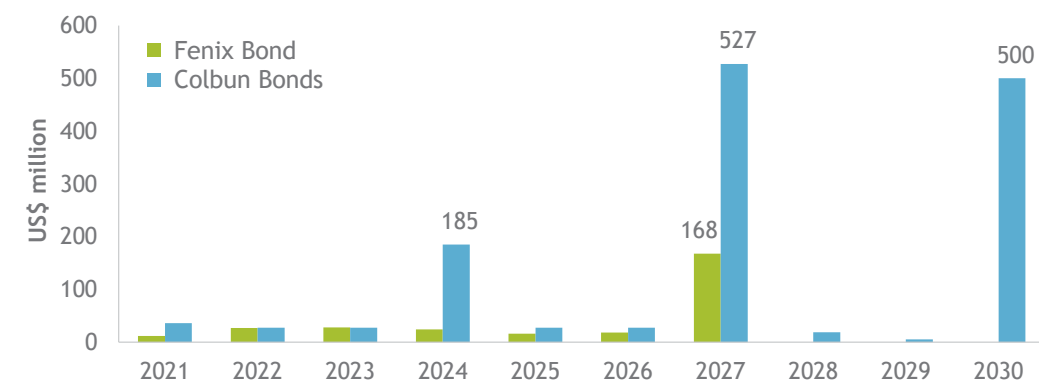
(\*) The amount includes debt associated with Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US\$293.0 million, (2) a financial leasing for US\$13.5 million associated with a transmission contract with Consorcio Transmantaro, and (3) a US\$114.1 million financial 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

<b>Average Life</b>	6.4 years
<b>Average Interest Rate</b>	4.0% (100% fixed rate)
<b>Currency</b>	97% USD / 3% UF

(\*) Includes financial derivatives.





## 5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators as of Dec20 and Mar21 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-20	Mar-21	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	4.11	5.25	28%
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	4.00	5.10	28%
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	0.85	0.87	1%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	10.06%	11.40%	13%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	89.94%	88.60%	(1%)
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	2.46	2.20	(11%)
Equity Profitability (%): Profit (Loss) After Taxes. Continuing Activities / Average Net Equity	2.44%	0.22%	(91%)
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	2.44%	1.18%	(51%)
Performance of Operating Assets (%) Operating Income / Property, Plant and Equipment, Net (Average)	8.48%	8.31%	(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 **5.25x** and **5.10x** as of Mar21, increasing 28% respectively compared to Dec20, mainly due to (1) the increase in current assets due to the reclassification of non-current assets from Colbún Transmission's assets, after the sale announcement, to the account "Non-current assets or group of assets disposal as held for sales or as held for distribution to owners" in the short term and (2) the higher current receivables previously explained.

■ ■ ■ The **Indebtedness Ratio** recorded **0.87x** as of Mar21, in line compare to the value of 0.85x as of Dec20

■ ■ ■ The percentage of **Short-Term Debt** as of Mar21 was **11.40%**, increasing compared to the value of 10.06% as of Dec20, mainly due to the reclassification of non-current assets from Colbún Transmission's assets, after the sale announcement, to the account "Non-current assets or group of assets disposal as held for sales or as held for distribution to owners" in the short term.

■ ■ ■ The percentage of **Long-Term Debt** as of Mar21 was **88.60%**, decreasing compared to the value of 89.94% as of Dec20, mainly due to the reclassification of Colbún Transmission's long-term liabilities previously mentioned.

■ ■ ■ The **Financial Expenses Coverage** as of Mar21 reached **2.20x**, decreasing 11% compared to the value as of Dec20, mainly due to the lower profits recorded in the last 12 months, compared to those of 2020, mainly explained by the higher tax expenses recorded this quarter.

■ ■ ■ The **Equity Profitability** as of Mar21 was **0.22%**, decreasing 91% compared to the value of 2.44% as of Dec20. The variation is mainly explained by the lower profits recorded in the last 12 months, compared to those of 2020, due to the higher tax expenses previously mentioned.

■ ■ ■ **Asset Profitability** as of Mar21 was **1.18%**, decreasing 51% compared to the value of 2.44% as of Dec20, mainly as a result of the lower profits recorded in the las 12 months, compared to the previous year, due to the higher tax expenses previously mentioned.

■ ■ ■ The **Performance of Operating Assets** as of Mar21 was **8.31%**, in line with the recorded level as of Dec20.

## 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)

	Quarterly Figures		Var %
	1Q20	1Q21	Q/Q
Cash Equivalents, Beg. of Period*	797.4	967.4	21%
Net cash flows provided by (used in) operating activities	97.9	111.9	14%
Net cash flows provided by (used in) financing activities	105.7	(37.5)	(135%)
Net cash flows provided by (used in) investing activities**	(18.6)	(11.9)	(36%)
Net Cash Flows for the Period	185.0	62.5	(66%)
Effects of exchange rate changes on cash and cash equivalents	(2.7)	(2.1)	(23%)
Cash Equivalents, End of Period	979.7	1,027.9	5%

(\*) 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 1Q21, the Company presented a **net cash flow of US\$62.5 million**, compared to the positive net cash flow of US\$185.0 million in 1Q20.

**Operating activities:** During 1Q21 a positive net flow of US\$111.9 million was generated, which compares with the positive net flow of US\$97.9 million in 1Q20 mainly explained by higher operating income during 1Q21 associated with the sale of the first groups of receivables generated by the price stabilization mechanism. This effect was partially offset by higher tax expenses during 1Q21 and lower operating incomes.

**Financing activities:** Recorded a negative net flow of US\$37.5 million during 1Q21, which compares with the negative net flow of US\$105.7 million in 1Q20, mainly explained by the issuance of an international bond during Mar20 and the partial refinancing of the 2024 bond, the net amount collected from the transaction amounted to US\$116 million.

**Investment activities:** Recorded a negative net flow of US\$11.9 million during 1Q21, which compares with negative net flow of US\$18.6 million in 1Q20, mainly explained lower properties, plants and equipment purchases recorded during the quarter.

## 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 14% of the market. It also operates in the National Interconnected Electric System (SEIN) in Peru, where it has approximately 6% of market share. Both participations measured in terms of 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 899 km of transmission lines: 335 km of its lines belong to the National segment, 70 km to the Zonal segment and 494 km belong to the Dedicated segment. In addition, it has a total of 27 substations.

### 7.1 Medium-term outlook in Chile

As of Mar-21, the hydrological year (Abr20-Mar21) has presented lower rainfalls compared to an average year in the main SEN basins, being the basins that present the largest deficits: Aconcagua: -37%; Maule: -25%; Laja: -9%; Biobío: -17%; and Chapo: -9%. Compared to 2019, the results are the following. Aconcagua basin has presented a 414% increase in rainfalls, although the recent precipitations at the end of January (with higher isotherm) had greater sediments and caused interruptions in the generation of some units. Maule basin has presented a 75% increase in rainfalls, along with higher tributaries. Along the same lines, but at more normal levels, Laja basin presented an increase of 8%. On the other hand, Biobío y Canutillar basins presented slightly lower rainfall than in 2019 (-6% and -10%, respectively).

In terms of inflow energy, the hydrological year ended with a Probability of Exceedance of 92%.

Regarding 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 liquified natural gas.

During 2021, Colbún continued participating in various supply bidding processes, favoring the recontracting of current unregulated client's PPAs that expired in the short term. This year, new contracts were signed with 21 clients for 247 GWh/year. Among the main contracts signed are the renewal of energy supply contracts with Magotteaux (66 GWh/year for 8 years), Vulco (24 GWh/year for 5 years) and Asmar (17 GWh/year for 5 years), and the new contract of Grupo Marina (67 GWh/year for 9 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.



### 7.2 Medium-term outlook in Peru

In the first quarter of 2021, the SEIN registered a hydrological condition with a probability of exceedance of 56%, compared to 53% recorded the same quarter of 2020.

In 1Q21, energy demand growth in 2,5% compared to the same period of 2020, due to the recovery of electricity demand. On the other hand, compared to the previous quarter, in 1Q21 the energy demand fell 0,8% due to the state of emergency during the month of February 2021 as a result of the second wave of COVID-19.

The evolution of marginal costs will mainly depend on demand growth, hydrology and regulatory changes related to the price declaration. Fenix's future results depend mainly on the evolution of the aforementioned variables, which to date have exhibited a behavior in line with the budgeted values, despite the negative impact of lower electricity demand that was offset by lower hydrological availability.


### 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 (778 MW):** Horizonte is a wind farm located 130 km northeast of Taltal and 170 km southwest of Antofagasta. It considers a minimum installed capacity of 778 MW, which is made up of 140 machines of 5,56 MW each and an average annual generation of approximately 2.380 GWh. It considers the connection to SEN in the future Parinas substation, located at 22kms from the project.

This project starts in December 2017 with the award of a tender conducted by the Ministry of National Assets (MBN), for the development, construction and operation of a wind farm by a 30 year Onerous Use Concession Agreement, in a state property of about 8 thousand hectares.

The development considers, from the award date, four years for the stages of studies and permits and three years for construction.


On September 15, 2020, the Environmental Evaluation Service (SEA) resumed the project's Environmental Assessment process, which had been suspended since March 20 due to COVID19. The Virtual Citizen Participation process with the Antofagasta Environmental Evaluation Service was conducted during the first week of October and the Environmental Impact Study Addendum was entered on December 23, 2020. On the other hand, during the first quarter, progress was made in the construction of the camp and access to Route 5 for the park, and civil and electrical BoP (Balance of Plant) are in the bidding process. Work is currently underway on the preparation of the second EIA Addendum.

 **Photovoltaic Solar Projects Diego de Almagro Sur I and II (230 MW):**

The projects are located in the Atacama Region, 27 kilometers south of Diego de Almagro, and all together consider an approximate capacity of 230 MW and an average annual generation of approximately 648 GWh. 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. These projects have their Environmental Impact Study approved.

In June 2020, the Board of Directors approved the final investment decision, starting the construction phase of the project. The total investment amount approved for this project is US\$147 million.

As of the first quarter of 2021, project's progress is 40%, according to budget. The main construction and supply contracts are assigned and under execution, with deliveries on site according to plan. However, since the beginning of 2021 there have been delays in transport due to traffic jams in ports, lack of containers and diversions of ships reserved to other destinations. To date, the impacts have been minor and have been absorbed with a reorganization of the sequence of works.

 **Photovoltaic Solar Project Machicura (9 MW):** This solar project is located near 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 generated energy will be injected to the SEN through an existing transmission line for auxiliary services from Machicura power plant to Colbún Substation.

The project considers the installation of a solar power plant with an installed capacity of 9MW and an annual average generation of approximately 21 GWh, which qualifies as a Small Means of Generation project (PMG).

As of the first quarter of 2021, project's progress is 40%, according to budget.

Regarding supplies, there have been some delays, for which the works have been rescheduled accordingly. To date, the impacts have been minor and have been absorbed with a reorganization of the sequence of works.


The total investment amount approved for this project is US\$7 million and its commissioning date is expected for 3Q21.

 **Photovoltaic Solar Project Inti Pacha (486 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 close to 486 MW and an average annual generation of approximately 1,363 GWh.


This project starts with the award of 2 tenders for Onerous Use Concession Agreements conducted by the Ministry of National Assets.

During the first quarter of 2021, the approval of the IFC (Informe Favorable para la Construcción) was obtained for accesses to route 5 for Inti Pacha I and II. The preparation of the bidding documents for the supply of the main equipment and basic engineering for the transmission line continued. During the quarter, pile driving, and extraction tests were carried out to determine the support capacity of the ground.

 **Photovoltaic Solar Project Jardín Solar (537 MW):** The project considers the installation of a solar power plant with an installed capacity of close to 537 MW that will be built in 2 stages of 263 MW and 274 MW each. It has an annual average generation of approximately 1,500 GWh. 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.


The generated energy will be injected into the Interconnected System through a transmission line which begins in the substation associated with the park, and has an approximate length of 3 km, connecting to the new Pozo Almonte substation located 2.5 km northeast of the intersection of the highway to La Tirana with the Pan-American highway.

During the first quarter, the environmental processing process continued, the terms of which have been affected by provisions of the authority before Covid-19. Currently, Addendum 1, entered at the end of March, is under review by the authority. During the quarter, progress was made in the study of soil mechanics and the preparation of the basic engineering of the park.


 **Los Junquillos Wind Project (360 MW):** Los Junquillos project is a wind farm located 15 km northwest of the city of Mulchén, in the commune of Mulchén in the Biobío Region. It has an installed capacity of 265 MW and an average annual generation of approximately 1,030 GWh.


The generated energy will be injected into the Interconnected System though an 11 km transmission line to Mulchén substation.

The first quarter ended with the summer environmental campaign and the basic geotechnical campaign. The measurement of the wind resource continued to refine the project data and progress was made with the preparation of the Project design for environmental processing.

 **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.


This project is in the portfolio; however, its development has been deferred to give priority to other projects.


 **Other renewable energy projects from variable sources:** At 1Q21 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 12 km reservoir 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 953 GWh under normal hydrological conditions.


