

FREE COMPETITION POLICY

2nd Version - May 2017



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

1. OBJECTIVE

To define corporate guidelines that ensure full compliance with the free competition regulations in force in the country.

2. SCOPE

It applies to all directors, officers and employees of Colbún S.A. and its subsidiaries (hereinafter "Colbún" or "Company").

3. BASIC PRINCIPLES

3.1. RESPECT FOR FREE COMPETITION

All employees must fully comply with the antitrust rules; breaching these rules is never an acceptable, beneficial, or even a neutral solution for the Company or employees and constitutes a serious breach to Colbún's values and principles.

3.2. TRAINING

At least once a year, the Company will provide training aimed at the Company's chief executives, to inform them about current free competition issues. A record of the topics covered and of attendance will be drawn up.

3.3. PRACTICES THAT ATTEMPT AGAINST FREE COMPETITION

Collusion or any plan, arrangement, agreement (written or otherwise) or arranged practice involving Colbún and its competitors, among each other, directly or through third parties, regarding any of the following matters: prices and other conditions of sale and purchase; distribution of customers, division of markets; limit to production and innovation; limit to providers or boycotts; agreeing on the participation and/or results of tenders; and exchanging commercially sensitive information (information on competitive variables).

3.4. PRACTICES THAT ATTEMPT AGAINST FREE COMPETITION WHEN DONE WITH THE INTENTION OF ACHIEVING, KEEPING OR INCREASING A DOMINANT POSITION

- (i) Abuse of dominant position (when such a position is held in the relevant market): such as predatory pricing (low-cost sales not based on justified temporary circumstances), arbitrary discrimination, refusal of access to essential facilities and bottlenecks of margins.
- (ii) Acts of unfair competition: acts contrary to good faith or commercial uses normally accepted in the exercise of an economic activity.

3.5. ACTIVITIES THAT REQUIRE CAUTION OR SPECIAL ATTENTION

- (i) Relationships with providers and customers: Agreements or practices between Colbún and a supplier or customer may restrict competition if they have a significant effect on the competitive position of other suppliers, customers and/ or competitors.
- (ii) Receipt and transfer of sensitive business information with providers and customers: The free competition regulation sanctions indirect coordination schemes, such as hub-and-spoke cartels and information exchange mediated by third parties, such as providers or customers.
- (iii) Participation in the National Electrical Coordinator: Due to the presence of other players in the industry.
- (iv) Participation in bidding processes: Due to the likely existence of competitors in the same position.
- (v) Participation in trade associations: In view of the presence of other players in the industry.
- (vi) Participation in Joint Ventures, or other type of collaboration agreements, with competitors and/or providers: In view of the possible participation of competitors and that, in certain circumstances, they must report to the free competition authority.
- (vii) Mergers, acquisitions and reorganizations: Due to the possible participation of competitors and that, in certain circumstances, they should be informed to the free competition authority.

3.6. Management will prepare and distribute to executives and employees a manual of practical application of the current policy.

3.7. If any employee becomes aware of any activity described in sections 3.3, 3.4 and 3.5, or is invited to take part in any of them, **legal management must be contacted before participating or starting said activity.**

Likewise, when there are doubts or questions about the legitimacy of a specific conduct, upon facing a situation that may have free competition implications for Colbún; or detecting third party complaints (of customers or providers) about Colbún's behavior that may be anticompetitive or even doubtful from the perspective of free competition, the Company's Legal Department must be contacted immediately and/or the complaint must be made through the Complaints Channel (sending an email to comitedeetica@colbun.cl or by calling the number (02) 2577 8686, as applicable.

4. ROLES AND RESPONSIBILITIES

4.1. LEGAL MANAGEMENT

- Be available for any questions or queries that could be made regarding the rules of free competition or the Policy.
- Keep this Policy updated in according to the law and other current regulations and new industry standards.

4.2. GENERAL MANAGEMENT

- Assign the necessary resources for the proper management of this Policy, in order to have the appropriate infrastructure, procedures and personnel.
- Promote, through the respective units and departments, a correct spreading of the content of the Policy within the Company.

4.3. SUPERVISOR OF THE COMPLIANCE MODEL OF FREE COMPETITION

- The Legal Manager will be the "Supervisor of the Compliance Model of Free Competition" and will be responsible for supervising the implementation and compliance with this Policy.

4.4. BOARD

- Approve the current policy and its eventual updates.


5. EXCEPTIONS

Not applicable.

6. NON-COMPLIANCE

In case of non-compliance with this Policy, the penalties stipulated in Title XV of the Internal Regulation of Order, Hygiene and Security of Colbún, as well as those provided for in individual labor contracts, may be applied.

This policy has been approved by the Board of Colbún on May 30 2017.



Thomas Keller L.

Gerente General Colbún

General Manager of Colbún