

# FREE COMPETITION POLICY

3rd version – July 2020



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The terms in this policy are defined in the [Corporate Glossary](#).

## 1. OBJECTIVE

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Establish corporate guidelines to ensure full compliance with the country's free competition regulations.

## 2. SCOPE

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Applies to all directors, officers, and employees of Colbun S.A. and its Chilean subsidiaries (hereinafter referred to as 'Colbun' or the 'Company').

## 3. BASIC PRINCIPLES

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### 3.1. RESPECT FOR FREE COMPETITION

All employees must strictly comply with regulations protecting free competition. Violating antitrust laws is never an acceptable, beneficial, or neutral option for either the Company or its employees, and it constitutes a serious breach of Colbun's values and principles.

### 3.2. PRACTICES THAT ALWAYS UNDERMINE FREE COMPETITION

Collusion or any understanding, plan, arrangement, or agreement (whether written or not), or coordinated practice involving Colbun and its competitors, directly or through third parties, regarding any of the following matters: prices and other terms of sale and purchase; customer allocation; market division; limitations on production and innovation; restrictions on suppliers or development of boycotts; agreements on bidding participation and/or outcomes; and the exchange of commercially sensitive information (related to competitive factors).

### **3.3. PRACTICES THAT UNDERMINE FREE COMPETITION WHEN EXECUTED TO ACHIEVE, MAINTAIN, OR INCREASE A DOMINANT POSITION**

- (i) Abuse of dominant position (where such a position is held in the relevant market): these include predatory pricing (sales below cost not based on justified temporary circumstances), arbitrary discrimination, denial of access to essential facilities and margin squeeze.
- (ii) Acts of unfair competition: Actions contrary to good faith or accepted commercial practices in the conduct of economic activities.

### **3.4. ACTIVITIES REQUIRING CAUTION OR SPECIAL ATTENTION**

- (i) Relationships with Suppliers and Customers: Agreements or practices between Colbun and a supplier or customer may restrict competition if they significantly affect the competitive position of other suppliers, customers, and/or competitors.
- (ii) Receipt and Transfer of Sensitive Commercial Information with Suppliers and Customers: Free competition law penalises indirect coordination schemes, such as hub-and-spoke cartels, and even exchanges of information mediated by third parties, like suppliers or customers.
- (iii) Participation in the National Electricity Coordinator: Due to the presence of other industry stakeholders.
- (iv) Participation in bidding processes: Because of the likely presence of competitors in the same position.
- (v) Participation in trade associations: Due to the presence of other industry stakeholders.
- (vi) Participation in Joint Ventures or other types of collaboration agreements with competitors and/or suppliers: Due to the potential involvement of competitors and the fact that, under certain circumstances, they must be reported to the free competition authority.
- (vii) Mergers, acquisitions, and reorganizations: Due to the potential involvement of competitors and the fact that, under certain circumstances, they must be reported to the free competition authority.

**3.5.** Management will prepare and distribute a practical application manual of this policy to executives and employees.

### **3.6. OBLIGATION TO REPORT POTENTIAL VIOLATIONS OF FREE COMPETITION LAW**

If any employee becomes aware of any activities described in sections 3.2, 3.3, and 3.4, or is invited to engage in or participate in any of them, **he must contact Legal Management before participating or initiating such activity.**

Furthermore, in all cases where there are doubts or questions about the legitimacy of a certain conduct; when faced with a situation that may have anti-competitive implications for Colbun; or when any complaint is detected from third parties (such as customers or suppliers) about Colbun's behavior that may eventually be anti-competitive or even dubious from the perspective of free competition, the Company's Legal Management should be contacted immediately and/or the complaint should be made through the Reporting Channel:

- (i) by sending an email to: [comitedeetica@colbun.cl](mailto:comitedeetica@colbun.cl),
- (ii) by sending a letter in a confidential envelope addressed to the Chief Internal Audit Officer, to: Av. Apoquindo #4775, piso 13, Las Condes, Santiago, Chile.
- (iii) by filling out the Complaint Form at <https://www.denunciascolbun.cl/>

If complaints are submitted anonymously, they will be respected by the Company.

All complaints will be treated in the utmost confidentiality.

Under no circumstances anyone who seeks advice on this matter or promptly reports any activity that may conflict with free competition will face disciplinary measures or any other type of retaliation for such consultation or information.

Complaints submitted through the Reporting Channel will be processed according to the procedure available in <https://www.denunciascolbun.cl/>.

## **4. FREE COMPETITION PROGRAM**

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### **4.1. TRAINING**

The Company will conduct at least annual training sessions for senior executives aimed at informing them about current topics in free competition law. A record of the topics covered and an attendance sheet will be maintained.

### **4.2. ANNUAL REPORT TO THE BOARD**

The Free Competition Program Officer (FCPO hereinafter) will report to the Board on the progress of the Free Competition Program.

Additionally, all employees will be informed of Colbun's commitment to comply with free competition protection regulations via email, notice, or any other communication method deemed appropriate by the FCPO.

### **4.3. FREE COMPETITION RISK ASSESSMENT**

The Company has a free competition risk matrix updated annually by the Chief Risk Officer. Risks are assessed according to the methodology outlined in the referenced matrix.

### **4.4. FREE COMPETITION CLAUSE**

- (i) Internal Rules on Order, Hygiene, and Safety (RIOHS): The RIOHS will include the requirement for all employees to adhere to the Free Competition Policy and the Free Competition Manual.
- (ii) Annex to Employment Contract: All employees in executive roles at the Company must sign an addendum to their employment contract regarding compliance with free competition regulations. Additionally, certain employees whose roles expose them to higher risks in this regard will also sign the addendum concerning compliance with free competition regulations.
- iii) Clause in service contracts: All service contracts signed under Chilean law will

include a compliance clause regarding free competition regulations. This clause will establish the obligation for suppliers and/or clients to report acts or behaviors that may constitute violations of free competition.

#### **4.5. MONITORING OF THE FREE COMPETITION PROGRAM**

The Company will hire an external audit to monitor and supervise compliance with the Free Competition Program.

## **5. ROLES AND RESPONSIBILITIES**

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### **5.1. LEGAL MANAGEMENT**

- Be available to answer any doubts or enquiries related to free competition law or Policy.
- Keep this Policy updated in accordance with current laws, regulations, and new industry standards.

### **5.2. GENERAL MANAGEMENT**

- Allocate the necessary resources to manage this Policy, ensuring the availability of appropriate infrastructure, procedures, and personnel.
- Promote accurate communication of the Policy's contents within the Company through the respective units and departments.

### **5.3. RESPONSIBLE FOR THE FREE COMPETITION PROGRAM**

- The Chief Legal Officer will serve as the "Free Competition Program Manager" and in this role, will be in charge of overseeing the implementation and compliance with this Policy.

## 5.4. BOARD OF DIRECTORS

- Approve this Policy and any future updates.

## 6. EXCEPTIONS

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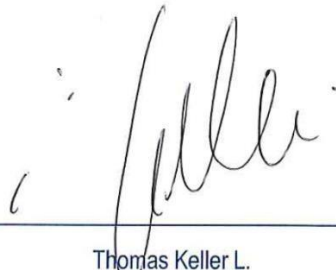
Not applicable

## 7. NON-COMPLIANCE

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In the event of non-compliance with this Policy, sanctions outlined in Title XV of Colbun's Internal Rules on Order, Hygiene, and Safety may be enforced, along with those specified in individual employment contracts.

**This policy was approved by Colbun's Board of Directors on July 28, 2020.**



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Thomas Keller L.  
CEO Colbún