In December 2018, the Environmental Impact Study was re-entered for project adjustments. At the end of April 2019, the environmental authority issued the first Environmental and Citizen ICSARA, whose initial response period was September 30, 2020; however, as a result of the Covid-19 contingency, the Authority extended the period by 30 business days. The Environmental Impact Service decreed a second face-to-face citizen participation, which has not been possible due to the pandemic situation, which normatively keeps suspended the environmental process.

### Transmission projects under development


 **Maquis substation enhancement:** Enhancement of the existing 220 kV substation, 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 March 2021, it presents an advance of 98%.


 **Puente Negro substation enhancement:** This project is originated by a Transmission service contract signed in 2019 with the company Tinguiririca Energía, to section and connect the Puente Negro substation with the 2x154 Tinguiririca-La Higuera line. The project has a budget of US\$11.8 million with an original commission date in December 2020, which has been postponed until April 2021 at the request of Tinguiririca Energía to avoid interference in the peak generation period. As of March 2021, it presents an advance of 99%.


 **Capacity increase in LT 2x110 kV Aconcagua - Esperanza:** Expansion of the existing facilities, changing the 2x110kV Aconcagua-Esperanza line conductor, between the substations Rio Aconcagua and Nueva Panquehue, for a high-capacity, low-arrow line capable of transmitting 155 MVA at 35°C. CEN awarded it to the company SEMI for a value of US\$5.6 million. The contract between SEMI and Colbun Transmission was signed on January 31, 2020, with an execution period of 36 months and as of March 2021, it presents an 35% advance.

 **Candelaria substation expansion:** Expansion work of existing facilities consisting of expansion of bars for 2 diagonals and level ground for another 2 future diagonals. CEN awarded it to the company INPROLEC for a value of US\$2.1 million. The contract between INPROLEC and Colbun Transmission was signed by the end of September 2020, with an execution period of 36 months from the award decree publication date, presenting an advance of 23% as of March 2021.

### New transmission projects awards (Nov20)

 **New S/S Codegua:** Sectioning of Alto Jahuel - Sauzal 2x110 kV line and Rancagua - San Francisco de Mostazal 1x66 kV line. The awarded investment value is US\$11.6 million, with an execution period of 36 months as of the date the corresponding award decree is published, without presenting progress as of March 2021.

 **New S/S Loica and 2X2kV Loica-Portezuelo Line:** Sectioning of Rapel - Lo Aguirre 2x220 kV line and Rapel - Alto Melipilla 1x220 kV line, in addition to the new 2x220kV Loica-Portezuelo line. The awarded investment value is US\$11.6 million, with an execution period of 36 months as of the date the corresponding award decree is published, without presenting progress as of March 2021.

 **S/S Portezuelo Expansion:** CGE's Portezuelo Substation expansion project, which was part of the tender for the Loica S/E and the Loica-Portezuelo line as a group of projects, for which Colbun Transmission had to take over as EPC contractor since the tender was jointly new construction and expansion. The project consists on the expansion of the 220kV and 66kV patios and a new bank of autotransformers. The contract between CGE and Colbun Transmission was signed on March 1, 2021, with a reference investment value of US \$ 7.5 million and an execution period of 24 months from the date the corresponding award decree is published, without presenting progress as of March 20

## 7.4 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 risks management 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, in 2017 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. Otherwise, faced with abundant hydrology, the Company could have a surplus position in the spot market, the price of which would be partially determined by fuel prices.

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 indexation formulas in its 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 liquified natural 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 power plant, new tenders have been periodically undertaken (the last in March 2021), 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.

On November 26, as a consequence of an accidental landslide, an obstruction of the water flow transported through the Pataguilla tunnel, part of Las Mercedes channel (used in the Carena hydroelectric plant), occurred. This collapse caused a lack of water availability in the aforementioned plant, as well as in the agricultural areas in the communes of Curacaví and María Pinto until December 18, date on which the tunnel’s operation was restored.

#### 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 “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 require 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

In the context of the constitutional process originated from the commitment called "Agreement for Peace and the New Constitution" (“Acuerdo por la Paz y la Nueva Constitución”), and the subsequent approval by plebiscite of the drafting of a new Constitution, on April 11<sup>th</sup> the 155 constituents in charge of its drafting will be elected and the text must be submitted to a new plebiscite in 2022. However, due to the worsening of the health crisis caused by the COVID-19 outbreak that affects the country, and by virtue of an agreement of Congress, the constituent, municipal and regional elections that were scheduled were held on 15 and 16 of May. The constitutional process may result in changes to the institutional framework applicable to the business activity in the country.

On March 10<sup>th</sup>, 2021, due to the outbreak of COVID-19 that affects the country, classified as a pandemic by the World Health Organization, the President of the Republic decided to extend the State of Constitutional Exception of Catastrophe until June 30<sup>th</sup>, 2021, due to public calamity, throughout the national territory, by means of Supreme Decree 104, 2020, of the Ministry of the Interior and Public Security.

In this context, within the framework of the serious health crisis that affects the country, on January 5 Law 21,301 was enacted, extending the effects of Law 21,249, which provides for exceptional measures in favor of end users of health, electricity and gas network services. This initiative extends the term of benefits to end users, which were in force until November 2020, until May 2021. Additionally, at the beginning of May another parliamentary initiative was entered which extends, again, the effects of Law No. 21,249, extending the terms of the non-cut of supply due to delay payments and the accumulation of debts with distribution

companies until December 31, 2021. This standard also increases the maximum number of installments in which the debt payment can be prorated from 36 to 48 installments and expands the universe of beneficiaries to 80% vulnerability according to the Social Registry of Households.

Additionally, the Environment and Natural Resources Commission of the Chamber of Deputies maintains under review the indications presented on the Bill that seeks to advance the closure of coal-fired power plants, which was generally approved by the Chamber. This Bill, initiated in a parliamentary motion, seeks to prohibit the installation and operation of coal-fired power plants throughout the national territory from January 1, 2026, onwards. The Ministries of Energy and Environment, the CNE and the CEN have exposed to the Commission the inconvenience of advancing the closure of coal-fired plants by legal means. It is important to note that in 2019 the generators signed a voluntary agreement with the government, by means of which they committed not to build new coal-fired power plants and the progressive closure of the existing ones was agreed.

On November 16, the processing of a new Bill began, corresponding to a parliamentary motion entered through the Senate, which seeks to “ensure water security for the different productive uses of water”, and whose main provisions establish modifications in the Water Code and in the General Law of Electrical Services. The Senate Special Committee on Water Resources, Drought and Desertification, which is reviewing the legal initiative, reported that the rounds of consultations with academics, experts and representatives of the public and private sector have concluded and that the bill must be reformulated by its sponsors reviewing its objectives and implications.

The Climate Change Framework Bill, entered into the Senate by the Executive on January 13, 2020, is in its first constitutional process, currently being discussed by the Environment and Natural Resources Committee of the Senate, with extreme urgency. The objective of this Bill is to create a legal framework to “face the challenges of climate change, move towards a low in greenhouse gas emissions development, until reaching and maintaining the neutrality of these emissions; reduce vulnerability and increase resilience to the adverse effects of Climate Change; and comply with the international commitments assumed by the Chilean State in this regard”. Currently, the Commission is in the stage of reviewing the indications for this initiative. Until April 2021, agreements have been reached regarding the objectives, principles and definitions, instruments for the local management of climate change, the creation of the National Greenhouse Gas Inventories System, national, regional and local sector plans, collaborating organizations, settings for the technical table, among many other subjects.

On the other hand, the government continues to promote the following regulatory changes, which depending on the way these changes are implemented, could represent opportunities or risks for the Company.

- (i) The “Modernization of the Distribution segment”, which seeks to update the regulation of the distribution sector regulation 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. In the context of the modernization and comprehensive reform of this segment, the Executive submitted to the Chamber of Deputies the Bill that establishes the right to electrical portability, creating the figure of trader as a new market agent, in addition to consider the modernization of the supply bidding mechanism and the introduction of the information manager role to reduce information asymmetries and protect customer’s consumption data.

This bill corresponds to the first of three initiatives in which the Executive subdivided the Long Distribution Law. The other two bills, which have not yet entered the Congress, correspond to:

- a. Quality of Service, which seeks to improve the efficient pricing scheme, define a long-term strategic quality of service plan and establish compensations to clients for excessive long interruptions; and
- b. Distributed Generation, which purpose is to promote distributed generation, define new actors and enable pilot projects with a coordinated expansion of distribution and transmission networks.

The Chamber’s Mining and Energy Commission has summoned the private sector, civil society, academics and the public sector with the purpose of capturing the opinion of different organizations so that parliamentarians can make the necessary indications to the bill. Currently, this initiative is being reviewed by the Ministry given the observations that have emerged regarding separating the bill into three initiatives and addressing the objectives of improving service quality and lowering rates.

- (ii) The “Flexibility Strategy”, which aims to address the systemic and market consequences that will arise due to the increasing incorporation of variable renewable energy. Recently, the Ministry of Energy published the definitive Strategy, detailing the three axes or pillars considered: (a) Market design for the development of a Flexible System, (b) Regulatory framework for Storage Systems, and (c) Flexible operation of the system. Within the framework of this Strategy, working groups are being formed with industry representatives to address the measures that have been proposed in each of the axes.

(iii) At the regulatory and resolution level, it is worth noting:

- a. In the context of the Flexibility Strategy, in particular, regarding the measures related to the improvement of the adequacy remuneration mechanism and the introduction of long-term market signals that encourage investment in technologies that provide flexibility to the power system, in October of last year, the Ministry of Energy and the National Energy Commission began a process to improve the Power Transfer Regulations to address these measures. This process is being developed through a Consultative Worktable, which is a participation instance whose purpose is to capture different opinions of the industry in order to prepare a proposed regulation and then submit it to a public consultation.

On December 30, 2020, the Ministry released a conceptual proposal for the new power transfer regulation, on which the industry made its observations. Said proposal considers modifications such as the redefinition of peak hours of the system, the creation of a dynamic and voluntary mechanism for the participation of the demand, the use of a probabilistic methodology for the recognition of power, the incorporation of a flexibility attribute within the recognition of Power, the modification to the theoretical power reserve margin, among others. Due to the comments received from the industry, the Ministry made the decision to extend the discussion on these modifications, in order to deepen the analysis of the proposals to be made to this market.

- b. LNG Technical Standard. Within the framework of the Technical Standards elaboration process that is defined in the Regulation for the Dictation of Technical Standards and the 2020 Annual Regulatory Plan, the CNE convened a Regulatory Advisory Committee with the main purpose of reviewing the aspects associated with the condition of supply (flexible and inflexible) of the current technical standard, whose committee was made up of 24 members, including representatives of companies (including Colbun) and trade associations (technical experts), who expressed their opinion on the inflexibility and proposals during the months of November and December 2020.

In January 2021, the CNE released its proposal to modify the LNG TS which, in general terms, assigns the LNG study prepared annually by the Coordinator the responsibility of determining the amounts of gas that will be required for the system in the following year and that will be the maximum volumes that will have the possibility of being declared inflexibly in accordance with the new operating rules, and the study of which will be subsequently updated, thereby modifying the recommendations for maximum amounts of gas that may be declared inflexible.

The CNE received several comments on its proposal. Currently we are awaiting the document with modification of the regulations that will later be submitted to public consultation.

- c. Technical Standard for Coordination and Operation. In accordance with the Regulations for Coordination and Operation of the National Electricity System, the Technical Standard for Coordination and Operation was drawn up, which has been submitted to different advisory committees for their chapters, the chapter on Operation Programming being recently in Public Consultation, which was available for comments by interested parties.
- d. Peak Control Hours. On Monday, March 22 of this year, the Short-Term Node Price Decree (Supreme Decree No. 3T/2021) was published, which is effective as of April 1, 2021. Due to the contingency of COVID-19, it exceptionally establishes a control schedule considering only the months of June and July (typically it goes from April to September).



- e. Failure cost report and peak unit. Within the framework of Supreme Decree 86 of 2012 "Node Price Regulation" the CNE released the Preliminary Technical Report associated with the Cost Study of the Peak Unit, which is carried out no later than every four years in order to determine the investment costs and fixed operating costs of Peak Unit from the respective subsystems defined by the Commission, as well as the costs of short and long-term failure.

## Perú

After Luz del Sur made a complaint against the Ministry of Energy, due to the fact that - in the opinion of the company - Decree 043-2017-EM, which is related to the declaration of fuel prices by generating plants, had both legal and constitutional infractions, the Supreme Court declared that this Decree is invalid and ordered the Ministry of Energy to establish new provisions based on the already existing Decree 039-2017-EM.

In this context, the regulator (OSINERGMIN) established for the determination of the variable costs of gas all the real costs of the supply chain are used, that is, the cost of the supply, transportation and distribution of gas, a scheme that will begin to govern fully as of July 1, 2021.

### B.1.7. Risk of change in demand/supply and selling price of electricity

The projection of future energy 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.

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 matrixes 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 ancillary services that adequately remunerates the services necessary to manage the variability of such generation sources.

Regarding the impact of COVID-19 on energy demand, there is still uncertainty about the magnitude and length of this contingency. Energy demand in Chile decreased 0.1% during 1Q21 respect to 1Q20, while in Peru, there was an increase of 2.5% in relation to 1Q20.

Additionally, the world economic outlook is complex, which might lead to a contraction of the Chilean and Peruvian economies, probably affecting future energy demand.

## 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 affect Colbun's equity.

### 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 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 occasionally resorts to the use of derivatives to fix the expenses in currencies other than USD.

Exposure to the Balance Sheet accounts mismatch 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 March 2021, 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 correctly made the corresponding payments.

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 March 2021, cash surpluses are invested in remunerated current accounts, mutual funds (of subsidiaries of banks) and in time deposits in local and international banks. The former correspond to short-term mutual funds with maturities of less than 90 days, which are known as "money market".

Information on contractual maturities of the main financial liabilities is disclosed in note 12.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 March 2021, Colbun has cash in excess for approximately US\$1.028 million, invested in time deposits with an average maturity of 65 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) three bond lines registered in the local market, two for a total joint amount of UF 7 million and another line for a total amount of UF 7 million, and (ii) uncommitted bank lines of approximately US\$150 million. On its part, Fenix Power has committed credit lines for a total of US\$25 million, with a one-year term, contracted with two local banks. In addition, Fenix Power has uncommitted lines for a total of US\$34 mm, contracted with three local banks.

In the next 12 months, the Company must disburse approximately US\$111 million in interests and principal amortization. These obligations are expected to be funded with the Company's own cash flow generation.

As of March 2021, Colbun has a local credit rating of AA by Fitch Ratings and Feller Rate, both with stable outlook. At international level, the Company's rating is Baa2 by Moody's, BBB by Standard & Poor's (S&P Global), and BBB+ by Fitch Ratings, all with stable outlook.

As of March 2021, 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 24.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.

Regarding 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 March 2021, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US\$4.2 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 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 investment grade international rating.

At the end of the period, the financial institution that has the largest share of cash surpluses reached 24%. 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 25% 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.

**DISCLAIMER**

*This document provides Information about Colbún S.A. In no case this document constitutes a comprehensive analysis of the financial, production and commercial situation of the Company.*

*This document may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.*

*In compliance with the applicable laws, Colbún S.A. publishes on its website ([www.colbun.cl](http://www.colbun.cl)) and sends the financial statements and its corresponding notes to the Comisión para el Mercado Financiero, those documents should be read as a complement to this report.*



# Summarized Financial Statments

Colbún Transmisión S.A.  
 Colbún Perú S.P.A.  
 Inversiones Las Canteras S.A.  
 Fenix Power Perú S.A.  
 Desaladora del Sur S.A.  
 Colbún Desarrollo S.P.A.  
 Santa Sofía S.P.A.  
 Termoeléctrica Nehuenco S.A.  
 Efizity Ingeniería S.P.A.  
 Efizity S.P.A.  
 Efizity Perú S.A.C.

## Colbún Transmisión S.A. Estado de Situación Financiera clasificado al 31 de diciembre de 2020 y 31 de diciembre de 2019 (En miles de dólares)

ACTIVOS	Nota N°	31 de diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
<b>Activos corrientes</b>			
Efectivo y equivalentes al efectivo	7	12.082	22.288
Otros activos no financieros corrientes	8	138	92
Cuentas comerciales por cobrar y otras cuentas por cobrar corrientes	9	18.790	12.027
Cuentas por cobrar a entidades relacionadas, corrientes	10.a	1.932	-
Inventarios corrientes	-	899	562
Activos por impuestos corrientes	11.a	5.232	214
<b>Activos corrientes</b>		<b>39.073</b>	<b>35.183</b>
<b>Activos no corrientes</b>			
Cuentas comerciales por cobrar y otras cuentas por cobrar, no corrientes	9	1.868	-
Activos intangibles distintos de la plusvalía	12	39.132	40.049
Propiedades, planta y equipos	13	337.487	339.194
Activos por derecho de uso	14	167	216
<b>Activos no corrientes</b>		<b>378.654</b>	<b>379.459</b>
<b>ACTIVOS</b>		<b>417.727</b>	<b>414.642</b>

PATRIMONIO Y PASIVOS	Nota N°	31 de diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
<b>Pasivos corrientes</b>			
Pasivo por arrendamientos, corrientes	15	99	177
Cuentas por pagar comerciales y otras cuentas por pagar	16	872	1.416
Cuentas por pagar a entidades relacionadas, corrientes	10.b	-	37.890
Otras provisiones, corrientes	17	1.220	-
Pasivos por impuestos corrientes	11.b	-	2.863
Otros pasivos no financieros corrientes	19	5.042	3.883
<b>Pasivos corrientes</b>		<b>7.233</b>	<b>46.229</b>
<b>Pasivos no corrientes</b>			
Pasivo por arrendamientos, no corrientes	15	50	30
Cuentas por pagar a entidades relacionadas, no corrientes	10.b	15.079	-
Pasivos por impuestos diferidos	18.b	57.193	58.106
Otros pasivos no financieros, no corrientes	19	14.450	14.522
<b>Pasivos no corrientes</b>		<b>86.772</b>	<b>72.658</b>
<b>Pasivos</b>		<b>94.005</b>	<b>118.887</b>
<b>Patrimonio</b>			
Capital emitido	20	99.235	99.235
Ganancias (pérdidas) acumuladas	20.b	62.314	32.192
Otras Reservas	20.c	162.173	164.328
<b>Patrimonio</b>		<b>323.722</b>	<b>295.755</b>
<b>PATRIMONIO Y PASIVOS</b>		<b>417.727</b>	<b>414.642</b>

Las notas adjuntas forman parte integral de estos estados financieros

Colbún Transmisión S.A.  
Estado de Resultados Integrales, por Naturaleza  
por los períodos terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Nota N°	Enero - Diciembre	
		2020 MUS\$	2019 MUS\$
Ingresos de actividades ordinarias	6 y 21	80.218	83.424
Materias primas y consumibles utilizados	22	(12.283)	(10.202)
Gastos por depreciación y amortización	23	(11.047)	(11.057)
Otros gastos, por naturaleza	-	(1.006)	(959)
Otras ganancias (pérdidas)	25	(879)	(382)
<b>Ganancia por actividades de operación</b>		<b>55.003</b>	<b>60.824</b>
Ingresos financieros	-	94	27
Costos financieros	-	(110)	(20)
Diferencias de cambio	24	2.439	(858)
<b>Ganancia antes de impuesto</b>	-	<b>57.426</b>	<b>59.973</b>
Gasto por impuesto a las ganancias	18.a	(15.519)	(16.338)
<b>Ganancia (pérdida) procedentes de operaciones continuadas</b>	-	<b>41.907</b>	<b>43.635</b>
<b>GANANCIA</b>		<b>41.907</b>	<b>43.635</b>

ESTADOS DE OTROS RESULTADOS INTEGRALES	Nota N°	Enero - Diciembre	
		2020 MUS\$	2019 MUS\$
<b>Ganancia</b>		<b>41.907</b>	<b>43.635</b>
<b>Componentes de otro resultado integral, antes de impuestos</b>			
<b>Otros componentes de otro resultado integral, antes de impuestos</b>	-	-	-
<b>Impuesto a las ganancias relacionado con componentes de otro resultado integral</b>	-	-	-
<b>Otro resultado integral total</b>	-	-	-
<b>RESULTADO INTEGRAL TOTAL</b>		<b>41.907</b>	<b>43.635</b>

Las notas adjuntas forman parte integral de estos estados financieros

Colbún Transmisión S.A.  
Estado de Flujos de Efectivo  
por los períodos terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ESTADOS DE FLUJOS DIRECTO	Nota	31 de diciembre, 2020	31 de diciembre, 2019
	N°	MUS\$	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	-	86.744	98.819
Otros cobros por actividades de la operación	-	68	26
Clases de pagos en efectivo procedentes de actividades de operación			
Pagos a proveedores por el suministro de bienes y servicios	-	(16.539)	(13.882)
Otros pagos por actividades de operación	-	(8.071)	(1.042)
Flujos de efectivo procedentes de (utilizados en) operaciones			
Intereses recibidos	-	62.202	83.921
Impuestos a las ganancias reembolsados (pagados)	-	94	27
Impuestos a las ganancias reembolsados (pagados)	-	(22.825)	(16.343)
Otras entradas (salidas) de efectivo	-	(124)	(408)
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación	-	39.347	67.197
Flujos de efectivo procedentes de (utilizados en) actividades de inversión			
Compras de propiedades, plantas y equipos	-	(14.626)	(27.253)
Importe procedente de venta de propiedad planta y equipo	-	2.632	-
Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión	-	(11.994)	(27.253)
Flujos de efectivo procedentes de (utilizados en) actividades de financiación			
Importes procedentes de préstamos	-	(22.977)	(20.998)
Préstamos de entidades relacionadas	-	15.000	-
Pagos de préstamos de entidades relacionadas	-	(37.977)	(20.998)
Pagos de pasivos por arrendamientos	-	(222)	(85)
Dividendos Pagados	-	(13.091)	-
Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación	-	(36.290)	(21.083)
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio	-	(8.937)	18.861
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	-	(1.269)	3.377
Incremento (disminución) neto de efectivo y equivalentes al efectivo	-	(10.206)	22.238
Efectivo y equivalentes al efectivo al principio del ejercicio	-	22.288	50
Efectivo y equivalentes al efectivo al final del ejercicio	7	12.082	22.288

Las notas adjuntas forman parte integral de estos estados financieros



Colbún Transmisión S.A.  
Estado de Cambios en el Patrimonio  
por los periodos terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ESTADOS DE CAMBIO EN EL PATRIMONIO	Nota	Capital emitido	Otras reservas	Ganancias (pérdidas) acumuladas	Patrimonio
		MUS\$	MUS\$	MUS\$	MUS\$
Patrimonio previamente reportado		99.235	164.328	32.192	295.755
Incremento (disminución) del patrimonio por corrección de errores		-	-	-	-
Patrimonio Reexpresado		-	-	-	-
Cambios en Patrimonio					
Resultado integral					
Ganancia (pérdida)				41.907	41.907
Otro resultado integral				-	-
Dividendos		-	-	(12.572)	(12.572)
Incremento (disminución) por otros cambios		-	(2.155)	787	(1.368)
Incremento (disminución) en el patrimonio		-	(2.155)	30.122	27.967
Patrimonio al 31.12.2020	20	99.235	162.173	62.314	323.722

ESTADOS DE CAMBIO 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		-	-	-	-
Cambios en Patrimonio					
Resultado integral					
Ganancia (pérdida)				43.635	43.635
Otro resultado integral				-	-
Dividendos		-	-	(13.090)	(13.090)
Incremento (disminución) por otros cambios		-	(788)	789	1
Incremento (disminución) en el patrimonio		-	(788)	31.334	30.546
Patrimonio al 31.12.2019	20	99.235	164.328	32.192	295.755

Las notas adjuntas forman parte integral de estos estados financieros

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	
					31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A.	Chile	Controlador	Pesos	1.932	-
Total					1.932	-

Cuentas por pagar a entidades relacionadas

RUT	Sociedad	País de origen	Naturaleza de la relación	Tipo de moneda	Corriente		No Corriente	
					31.12.2020 MUS\$	31.12.2019 MUS\$	31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A.	Chile	Controlador	Pesos	-	37.890	15.079	-
Total					-	37.890	15.079	-

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			
						2020		2019	
						Monto MUS\$	Efecto en resultados (cargo) MUS\$	Monto MUS\$	Efecto en resultados (cargo) MUS\$
96.505.760-9	Colbún S.A.	Chile	Controlador	USD	Servicios recibidos	8.229	(6.915)	9.586	(8.056)
				UF	Arriendos	160	(135)	2.799	(2.352)
				UF	Arriendos Cobrados	199	167	345	290
				Pesos	Servidumbre de Paso	-	-	932	783
				Dólares	Venta de activos	2.632	-	166	-
				Dólares	Dividendo pagado	13.091	-	-	-
				Dólares	Dividendo provisionados	12.572	-	13.091	-
				Dólares	Cuenta corriente mercantil	10.773	-	20.998	-
				Dólares	Prestamo recibido	15.000	-	-	-
				Dólares	Intereses sobre prestamo recibido	79	(79)	-	-
				Dólares	Venta peajes	34.293	28.818	41.335	34.735
				Dólares	Compra peajes	204	(172)	218	(183)

Todas las transacciones con partes relacionadas fueron realizadas en términos y condiciones de mercado.

**Colbún Perú S.A. y Filiales**  
Estados de Situación Financiera Consolidados, Clasificados  
al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ACTIVOS	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
<b>Activos corrientes</b>		
Efectivo y equivalentes al efectivo	52.022	44.226
Otros activos no financieros, corrientes	1.830	1.179
Deudores comerciales y otras cuentas por cobrar	29.326	31.488
Inventarios	8.375	9.680
Activos por impuestos, corrientes	3.956	4.165
<b>Activos corrientes totales</b>	<b>95.509</b>	<b>90.738</b>
Otros activos no financieros, no corrientes	26.350	19.974
Activos intangibles distintos de la plusvalía	2.113	2.434
Propiedades, planta y equipos	574.962	792.996
Activos por impuestos diferidos	81.122	37.654
<b>Total activos no corrientes</b>	<b>684.547</b>	<b>853.058</b>
<b>ACTIVOS</b>	<b>780.056</b>	<b>943.796</b>

Las notas adjuntas forman parte integral de estos estados financieros consolidados

**Colbún Perú S.A. y Filiales**  
Estados de Situación Financiera Consolidados, Clasificados (continuación)  
al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

PATRIMONIO NETO Y PASIVOS	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
<b>Pasivos corrientes</b>		
Otros pasivos financieros, corrientes	59.924	28.542
Cuentas por pagar comerciales y otras cuentas por pagar, corrientes	28.458	39.274
Cuentas por pagar a entidades relacionadas	50	97
Pasivos por impuestos	7	230
Provisiones por beneficios a los empleados, corrientes	1.290	1.594
Otros pasivos no financieros, corrientes	1.392	571
<b>Pasivos corrientes totales</b>	<b>91.121</b>	<b>70.308</b>
<b>Pasivos no corrientes</b>		
Otros pasivos financieros, no corrientes	400.281	430.721
Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes	9.652	14.637
Pasivos por impuestos diferidos	570	652
Otras provisiones no corrientes	542	270
<b>Total pasivos no corrientes</b>	<b>411.045</b>	<b>446.280</b>
<b>Total pasivos</b>	<b>502.166</b>	<b>516.588</b>
<b>Patrimonio</b>		
Capital emitido	219.635	219.635
Ganancias (pérdidas) acumuladas	(67.662)	8.231
<b>Patrimonio atribuible a los propietarios de la controladora</b>	<b>151.973</b>	<b>227.866</b>
Participaciones no controladoras	125.917	199.342
<b>Patrimonio Total</b>	<b>277.890</b>	<b>427.208</b>
<b>PATRIMONIO Y PASIVOS</b>	<b>780.056</b>	<b>943.796</b>

Las notas adjuntas forman parte integral de estos estados financieros consolidados



Colbún Perú S.A. y Filiales  
Estados de Resultados Integrales Consolidados, por Naturaleza  
por los ejercicios terminados al 31 de diciembre del 2020 y 2019  
(En miles de dólares)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Enero - Diciembre	
	2020 MUS\$	2019 MUS\$
Ingresos de actividades ordinarias	159.440	174.786
Materias primas y consumibles utilizados	(88.134)	(98.495)
Gastos por beneficio a los empleados	(6.194)	(6.360)
Gastos por depreciación y amortización	(46.848)	(46.211)
Otros gastos, por naturaleza	(25)	(27)
Otras ganancias (pérdidas)	(182.237)	(3.159)
<b>Ganancia de actividades operacionales</b>	<b>(163.998)</b>	<b>20.534</b>
Ingresos financieros	1.274	1.326
Costos financieros	(26.849)	(27.142)
Diferencias de cambio	(3.203)	918
<b>Ganancia antes de impuesto</b>	<b>(192.776)</b>	<b>(4.364)</b>
Gasto por impuesto a las ganancias	43.458	2.515
<b>Ganancia de actividades continuadas</b>	<b>(149.318)</b>	<b>(1.849)</b>
<b>GANANCIA (PÉRDIDA)</b>	<b>(149.318)</b>	<b>(1.849)</b>
<b>Ganancia atribuible a</b>		
Ganancia atribuible a los propietarios de la controladora	(75.893)	(768)
Ganancia atribuible a participaciones no controladoras	(73.425)	(1.081)
<b>GANANCIA (PÉRDIDA)</b>	<b>(149.318)</b>	<b>(1.849)</b>

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Colbún Perú S.A. y Filiales  
Estados de Otros Resultados Integrales Consolidados, por Naturaleza  
por los ejercicios terminados al 31 de diciembre del 2020 y 2019  
(En miles de dólares)

ESTADOS DE OTROS RESULTADOS INTEGRALES	Enero - Diciembre	
	2020 MUS\$	2019 MUS\$
<b>Ganancia</b>	<b>(149.318)</b>	<b>(1.849)</b>
<b>Componentes de otro resultado integral que se reclasificarán al resultado del periodo, antes de impuestos</b>		
Ganancias (pérdidas) por coberturas de flujos de efectivo		-
<b>Otro resultado integral que se reclasificará al resultado del periodo, antes</b>	<b>-</b>	<b>-</b>
<b>Otros componentes de otro resultado integral, antes de impuestos</b>	<b>-</b>	<b>-</b>
<b>Impuesto a las ganancias relativos a componentes de otro resultado integral que se reclasificará al resultado del periodo</b>		
Impuesto a las ganancias relacionado con coberturas de flujo de efectivo	-	-
<b>Impuesto a las ganancias relativo a componentes de otro resultado integral</b>	<b>-</b>	<b>-</b>
<b>Otro resultado integral total</b>	<b>-</b>	<b>-</b>
<b>Resultado integral total</b>	<b>(149.318)</b>	<b>(1.849)</b>
<b>Resultado integral atribuible a</b>		
Resultado integral atribuible a los propietarios de la controladora	(75.893)	(768)
Resultado integral atribuible a participaciones no controladoras	(73.425)	(1.081)
<b>RESULTADO INTEGRAL TOTAL</b>	<b>(149.318)</b>	<b>(1.849)</b>

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Colbún Perú S.A. y Filiales

Estados de Flujos de Efectivo Consolidados – Método Directo

por los ejercicios terminados al 31 de diciembre del 2020 y 2019

(En miles de dólares)

ESTADOS DE FLUJOS DIRECTO	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 MU\$
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	229.501	241.461
Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas	21.281	102
Otros cobros por actividades de la operación	2.601	8.991
Clases de pago		
Pagos a proveedores por el suministro de bienes y servicios	(165.389)	(175.536)
Pagos a y por cuenta de los empleados	(5.585)	(5.340)
Pagos procedentes de primas y prestaciones, anualidades y otras	(5.185)	(1.450)
Obligaciones derivadas de las pólizas suscritas		
Otros pagos por actividades de operación	(13.991)	(12.744)
Flujos de efectivo netos procedentes de (utilizados en) la operación	63.233	55.484
Intereses recibidos	616	1.069
Impuestos a las ganancias reembolsados (pagados)	(197)	(312)
Otras entradas (salidas) de efectivo	(245)	(249)
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación	63.407	55.992
Flujos de efectivo procedentes de (utilizados en) actividades de inversión		
Compras de propiedades, plantas y equipos	(29.663)	(14.061)
Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión	(29.663)	(14.061)
Flujos de efectivo procedentes de (utilizados en) actividades de financiación		
Importes procedentes de préstamos	46.800	-
Importes procedentes de préstamos de corto plazo	46.800	-
Pagos de préstamos	(46.776)	(17.684)
Dividendos pagados	-	(7.472)
Intereses pagados	(24.696)	(24.739)
Aportes de capital	-	(3.137)
Otras entradas (salidas) de efectivo	(44)	-
Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación	(24.716)	(53.032)
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio		
Incremento (disminución) en el efectivo y equivalentes al efectivo	9.028	(11.101)
Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo		
Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente	(1.232)	580
Incremento (disminución) neto de efectivo y equivalentes al efectivo		
Incremento (disminución) neto de efectivo y equivalentes al efectivo	7.796	(10.521)
Efectivo y equivalentes al efectivo al principio del ejercicio	44.226	54.747
Efectivo y equivalentes al efectivo al final del ejercicio	52.022	44.226

Las notas adjuntas forman parte integrante de estos estados financieros consolidados

Colbún Perú S.A. y Filiales

Estados de Cambios en el Patrimonio

por los ejercicios terminados al 31 de diciembre del 2020 y 2019

(En miles de dólares)

Estados de Cambios en el Patrimonio Neto	Patrimonio Atribuible a los Propietarios de la Controladora					Participaciones no controladoras MUS\$	Patrimonio total MUS\$
	Capital emitido MUS\$	Cambios en otras reservas		Ganancias (pérdidas) acumuladas MUS\$	Patrimonio atribuible a los propietarios de la controladora MUS\$		
		Reserva de coberturas de flujo de efectivo MUS\$	Total Otras reservas MUS\$				
Saldo inicial al 01.01.2020	219.635	-	-	18.155	237.790	189.418	427.208
Cambios en Patrimonio							
Resultado integral							
Ganancia (pérdida)				(75.893)	(75.893)	(73.425)	(149.318)
Otro resultado integral			-		-		-
Dividendos				-	-		-
Incremento (disminución) por otros cambios	-	-	-	-	-		-
Total de cambios en patrimonio	-	-	-	(75.893)	(75.893)	(73.425)	(149.318)
Saldo final al 31.12.2020	219.635	-	-	(57.738)	161.897	115.993	277.890

Estado de Cambios en el Patrimonio Neto	Patrimonio Atribuible a los Propietarios de la Controladora					Participaciones no controladoras MUS\$	Patrimonio total MUS\$
	Capital emitido MUS\$	Cambios en otras reservas		Ganancias (pérdidas) acumuladas MUS\$	Patrimonio atribuible a los propietarios de la controladora MUS\$		
		Reserva de coberturas de flujo de efectivo MUS\$	Total Otras reservas MUS\$				
Saldo inicial al 01.01.2019	219.635	-	-	8.999	228.634	200.423	429.057
Cambios en Patrimonio							
Resultado integral							
Ganancia (pérdida)				9.156	9.156	(11.005)	(1.849)
Otro resultado integral <sup>(1)</sup>		-	-		-	-	-
Dividendos				-	-	-	-
Incremento (disminución) por otros cambios	-		-		-		-
Total de cambios en patrimonio	-	-	-	9.156	9.156	(11.005)	(1.849)
Saldo final al 31.12.2019	219.635	-	-	18.155	237.790	189.418	427.208

Las notas adjuntas forman parte integrante de estos estados financieros consolidados



Colbún Perú S.A.  
Transacciones con entidades relacionadas

Cuentas por pagar a entidades relacionadas

RUT	Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente	
					31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A	Chile	Matriz	Pesos	50	97
Total					50	97

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

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			
						2020		2019	
						Monto MUS\$	Efecto en resultados (cargo) abono MUS\$	Monto MUS\$	Efecto en resultados (cargo) abono MUS\$
96.505.760-9	Colbún S.A	Chile	Matriz	Dólar	Cobro servicios TI	196	(196)	206	(206)

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Inversiones de Las Canteras S.A.  
Estado Separado de Situación Financiera  
al 31 de diciembre de 2020 y 2019  
(En miles de dólares estadounidenses)

ACTIVOS	Nota N°	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
Activos corrientes			
Efectivo y equivalentes al efectivo	6	656	39
Deudores comerciales y otras cuentas por cobrar	7	42	1
Cuentas por cobrar a entidades relacionadas, corrientes	11.a	-	300
Activos por impuestos	10	46	-
Activos corrientes totales		744	340
Activos no corrientes			
Inversiones contabilizadas utilizando el método de la participación	9	255.600	405.236
Activos intangibles distintos de la plusvalía	8	1.934	2.210
Total activos no corrientes		257.534	407.446
ACTIVOS		258.278	407.786

PATRIMONIO NETO Y PASIVOS	Nota N°	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 MUS\$
Pasivos corrientes			
Cuentas por pagar comerciales y otras cuentas por pagar, corrientes	-	-	3
Cuentas por pagar a entidades relacionadas	11.b	634	310
Pasivos corrientes totales		634	313
Pasivos no corrientes			
Cuentas. por pagar a Entid. Relacionadas, no corrientes	11.b	100	-
Pasivos por impuestos diferidos	14	571	652
Total pasivos no corrientes		671	652
Total pasivos		1.305	965
Patrimonio			
Capital emitido	12.a	425.698	425.698
Ganancias (pérdidas) acumuladas	12.c	(172.308)	(22.460)
Otras reservas	12.d	3.583	3.583
Patrimonio Total		256.973	406.821
PATRIMONIO Y PASIVOS		258.278	407.786

Las notas adjuntas forman parte integral de estos estados financieros separados

Inversiones de Las Canteras S.A.  
Estado Separado de Resultados Integrales, por Naturaleza  
por los ejercicios terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares estadounidenses)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Nota N°	Enero - Diciembre	
		2020 MUS\$	2019 MUS\$
Gastos por depreciación y amortización	13	(276)	(276)
Otros gastos, por naturaleza	-	(15)	(21)
<b>Ganancia de actividades operacionales</b>		<b>(291)</b>	<b>(297)</b>
Ingresos financieros	-	300	211
Costos financieros	-	(302)	(215)
Participación en las ganancias (pérdidas) de asociadas y negocios conjuntos que se contabilicen utilizando el método de participación	9	(149.636)	(1.985)
Diferencias de cambio	-	-	(1)
<b>Ganancia (pérdida) antes de impuesto</b>		<b>(149.929)</b>	<b>(2.287)</b>
Gasto por impuesto a las ganancias	14	81	81
<b>Ganancia (pérdida) de actividades continuadas</b>		<b>(149.848)</b>	<b>(2.206)</b>
<b>GANANCIA (PÉRDIDA)</b>		<b>(149.848)</b>	<b>(2.206)</b>
<b>Ganancia atribuible a</b>			
Ganancia atribuible a los propietarios de la controladora	-	(149.848)	(2.206)
Ganancia atribuible a participaciones no controladoras	-	-	-
<b>GANANCIA</b>		<b>(149.848)</b>	<b>(2.206)</b>
<b>Ganancias por acción</b>			
Ganancias por acción básica en operaciones continuas <b>US\$/acción</b>	-	(149.848)	(2.206)
<b>Ganancias por acción básica</b>		<b>(149.848)</b>	<b>(2.206)</b>
Ganancias por acción diluida en operaciones continuas <b>US\$/ acción</b>	-	(149.848)	(2.206)
<b>Ganancias por acción diluida</b>		<b>(149.848)</b>	<b>(2.206)</b>

Las notas adjuntas forman parte integral de estos estados financieros separados

Inversiones de Las Canteras S.A.  
Estado Separado de Otros Resultados Integrales  
por los ejercicios terminados al 31 de diciembre del 2020 y 2019  
(En miles de dólares estadounidenses)

ESTADOS DE OTROS RESULTADOS INTEGRALES	Nota N°	Enero - Diciembre	
		2020 MUS\$	2019 MUS\$
<b>Ganancia (pérdida)</b>		<b>(149.848)</b>	<b>(2.206)</b>
<b>Componentes de otro resultado integral que se reclasificarán al resultado del periodo, antes de impuestos</b>			
Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación	-	-	-
<b>Otro resultado integral que se reclasificará al resultado del periodo, antes de</b>		<b>-</b>	<b>-</b>
<b>Otros componentes de otro resultado integral, antes de impuestos</b>		<b>-</b>	<b>-</b>
<b>Impuesto a las ganancias relativos a componentes de otro resultado integral que se reclasificará al resultado del periodo</b>			
Impuesto a las ganancias relacionado con Participación de otro resultado integral de asociadas y negocios conjuntos contabilizados utilizando el método de la participación	-	-	-
<b>Impuesto a las ganancias relativo a componentes de otro resultado integral</b>		<b>-</b>	<b>-</b>
<b>Otro resultado integral total</b>		<b>-</b>	<b>-</b>
<b>Resultado integral total</b>		<b>(149.848)</b>	<b>(2.206)</b>
<b>RESULTADO INTEGRAL TOTAL</b>		<b>(149.848)</b>	<b>(2.206)</b>

Las notas adjuntas forman parte integral de estos estados financieros separados



**Inversiones de Las Canteras S.A.**  
**Estado Separado de Flujos de Efectivo – Método Directo**  
**por los ejercicios terminados al 31 de diciembre de 2020 y 2019**  
**(En miles de dólares estadounidenses)**

ESTADOS DE FLUJOS DIRECTO	Nota	31 de Diciembre, 2020 MUS\$	31 de Diciembre, 2019 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	-	(61)	(25)
Otros pagos por actividades de operación		-	(318)
Flujos de efectivo netos procedentes de (utilizados en) la operación	-	(61)	(343)
Impuestos a las ganancias reembolsados (pagados)	-	(1)	-
Otras entradas (salidas) de efectivo	-	(2)	(4)
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación		(64)	(347)
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			
Importes procedentes de préstamos	-	100	-
Importes procedentes de préstamos de largo plazo		100	-
Devolución de Capital	-	-	(6.402)
Dividendos pagados	-	-	(15.581)
Otras entradas (salidas) de efectivo	-	581	-
Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación		681	(21.983)
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio		617	(22.330)
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		617	(22.330)
Efectivo y equivalentes al efectivo al principio del ejercicio		39	22.369
Efectivo y equivalentes al efectivo al final del periodo	6	656	39

Las notas adjuntas forman parte integral de estos estados financieros separados

**Inversiones de Las Canteras S.A.**  
**Estado Separado de Cambios en el Patrimonio**  
**por los ejercicios terminados al 31 de diciembre de 2020 y 2019**  
**(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 01.01.2020		425.698	3.583	3.583	(22.460)	406.821
Cambios en Patrimonio						
Resultado integral						
Ganancia (pérdida)					(149.848)	(149.848)
Otro resultado integral			-	-		-
Dividendos					-	-
Incremento (disminución) por otros cambios			-	-	-	-
Total de cambios en patrimonio			-	-	(149.848)	(149.848)
Saldo final al 31.12.2020	12	425.698	3.583	3.583	(172.308)	256.973

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 01.01.2019		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	12	425.698	3.583	3.583	(22.460)	406.821

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	
				31.12.2020 MUS\$	31.12.2019 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 2020 y 2019, respectivamente se detallan a continuación:

Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente		No Corriente	
				31.12.2020 MUS\$	31.12.2019 MUS\$	31.12.2020 MUS\$	31.12.2019 MUS\$
Colbún Perú S.A.	Perú	Accionista mayoritario	USD	545	310	-	-
Fenix Power Perú S.A.	Perú	Subsidiaria	USD	88	-	100	-
Total				634	310	100	-

Información a revelar sobre transacciones entre partes relacionadas

Sociedad	Pais origen	Naturaleza de la relación	Tipo de moneda	Descripción de la Transacción	Enero - Diciembre			
					2020		2019	
					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	600	(301)	300	(212)
Fenix Power Perú S.A.	Perú	Subsidiaria	USD	Fee Cash Support Agreement	600	301	300	212

Fenix Power Peru S.A.  
Estado Separado de Situación Financiera  
al 31 de diciembre de 2020 y de 2019  
(en miles de dólares estadounidenses)

ACTIVOS	Nota N°	31 de Diciembre de 2020 MUS\$	31 de Diciembre de 2019 MUS\$
<b>Activos corrientes</b>			
Efectivo y equivalentes al efectivo	8	30,728	23,767
Otros activos no financieros, corrientes	9	1,919	1,268
Deudores comerciales y otras cuentas por cobrar	10	29,320	31,487
Inventarios	12	8,374	9,680
Activos por impuestos, corrientes	14	3,910	4,164
<b>Activos corrientes totales</b>		<b>74,251</b>	<b>70,366</b>
<b>Activos no corrientes</b>			
Otros activos no financieros, no corrientes	9	26,351	19,974
Cuentas por cobrar a entidades relacionadas, no corrientes	11.b1	100	-
Inversiones en subsidiarias	13	250	-
Activos intangibles distintos de la plusvalía	15	179	224
Propiedades, planta y equipos	16	456,381	664,545
Activos por derecho de uso	17	118,581	128,451
Activos por impuestos diferidos	18.b	81,122	37,654
<b>Activos no corrientes totales</b>		<b>682,964</b>	<b>850,848</b>
<b>TOTAL ACTIVOS</b>		<b>757,215</b>	<b>921,214</b>

Las notas adjuntas forman parte integral de estos estados financieros separados



Fenix Power Peru S.A.  
Estado Separado de Situación Financiera (continuación)  
al 31 de diciembre de 2020 y de 2019  
(en miles de dólares estadounidenses)

PATRIMONIO NETO Y PASIVOS	Nota	31 de Diciembre de 2020 MUS\$	31 de Diciembre de 2019 MUS\$
	N°		
<b>Pasivos corrientes</b>			
Otros pasivos financieros, corrientes	19	52,749	21,873
Pasivos por arrendamientos corrientes	20	7,175	6,668
Cuentas por pagar comerciales y otras cuentas por pagar, corrientes	21	28,495	39,246
Cuentas por pagar a partes relacionadas	11.b2	50	397
Provisiones por beneficios a los empleados, corrientes	22	1,290	1,594
Otros pasivos no financieros, corrientes	23	1,382	572
<b>Pasivos corrientes totales</b>		<b>91,141</b>	<b>70,350</b>
<b>Pasivos no corrientes</b>			
Otros pasivos financieros, no corrientes	19	277,693	301,065
Pasivos por arrendamientos no corrientes	20	122,587	129,656
Cuentas por pagar comerciales y otras cuentas por pagar, no corrientes	21	9,652	14,637
Otras provisiones no corrientes	22.a	542	270
<b>Pasivos no corrientes totales</b>		<b>410,474</b>	<b>445,628</b>
<b>Pasivos totales</b>		<b>501,615</b>	<b>515,978</b>
<b>Patrimonio</b>			
Capital emitido	24	425,093	425,093
Ganancias (pérdidas) acumuladas	24.c	(171,542)	(21,906)
Otras reservas	24.b	2,049	2,049
<b>Patrimonio total</b>		<b>255,600</b>	<b>405,236</b>
<b>TOTAL PASIVOS Y PATRIMONIO</b>		<b>757,215</b>	<b>921,214</b>

Las notas adjuntas forman parte integral de estos estados financieros separados

Fenix Power Peru S.A.  
Estado Separado de Resultados Integrales, por Naturaleza  
por los ejercicios terminados el 31 de diciembre de 2020 y 2019  
(en miles de dólares estadounidenses)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Nota	Enero -Diciembre	
		2020 MUS\$	2019 MUS\$
	N°		
Ingresos de actividades ordinarias	7 y 25	159,440	174,786
Materias primas y consumibles utilizados	26	(86,506)	(95,724)
Gastos por beneficio a los empleados	27	(6,062)	(6,188)
Gastos por depreciación y amortización	28	(46,572)	(45,934)
Otros gastos, por naturaleza	-	(1,759)	(2,945)
Otras ganancias (pérdidas)	31	(182,237)	(3,163)
<b>Ganancia de actividades operacionales</b>	-	<b>(163,696)</b>	<b>20,832</b>
Ingresos financieros	29	717	608
Costos financieros	29	(26,841)	(27,132)
Diferencias de cambio	30	(3,205)	920
<b>Ganancia (Pérdida) antes de impuesto</b>	-	<b>(193,025)</b>	<b>(4,772)</b>
Ingreso (gasto) por impuesto a las ganancias	18.a	43,389	2,787
<b>Ganancia (Pérdida) de actividades continuadas</b>		<b>(149,636)</b>	<b>(1,985)</b>
<b>GANANCIA (PÉRDIDA)</b>		<b>(149,636)</b>	<b>(1,985)</b>

Las notas adjuntas forman parte integral de estos estados financieros separados

Fenix Power Peru S.A.  
Estado Separado de Otros Resultados Integrales  
por los ejercicios terminados el 31 de diciembre de 2020 y 2019  
(en miles de dólares estadounidenses)

ESTADOS DE OTROS RESULTADOS INTEGRALES	Nota  N°	Enero -Diciembre	
		2020 MUS\$	2019 MUS\$
Ganancia (Pérdida)		(149,636)	(1,985)

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		(149,636)	(1,985)

Las notas adjuntas forman parte integral de estos estados financieros separados

Fenix Power Peru S.A.  
Estado Separado de Flujos de Efectivo – Método Directo  
por los ejercicios terminados el 31 de diciembre de 2020 y 2019  
(en miles de dólares estadounidenses)

ESTADOS DE FLUJOS DIRECTO	Nota  N°	31 de Diciembre de 2020 MUS\$	31 de Diciembre de 2019 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		229,501	241,461
Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas		21,281	102
Otros cobros por actividades de la operación		2,601	8,991
Clases de pago			
Pagos a proveedores por el suministro de bienes y servicios		(165,318)	(175,504)
Pagos a y por cuenta de los empleados		(5,585)	(5,340)
Pagos procedentes de primas y prestaciones, anualidades y otras bligaciones derivadas de las pólizas suscritas		(5,185)	(1,449)
Otros pagos por actividades de operación		(13,916)	(12,105)
Flujos de efectivo netos de operación		63,379	56,156
Intereses recibidos		360	-
Impuestos a las ganancias reembolsados (pagados)		-	(185)
Otras entradas (salidas) de efectivo		(237)	-
Flujos de efectivo netos procedentes de actividades de operación		63,502	55,971
Flujos de efectivo utilizados en actividades de inversión			
Otros pagos para adquirir participaciones en negocios conjuntos		(250)	-
Compras de propiedades, plantas y equipos		(29,663)	(14,061)
Anticipos de efectivo y préstamos concedidos a terceros		(100)	-
Flujos de efectivo netos utilizados en actividades de inversión		(30,013)	(14,061)
Flujos de efectivo procedentes de (utilizados en) actividades de financiación			
Importes procedentes de préstamos		46,800	-
Importes procedentes de préstamos de corto plazo		46,800	-
Pagos de préstamos		(39,800)	(12,000)
Pagos de pasivos por arrendamientos		(6,974)	(5,684)
Intereses pagados		(24,696)	(24,739)
Otras entradas (salidas) de efectivo		(623)	-
Flujos de efectivo netos procedentes de ( utilizados) en actividades de financiación		(25,293)	(42,423)
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio		8,196	(513)
Efectos de la variación en la tasa de cambio sobre el efectivo y equivalentes al efectivo			
Efectos de las variaciones en las tasas de cambio sobre el efectivo y efectivo equivalente		(1,235)	576
Incremento (disminución) neto de efectivo y equivalentes al efectivo		6,961	63
Efectivo y equivalentes al efectivo al principio del ejercicio		23,767	23,704
Efectivo y equivalentes al efectivo al final del periodo	8	30,728	23,767

Las transacciones que no generan flujo de efectivo al 31 de diciembre de 2020 corresponden a Activo por derecho de uso por MUS\$ 94 (MUS\$127,829 al 31 de diciembre de 2019)

Las notas adjuntas forman parte integral de estos estados financieros separados



Fenix Power Peru S.A.  
Estado Separado de Cambios en el Patrimonio  
por los ejercicios terminados el 31 de diciembre de 2020 y 2019  
(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 01.01.2020		425,093	2,049	2,049	(21,906)	405,236
Cambios en Patrimonio						
Resultado integral						
Ganancia (pérdida)					(149,636)	(149,636)
Resultado integral		-	-	-	(149,636)	(149,636)
Total de cambios en patrimonio		-	-	-	(149,636)	(149,636)
Saldo final al 31.12.2020	23	425,093	2,049	2,049	(171,542)	255,600

Estado 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	23	425,093	2,049	2,049	(21,906)	405,236

Las notas adjuntas forman parte integral de estos estados financieros separados

Fenix Power Peru S.A.  
Transacciones con entidades relacionadas

Cuentas por cobrar a partes relacionadas

Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente	
				31.12.2020 MUS\$	31.12.2019 MUS\$
Inversiones de Las Canteras S.A.	Peru	Accionista	Dólares	100	-
Total				100	-

Cuentas por pagar a partes relacionadas

Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente	
				31.12.2020 MUS\$	31.12.2019 MUS\$
Colbun S.A.	Chile	Controlador	Dólares	50	97
Inversiones de Las Canteras S.A.	Peru	Accionista	Dólares	-	300
Total				50	397

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas **revelar sobre transacciones entre partes relacionadas**

Información a revelar sobre transacciones entre partes relacionadas

Sociedad	País origen	Naturaleza de la relación	Tipo de moneda	Descripción de la Transacción	Enero -Diciembre			
					2020		2019	
					Monto MUS\$	Efecto en resultados (cargo) abono MUS\$	Monto MUS\$	Efecto en resultados (cargo) abono MUS\$
Colbún S.A.	Chile	Controlador	Dólares	Servicios TI	196	(196)	97	(97)
Colbún S.A.	Chile	Controlador	Dólares	Servicios en mantenimiento mayor	-	-	85	-
Inversiones de Las Canteras S.A.	Perú	Accionista	Dólares	Prestamo a largo plazo	100	100		
Inversiones de Las Canteras S.A.	Perú	Accionista	Dólares	Fee Cash Support Agreement	300	(300)	300	(211)

Desaladora del Sur S.A.  
Estado de Situación Financiera  
al 31 de diciembre de 2020  
(en miles de Soles)

ACTIVOS	Nota	31 de Diciembre de 2020
	N°	S/000
Activos corrientes		
Efectivo y equivalentes al efectivo	6	900
Activos corrientes totales		900
TOTAL ACTIVOS		900

PATRIMONIO NETO Y PASIVOS	Nota	31 de Diciembre de 2020
		S/000
Patrimonio		
Capital emitido	9	900
Patrimonio atribuible a los propietarios de la controladora		900
Patrimonio total		900
TOTAL PASIVOS Y PATRIMONIO		900

Las notas adjuntas forman parte integral de estos estados financieros

Desaladora del Sur S.A.  
Estado de Flujos de Efectivo – Método Directo  
por el periodo comprendido entre el 27 de octubre de 2020 y el 31 de diciembre de 2020  
(en miles de soles)

ESTADOS DE FLUJOS DIRECTO	Nota	31 de Diciembre de 2020
	N°	S/000
Flujos de efectivo procedentes de (utilizados en) actividades de financiación		
Importes procedentes de préstamos		-
Aportes de Capital		900
Flujos de efectivo netos procedentes de ( utilizados) en actividades de financiación		900
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio		900
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		900
Efectivo y equivalentes al efectivo al final del periodo		900

Las notas adjuntas forman parte integral de estos estados financieros



Desaladora del Sur S.A.  
Estado de Cambios en el Patrimonio  
por el periodo comprendido entre el 27 de octubre de 2020 y el 31 de diciembre de 2020  
(en miles de soles)

Estados de Cambios en el Patrimonio	Nota	Capital emitido S/000	Patrimonio total S/000
Saldo inicial al 27.10.2020		-	-
Incremento (disminución)		900	900
Total de cambios en patrimonio		900	900
Saldo final al 31.12.2020		900	900

Las notas adjuntas forman parte integral de estos estados financieros

Colbún Desarrollo SpA  
Estados de Situación Financiera Clasificados  
por los ejercicios terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ACTIVOS	31 de Diciembre 2020 MUS\$	31 de Diciembre 2019 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 2020 MUS\$	31 de Diciembre 2019 MUS\$
Capital emitido	160	160
Patrimonio Total	160	160
TOTAL PATRIMONIO Y PASIVOS	160	160

Las notas adjuntas forman parte integral de estos estados financieros

Colbún Desarrollo SpA  
Estados de Flujos de Efectivo– Método Directo  
por los ejercicios terminados al 31 de diciembre del 2020 y 2019  
(En miles de dólares)

ESTADO DE FLUJOS DIRECTO	Diciembre 31, 2020 MUS\$	Diciembre 31, 2019 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

Las notas adjuntas forman parte integrante de estos estados financieros

Colbún Desarrollo SpA  
Estados de Cambios en el Patrimonio  
por los ejercicios terminados al 31 de diciembre del 2020 y 2019  
(En miles de dólares)

Estados de Cambio en el Patrimonio	Capital emitido MUS\$	Ganancias (pérdidas) acumuladas MUS\$	Patrimonio total MUS\$
Saldo inicial al 01.01.2020	160	-	160
Resultado integral			
Ganancia (pérdida)		-	-
Otro resultado integral			-
Dividendos		-	-
Total de cambios en patrimonio	-	-	-
Saldo final al 31.12.2020	160	-	160

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			-
Total de cambios en patrimonio	-	-	-
Saldo final al 31.12.2019	160	-	160

Las notas adjuntas forman parte integrante de estos estados financieros



Colbún Desarrollo SpA.  
Transacciones con entidades relacionadas

Cuentas por cobrar a entidades relacionadas

RUT	Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	No corriente	
					31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A.	Chile	Matriz	Pesos	149	149
Total					149	149

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

Santa Sofía SpA  
Estados de Situación Financiera, Clasificados  
al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ACTIVOS	31 de Diciembre 2020 MUS\$	31 de Diciembre 2019 MUS\$
Activos no corrientes		
Activos por impuestos diferidos	156	154
Total activos corrientes	156	154
TOTAL DE ACTIVOS	156	154

PATRIMONIO NETO Y PASIVOS	31 de Diciembre 2020 MUS\$	31 de Diciembre 2019 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	(612)	(614)
Patrimonio Total	(24)	(26)
TOTAL PATRIMONIO Y PASIVOS	156	154

Las notas adjuntas forman parte integral de estos estados financieros

Estados de Resultados Integrales  
por los ejercicios terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

ESTADO DE RESULTADOS INTEGRALES POR NATURALEZA	Enero - Diciembre	Enero - Diciembre
	2020 MUS\$	2019 MUS\$
(Gasto) ingreso por impuestos, operaciones continuadas	2	1
Ganancia (pérdida) de actividades continuadas	2	1
GANANCIA (PÉRDIDA)	2	1

Estados de otros resultados integrales	Enero - Diciembre	Junio - Diciembre
	2020 MUS\$	2019 MUS\$
Ganancia (pérdida)	2	1

Las notas adjuntas forman parte integral de estos estados financieros

Santa Sofía SpA  
Estados de Cambios en el Patrimonio  
por los ejercicios terminados al 31 de diciembre de 2020 y 2019  
(En miles de dólares)

Estados de Cambios en el Patrimonio	Capital emitido MUS\$	Ganancias (pérdidas) acumuladas MUS\$	Patrimonio total MUS\$
Saldo inicial al 01.01.2020	588	(614)	(26)
Cambios en Patrimonio			
Resultado integral			
Emisión de patrimonio	-	-	-
Ganancia (pérdida)		2	2
Otro resultado integral			-
Dividendos		-	-
Incremento (disminución) por transferencias y otros cambios	-	-	-
Total de cambios en patrimonio	-	2	2
Saldo final al 31.12.2020	588	(612)	(24)

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)

Las notas adjuntas forman parte integral de estos estados financieros



Santa Sofía SpA

Estados de Flujos de Efectivo – Método Directo

por los ejercicios terminados al 31 de diciembre de 2020 y 2019

(En miles de dólares)

ESTADO DE FLUJOS DIRECTO	Diciembre 31, 2020 MUS\$	Diciembre 31, 2019 MUS\$
Flujos de efectivo procedentes de (utilizados en) actividades de operación		
Clases de pago		
Pagos a proveedores por el suministro de bienes y servicios	-	-
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación	-	-
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	-	-
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		
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	-	-

Las notas adjuntas forman parte integral de estos estados financieros

Santa Sofía SpA

Transacciones con entidades relacionadas

Cuentas por pagar a entidades relacionadas

RUT	Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente	
					31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A.	Chile	Matriz	Dólar	180	180
Total					180	180

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 2020		Enero - Diciembre 2019	
						Monto MUS\$	Efecto en resultados (cargo) abono MUS\$	Monto MUS\$	Efecto en resultados (cargo) abono MUS\$
96.505.760-9	Colbún S.A.	Chile	Matriz	Dólar	Préstamo	-	-	-	-

Termoeléctrica Nehuenco S.A., En Liquidación

Estados de Situación Financiera Clasificados

al 31 de diciembre de 2020 y 2019

(En miles de dólares)

ACTIVOS	31 de Diciembre	
	2020 MUS\$	2019 MUS\$
Activos corrientes		
Activos por impuestos corrientes	7	7
Activos corrientes totales	7	7
TOTAL DE ACTIVOS	7	7

PATRIMONIO NETO Y PASIVOS	31 de Diciembre	
	2020 MUS\$	2019 MUS\$
Pasivos no corrientes		
Cuentas por pagar a entidades relacionadas	41	41
Total pasivos no corrientes	41	41
Total pasivos	41	41
Capital emitido	17.484	17.484
Ganancias (pérdidas) acumuladas	(17.412)	(17.412)
Otras reservas	(106)	(106)
Patrimonio Total	(34)	(34)
TOTAL PATRIMONIO Y PASIVOS	7	7

Las notas adjuntas forman parte integral de estos estados financieros

Termoeléctrica Nehuenco S.A., En Liquidación

Estados de Resultados Integrales

por los ejercicios terminados al 31 de diciembre de 2020 y 2019

(En miles de dólares)

ESTADO DE RESULTADOS INTEGRALES POR NATURALEZA	Enero - Diciembre	
	2020 MUS\$	2019 MUS\$
Gastos por beneficio a los empleados	-	(8)
Otras ganancias (pérdidas)	-	94
Ganancia (pérdida) de actividades operacionales	-	86
Ganancia (pérdida) antes de impuesto	-	86
Gasto por impuesto a las ganancias	-	(3.189)
Ganancia (pérdida) de actividades continuadas	-	(3.103)
GANANCIA (PÉRDIDA)	-	(3.103)

Estados de otros resultados integrales	Enero - Diciembre	
	2020 MUS\$	2019 MUS\$
Ganancia (pérdida)	-	(3.103)
Componentes de otro resultado integral, antes de impuestos		
Ganancias (pérdidas) actuariales por planes de beneficios definidos	-	-
Otros componentes de otro resultado integral, antes de impuestos	-	-
Impuesto a las ganancias relativos a componentes de Otro Resultado Integral		
Impuesto a las ganancias relacionado con planes de beneficios definidos	-	-
Resultado integral total	-	-
RESULTADO INTEGRAL TOTAL	-	(3.103)

Las notas adjuntas forman parte integral de estos estados financieros



Termoeléctrica Nehuenco S.A., En liquidación

Estados de Flujos de Efectivo – Método Directo

por los ejercicios terminados al 31 de diciembre de 2020 y 2019

(En miles de dólares)

ESTADO DE FLUJOS DIRECTO	Enero - Diciembre	
	2020 MUS\$	2019 MUS\$
Flujos de efectivo procedentes de (utilizados en) actividades de operación		
Clases de cobros por actividades de la operación		
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación	-	-
Flujos de efectivo procedentes de (utilizados en) actividades de financiación		
Pagos de préstamos a entidades relacionadas	-	(20)
Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación	-	(20)
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio	-	(20)
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)
Efectivo y equivalentes al efectivo al principio del ejercicio	-	20
Efectivo y equivalentes al efectivo al final del ejercicio	-	-

Las notas adjuntas forman parte integrante de estos estados financieros

Termoeléctrica Nehuenco S.A., En Liquidación

Estados de Cambios en el Patrimonio

por los ejercicios terminados al 31 de diciembre de 2020 y 2019

(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 01.01.2020	17.484	(106)	-	(106)	(17.412)	(34)
Cambios en Patrimonio						
Resultado integral						
Emisión de patrimonio						-
Ganancia (pérdida)					-	-
Otro resultado integral		-	-	-	-	-
Dividendos					-	-
Incremento (disminución) por transferencias y otros cambios	(26)	26	-	26	-	-
Total de cambios en patrimonio	(26)	26	-	26	-	-
Saldo final al 31.12.2020	17.458	(80)	-	(80)	(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 01.01.2019	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		-			-	-
Incremento (disminución) por transferencias y otros cambios	(26)	26		26		-
Total de cambios en patrimonio	17.272	26	-	26	(3.103)	(3.103)
Saldo final al 31.12.2019	17.484	(106)	-	(106)	(17.412)	(34)

Las notas adjuntas forman parte integrante de estos estados financieros

Termoeléctrica Nehuenco S.A., En Liquidación

Transacciones con entidades relacionadas

Cuentas por pagar a entidades relacionadas

RUT	Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corriente		No corriente	
					31.12.2020 MUS\$	31.12.2019 MUS\$	31.12.2020 MUS\$	31.12.2019 MUS\$
96.505.760-9	Colbún S.A.	Chile	Matriz	Pesos	-	-	41	41
Total					-	-	41	41

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			
						2020		2019	
						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)	-	-	-	-
					Servicio de Administración Mantenimiento y Operación Central Nehuenco	-	-	-	-
				USD	Capitalización Cuenta Corriente	-	-	17.298	-

\* \* \* \* \*

Efizity Ingeniería SpA y Subsidiarias

Estados de Situación Financiera Consolidados, Clasificados al 31 de diciembre de 2020

(En miles de dólares)

ACTIVOS	31 de Diciembre, 2020 MUS\$
Activos corrientes	
Efectivo y equivalentes al efectivo	97
Cuentas comerciales por cobrar y otras cuentas por cobrar corrientes	783
Activos por impuestos corrientes	21
Activos corrientes	901
Activos no corrientes	
Otros activos no financieros no corrientes	13
Cuentas comerciales por cobrar y otras cuentas por cobrar no corrientes	148
Activos intangibles distintos de la plusvalía	13
Propiedades, planta y equipos	84
Activos por derecho de uso	104
Activos por impuestos diferidos	145
Activos no corrientes	507
ACTIVOS	1.408

Las notas adjuntas forman parte integral de estos estados financieros consolidados



Efizity Ingeniería SpA y Subsidiarias  
Estados de Situación Financiera Consolidados, Clasificados  
al 31 de diciembre de 2020 (continuación)  
(En miles de dólares)

PATRIMONIO Y PASIVOS	31 de Diciembre, 2020 MUS\$
<strong>Pasivos corrientes</strong>	
Otros pasivos financieros corrientes	221
Pasivos por arrendamientos corrientes	86
Cuentas por pagar comerciales y otras cuentas por pagar	301
Cuentas por pagar a entidades relacionadas, corrientes	282
Provisiones corrientes por beneficios a los empleados	147
Otros pasivos no financieros corrientes	91
<strong>Pasivos corrientes</strong>	<strong>1.128</strong>
<strong>Pasivos no corrientes</strong>	
Otros pasivos financieros no corrientes	218
Pasivos por arrendamientos no corrientes	17
<strong>Pasivos no corrientes</strong>	<strong>235</strong>
<strong>Pasivos</strong>	<strong>1.363</strong>
<strong>Patrimonio</strong>	
Capital emitido	106
Ganancias (pérdidas) acumuladas	(65)
Otras reservas	4
<strong>Patrimonio atribuible a los propietarios de la controladora</strong>	<strong>45</strong>
Participaciones no controladoras	-
<strong>Patrimonio</strong>	<strong>45</strong>
<strong>PATRIMONIO Y PASIVOS</strong>	<strong>1.408</strong>

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Estados de Resultados Integrales Consolidado, por Naturaleza  
por el periodo desde el 03 de septiembre al 31 de diciembre de 2020  
(En miles de dólares)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Septiembre - Diciembre
	2020 MUS\$
Ingresos de actividades ordinarias	641
Gastos por beneficio a los empleados	(767)
Gastos por depreciación y amortización	(32)
Otros gastos, por naturaleza	(208)
Otras ganancias (pérdidas)	28
<strong>Ganancia por actividades de operación</strong>	<strong>(338)</strong>
Costos financieros	(11)
Diferencias de cambio	(16)
<strong>Ganancia antes de impuesto</strong>	<strong>(365)</strong>
Gasto (ingreso) por impuestos, operaciones continuadas	185
<strong>Ganancia (pérdida) procedente de operaciones continuadas</strong>	<strong>(180)</strong>
<strong>GANANCIA (PÉRDIDA)</strong>	<strong>(180)</strong>

ESTADOS DE OTROS RESULTADOS INTEGRALES	Septiembre - Diciembre
	2020 MUS\$
<strong>Ganancia</strong>	<strong>(180)</strong>
<strong>Otro resultado integral total</strong>	<strong>-</strong>
<strong>Resultado integral total</strong>	<strong>(180)</strong>
<strong>RESULTADO INTEGRAL TOTAL</strong>	<strong>(180)</strong>

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Efizity Ingeniería SpA y Subsidiarias

Estados de Flujos de Efectivo Consolidado – Método Directo

por el periodo desde el 03 de septiembre al 31 de diciembre de 2020

(En miles de dólares)

ESTADOS DE FLUJOS DIRECTO	Septiembre - Diciembre
	2020 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	730
Clases de pagos en efectivo procedentes de actividades de operación	
Pagos a proveedores por el suministro de bienes y servicios	(192)
Pagos a y por cuenta de los empleados	(737)
Otros pagos por actividades de operación	(26)
Flujos de efectivo procedentes de (utilizados en) operaciones	(224)
Impuestos a las ganancias reembolsados (pagados)	(8)
Flujos de efectivo procedentes de (utilizados en) actividades de operación	(233)
Flujos de efectivo procedentes de (utilizados en) actividades de inversión	
Compras de propiedades, plantas y equipos	(4)
Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión	(4)
Flujos de efectivo procedentes de (utilizados en) actividades de financiación	
Importes procedentes de préstamos	372
Importes procedentes de préstamos de largo plazo	281
Importes procedentes de préstamos de corto plazo	91
Pagos de pasivos por arrendamientos	(26)
Pagos de préstamos	(54)
Intereses pagados	(12)
Flujos de efectivo netos procedentes de (utilizados en) actividades de financiación	280
Incremento neto (disminución) en el efectivo y equivalentes al efectivo, antes del efecto de los cambios en la tasa de cambio	43
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	(5)
Incremento (disminución) neto de efectivo y equivalentes al efectivo	38
Efectivo y equivalentes al efectivo al principio del periodo	58
Efectivo y equivalentes al efectivo al final del ejercicio	97

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Efizity Ingeniería SpA y Subsidiarias

Estados de Cambios en el Patrimonio

por el periodo desde el 03 de septiembre al 31 de diciembre de 2020

(En miles de dólares)

Estados de Cambios en el Patrimonio	Patrimonio Atribuible a los Propietarios de la Controladora				Patrimonio
	Capital emitido	Cambios en otras reservas		Ganancias (pérdidas) acumuladas	
		Reserva de diferencias de cambio en conversiones	Otras reservas		
MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	
Patrimonio previamente reportado	106	3	3	134	243
Incremento (disminución) del patrimonio por correcciones de errores	-	-	-	-	-
Patrimonio Reexpresado	106	3	3	134	243
Cambios en Patrimonio					
Resultado integral					
Ganancia (pérdida)				(180)	(180)
Incremento (disminución) por otros cambios	-	1	1	(19)	(18)
Incremento (disminución) en el patrimonio	-	1	1	(199)	(198)
Patrimonio al 31.12.2020	106	4	4	(65)	45

Las notas adjuntas forman parte integral de estos estados financieros consolidados



Efizity Ingeniería SpA y Subsidiarias

Transacciones con entidades relacionadas

Cuentas por pagar a entidades relacionadas

RUT	Sociedad	País origen	Naturaleza de la relación	Tipo de Moneda	Corrientes
					31.12.2020 MUS\$
96.505.760-9	Colbun S.A.	Chile	Accionista mayoritario	CLP	282
Total					282

Transacciones más significativas y sus efectos en resultado

Rut	Sociedad	País origen	Naturaleza de la relación	Tipo de moneda	Descripción de la Transacción	Septiembre-Diciembre 2020	
						Monto MUS\$	Efecto en resultados (cargo) abono MUS\$
96.505.760-9	Colbun S.A.	Chile	Accionista mayoritario	CLP	Prestamo recibido	281	-
96.505.760-9	Colbun S.A.	Chile	Accionista mayoritario	CLP	Interes Prestamos	1	(1)

No existen garantías, otorgadas o recibidas por las transacciones con partes relacionadas.

# Estados Financieros Resumidos Coligadas

Electrogas S.A.  
Transmisora Eléctrica de Quillota Ltda.

## Electrogas S.A Estados de Situación Financiera Clasificados al 31 de diciembre de 2020 y 2019 (US\$)

Activos	Notas	2020	2019
		US\$	US\$
Activos corrientes:			
Efectivo y equivalentes al efectivo	5	7.472.970	3.439.113
Otros activos financieros, corrientes		6.108	13.812
Otros activos no financieros, corrientes	9	397.486	357.117
Deudores comerciales y otras cuentas por cobrar, corrientes	6	1.521.070	2.254.616
Cuentas por cobrar a entidades relacionadas, corrientes	7	1.453.684	2.547.013
<b>Total activos corrientes</b>		<b>10.851.318</b>	<b>8.611.671</b>
Activos no corrientes:			
Activos intangibles distintos de la plusvalía	10	6.938.786	7.692.974
Propiedades, planta y equipo	11	34.314.957	38.922.340
Total activos no corrientes		41.253.743	46.615.314
<b>Total activos</b>		<b>52.105.061</b>	<b>55.226.985</b>

Pasivos y patrimonio	Notas	2020	2019
		US\$	US\$
Pasivos corrientes:			
Otros pasivos financieros, corrientes	13	98.437	395.227
Cuentas por pagar comerciales y otras cuentas por pagar, corrientes	14	975.151	2.612.325
Otras provisiones, corrientes	17	1.513.300	-
Pasivos por impuestos, corrientes	15	1.227.426	1.353.427
Provisiones corrientes por beneficios a los empleados	16	666.445	520.697
Total pasivos corrientes		4.480.759	4.881.676
Pasivos no corrientes:			
Otros pasivos financieros, no corrientes	13	182.513	259.793
Otras provisiones, no corrientes	17	-	1.513.300
Pasivo por impuestos diferidos	12	8.214.359	9.424.351
Provisiones no corrientes por beneficios a los empleados	16	714.598	337.173
<b>Total pasivos no corrientes</b>		<b>9.111.470</b>	<b>11.534.617</b>
Total pasivos		13.592.229	16.416.293
Patrimonio neto:			
Capital pagado	18	21.266.155	21.266.155
Otras reservas	18	(372.562)	(341.830)
Ganancias acumuladas	18	17.619.239	17.886.367
Total patrimonio neto		38.512.832	38.810.692
<b>Total pasivos y patrimonio neto</b>		<b>52.105.061</b>	<b>55.226.985</b>



Estados de Resultados Integrales, por Naturaleza  
al 31 de diciembre de 2020 y 2019  
(US\$)

Estado de resultados, ganancia/(pérdida)	Notas	2020	2019
		US\$	US\$
Ganancia bruta:			
Ingresos de actividades ordinarias	19	35.689.992	36.276.419
Costo de ventas	20	(8.607.144)	(8.964.496)
<b>Total ganancia bruta</b>		<b>27.082.848</b>	<b>27.311.923</b>
Otros ingresos		35.811	23.317
Gastos de administración	21	(1.068.761)	(1.023.147)
Otros gastos		-	(18.476)
<b>Total ganancias de actividades operacionales</b>		<b>26.049.898</b>	<b>26.293.617</b>
Ingresos financieros	22	113.758	160.217
Costos financieros	22	(30.129)	(69.340)
Diferencias de cambio	26	785.066	(292.589)
Ganancia antes de impuesto		26.918.593	26.091.905
Gasto por impuestos a las ganancias	12	(7.482.735)	(7.263.520)
<b>Ganancia neta</b>		<b>19.435.858</b>	<b>18.828.385</b>
Ganancia por acción:			
Ganancia por acción básica en operaciones continuadas		47,18	45,71
Ganancia por acciones diluidas en operaciones continuadas		-	-
<b>Ganancia por acción</b>		<b>47,18</b>	<b>45,71</b>

Estado de resultado integral	2020	2019
	US\$	US\$
Ganancia neta	19.435.858	18.828.385
Componentes de otro resultado integral, antes de impuestos:		
Coberturas del flujo de efectivo		
Ganancias/(pérdidas) por coberturas de flujos de efectivo, antes de impuestos	21.107	196.147
Total otros componentes de otro resultado integral, antes de impuestos	21.107	196.147
Impuesto a las ganancias relacionado con componentes de otro resultado integral:		
Impuesto a las ganancias relacionado con coberturas de flujos de efectivo de otro resultado integral	(5.699)	(52.960)
Total de impuestos a las ganancias relacionados con componentes de otro resultado integral	(5.699)	(52.960)
Total otro resultado integral	15.408	143.187
<b>Total resultado integral</b>	<b>19.451.266</b>	<b>18.971.572</b>
Resultado integral atribuible a:		
Resultado integral atribuible a los propietarios de la controladora	19.451.266	18.971.572
<b>Resultado integral atribuible a participaciones no controladoras</b>	<b>-</b>	<b>-</b>

Electrogas S.A  
Estados de Flujos de Efectivo – Método Indirecto  
al 31 de diciembre de 2020 y 2019  
(US\$)

	Notas	2020	2019
		US\$	US\$
Flujos de efectivo procedentes de/(utilizados en) actividades de operación:			
Ganancia neta		19.435.858	18.828.385
Cargos (abonos) a resultados que no generan flujos de efectivo:			
Ajustes por gasto por impuesto a las ganancias	12	7.482.735	7.263.520
Ajustes por gastos de depreciación y amortización	10 – 11	5.340.167	5.406.581
Ajustes por provisiones		523.173	398.897
Ajustes por utilidad en venta de propiedades, planta y equipo		-	(3.994)
Variación de activos que afectan al flujo de efectivo (aumentos) disminuciones:			
Cuentas por cobrar de origen comercial		1.826.875	(1.838.088)
Otras cuentas por cobrar derivadas de las actividades de operación		(8.730.013)	(8.438.982)
Variación de pasivos que afectan al flujo de efectivo (disminuciones) aumentos:			
Cuentas por pagar de origen comercial		209.458	(280.228)
Otras cuentas por pagar derivadas de las actividades de operación		(60.833)	(195.565)
Otros ajustes por partidas distintas al efectivo		8.522	(40.654)
Total de ajustes para conciliar resultados		6.600.084	2.271.487
Flujos de efectivo netos procedentes de actividades de operación		26.035.942	21.099.872
Flujos de efectivo procedentes de/(utilizados en) actividades de inversión:			
Importes procedentes de la venta de propiedades, planta y equipo		-	8.418
Compras de propiedades, planta y equipo		(81.675)	(483.857)
Otras salidas de efectivo		(6.766)	(14.504)
Flujos de efectivo netos utilizados en actividades de inversión		(88.441)	(489.943)
Flujos de efectivo procedentes de/(utilizados en) actividades de financiación:			
Pagos de préstamos	13	(286.443)	(2.038.356)
Pago de obligaciones por leasing	13	(106.457)	(92.892)
Dividendos pagados	13 - 18	(21.520.744)	(18.741.790)
Flujos de efectivo netos utilizados en actividades de financiación		(21.913.644)	(20.873.038)
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		-	-
Aumento (disminución) neta de efectivo y equivalentes al efectivo		4.033.857	(263.109)
Efectivo y equivalentes al efectivo al principio del período		3.439.113	3.702.222
Efectivo y equivalentes al efectivo al final del período	5	7.472.970	3.439.113

Electrogas S.A  
Estados de Cambios en el Patrimonio  
al 31 de diciembre de 2020 y 2019

2020	Nota		Cambios en otras reservas			
		Capital pagado	Reservas de cobertura de flujos de caja	Total otras reservas	Ganancias acumuladas	Total patrimonio, neto
		US\$	US\$	US\$	US\$	US\$
Saldo inicial al 1 de enero de 2020	18	21.266.155	(341.830)	(341.830)	17.886.367	38.810.692
Cambios en patrimonio:						
Resultado integral:						
Ganancia neta		-	-	-	19.435.858	19.435.858
Otro resultado integral		-	15.408	15.408	-	15.408
Dividendos		-	-	-	(19.702.986)	(19.702.986)
Incremento/(disminución) por transferencias y otros cambios		-	(46.140)	(46.140)	-	(46.140)
Total cambios en patrimonio		-	(30.732)	(30.732)	(267.128)	(297.860)
Saldo final al 31 de diciembre de 2020		21.266.155	(372.562)	(372.562)	17.619.239	38.512.832

2019						
Saldo inicial al 1 de enero de 2019	18	21.266.155	(235.024)	(235.024)	18.033.458	39.064.589
Cambios en patrimonio:						
Resultado integral:						
Ganancia neta		-	-	-	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 transferencias y otros cambios		-	(249.993)	(249.993)	-	(249.993)
Total cambios en patrimonio		-	(106.806)	(106.806)	(147.091)	(253.897)
Saldo final al 31 de diciembre de 2019		21.266.155	(341.830)	(341.830)	17.886.367	38.810.692



Transmisora Eléctrica de Quillota Ltda.  
Estados de Situación Financiera Clasificados  
al 31 de diciembre de 2020 y 2019  
(En miles de Pesos)

ACTIVOS	Nota N°	Diciembre 31, 2020 M\$	Diciembre 31, 2019 M\$
<b>Activos corrientes</b>			
Efectivo y equivalentes al efectivo	5	4.261.166	2.403.904
Otros activos no financieros, corrientes	-	372	19
Deudores comerciales por cobrar y otras cuentas por cobrar	6	187.608	8.880
Cuentas por cobrar a entidades relacionadas, corrientes	7.b	74.198	896.926
Activos por impuestos corrientes	10.a	879.578	2.100
<b>Activos corrientes totales</b>		<b>5.402.922</b>	<b>3.311.829</b>
<b>Activos no corrientes</b>			
Otros activos no financieros, no corrientes	-	25.674	26.759
Activos intangibles distintos de la plusvalía	8	248.679	253.784
Propiedades, planta y equipos	9	9.820.252	10.580.433
<b>Activos no corrientes totales</b>		<b>10.094.605</b>	<b>10.860.976</b>
<b>ACTIVOS TOTALES</b>		<b>15.497.527</b>	<b>14.172.805</b>

PATRIMONIO NETO Y PASIVOS	Nota N°	Diciembre 31, 2020 M\$	Diciembre 31, 2019 M\$
<b>Pasivos corrientes</b>			
Cuentas por pagar comerciales y otras cuentas por pagar, corrientes	11	1.063.300	180.884
Cuentas por pagar a entidades relacionadas	7.b	8.449	-
Pasivos por impuestos	10.a	-	82.710
Otros pasivos no financieros, corrientes	12	514.927	93.963
<b>Pasivos corrientes totales</b>		<b>1.586.676</b>	<b>357.557</b>
<b>Pasivos no corrientes</b>			
Pasivos por impuestos diferidos	10.b	1.517.515	1.616.791
<b>Pasivos no corrientes totales</b>		<b>1.517.515</b>	<b>1.616.791</b>
<b>Pasivos totales</b>		<b>3.104.191</b>	<b>1.974.348</b>
<b>Patrimonio</b>			
Capital emitido	13.a	4.404.446	4.404.446
Ganancias acumuladas	13.c	8.838.836	8.643.957
Otras reservas	13.b	(849.946)	(849.946)
<b>Patrimonio Total</b>		<b>12.393.336</b>	<b>12.198.457</b>
<b>PATRIMONIO Y PASIVOS TOTALES</b>		<b>15.497.527</b>	<b>14.172.805</b>

Las notas adjuntas forman parte integral de estos estados financieros

Transmisora Eléctrica de Quillota Ltda.  
Estados de Resultados Integrales, por Naturaleza  
por los años terminados al 31 de diciembre de 2020 y 2019  
(En miles de pesos)

ESTADOS DE RESULTADOS INTEGRALES POR NATURALEZA	Nota N°	Enero - Diciembre	
		2020 M\$	2019 M\$
Ingresos de actividades ordinarias	14	1.815.357	3.191.566
Gastos por depreciación y amortización	15	(782.799)	(782.799)
Otros gastos varios de operación	16	(877.542)	(768.867)
Otras ganancias (pérdidas)	17	-	(1.151)
<b>Ganancia (pérdida) de actividades operacionales</b>		<b>155.016</b>	<b>1.638.749</b>
Ingresos financieros	18	29.028	153.521
Costos financieros	18	(393)	-
Resultados por unidades de reajuste	-	4.187	6.088
Otros Egresos distintos de la operación	-	75	-
<b>Ganancia (pérdida) antes de impuesto</b>	-	<b>187.913</b>	<b>1.798.358</b>
Gasto por impuesto a las ganancias	10.a	6.966	(407.478)

<b>Ganancia (pérdida) de actividades continuadas</b>	-	<b>194.879</b>	<b>1.390.880</b>
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<b>GANANCIA (PÉRDIDA)</b>		<b>194.879</b>	<b>1.390.880</b>
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<b>Ganancia (pérdida) atribuible a</b>			
Ganancia (pérdida) atribuible a los propietarios de la controladora	-	194.879	1.390.880
<b>GANANCIA (PÉRDIDA)</b>	-	<b>194.879</b>	<b>1.390.880</b>

Estados de otros resultados integrales		Enero - Diciembre	
		2020 M\$	2019 M\$
<b>Ganancia (pérdida)</b>	-	<b>194.879</b>	<b>1.390.880</b>

<b>Componentes de otro resultado integral, antes de impuestos</b>			
Otros componentes de otro resultado integral, antes de impuestos	-	-	-

<b>RESULTADO INTEGRAL TOTAL</b>		<b>194.879</b>	<b>1.390.880</b>
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Las notas adjuntas forman parte integral de estos estados financieros

Transmisora Eléctrica de Quillota Ltda.  
Estados de Flujos de Efectivo – Método Indirecto  
por los años terminados al 31 de diciembre de 2020 y 2019  
(En miles de pesos)

ESTADOS DE FLUJOS INDIRECTO	Nota N°	Diciembre 31, 2020 M\$	Diciembre 31, 2019 M\$
Conciliación con la ganancia (pérdida) de operaciones			
Ganancia		194.879	1.390.880
Ajustes para conciliar con la ganancia de las operaciones			
Gasto por impuesto a las ganancias	10	(6.966)	407.478
Depreciación del ejercicio	15	782.799	782.799
(Incremento) decremento en deudores comerciales y otras cuentas por cobrar	-	643.647	228.142
Decremento en otros activos	-	1.085	2.095
Incremento en acreedores comerciales y otras cuentas por pagar	-	890.865	27.373
Incremento (decremento) en otros pasivos	-	420.964	20.086
Total ajuste para conciliación de ganancia		2.732.394	1.467.973
Impuestos a las ganancias pagados (reembolsados)			
	-	(1.052.498)	(414.270)
Flujos de efectivo netos procedentes de (utilizados en) actividades de operación			
		1.874.775	2.444.583
Flujos de efectivo procedentes de (utilizados en) actividades de inversión			
Compras de propiedades, plantas y equipos	9.b	(17.513)	(86.231)
Flujos de efectivo netos procedentes de (utilizados en) actividades de inversión			
		(17.513)	(86.231)
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			
	-	1.857.262	(5.781.488)
Efectivo y equivalentes al efectivo al principio del ejercicio			
	-	2.403.904	8.185.392
Efectivo y equivalentes al efectivo al final del ejercicio			
	5	4.261.166	2.403.904

Las notas adjuntas forman parte integral de estos estados financieros

Transmisora Eléctrica de Quillota Ltda.  
Estados de Cambios en el Patrimonio  
por los años terminados al 31 de diciembre de 2020 y 2019  
(En miles de pesos)

Estados de Cambios en el Patrimonio					Patrimonio M\$
	Capital emitido M\$	Otras reservas varias M\$	Ganancias (pérdidas) acumuladas M\$	Patrimonio atribuible a los propietarios de la controladora M\$	
Saldo inicial al 01.01.2020	4.404.446	(849.946)	8.643.957	12.198.457	12.198.457
Cambios en Patrimonio					
Resultado integral					
Ganancia (pérdida)			194.879	194.879	194.879
Otro resultado integral		-		-	-
Dividendos			-	-	-
Total de cambios en patrimonio	-	-	194.879	194.879	194.879
Saldo final al 31.12.2020	4.404.446	(849.946)	8.838.836	12.393.336	12.393.336

Estado de Cambios en el Patrimonio					Patrimonio M\$
	Capital emitido M\$	Otras reservas varias M\$	Ganancias (pérdidas) acumuladas M\$	Patrimonio atribuible a los propietarios de la controladora 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

Las notas adjuntas forman parte integral de estos estados financieros



