



2021 Annual Integrated Report

Better Energy



Our Purpose

We are here to contribute with the best energy towards the future of our region



2021 Annual Integrated Report

You can browse this pdf.
Click on the buttons.





Table of contents



Letter from the Chairman

Chapter 03 Economic and Operational Performance

- 3.1 General Context and the Electrical Industry
- 3.2 Evolution of the Regulatory Framework
- 3.3 Consolidated Financial Management
- 3.4 Investor Relations
- 3.5 Energy Management and Commercialization

Chapter 06 General Information

- 6.1 Annual Integrated report Scope
- 6.2 Methodology
- 6.3 Materiality Assessment Methodology
- 6.4 Colbun's Management Summary Approaches and Strategy for Material Topics
- 6.5 Integrated Report Validation
- 6.6 Reporting Standard Indicators

Chapter 01 About Us: Our Corporate Governance

- 1.1 About Colbun: Figures and 2021 Milestones
- 1.2 Ownership and Corporate Structure
- 1.3 Our Facilities
- 1.4 Structure, Strategy and Corporate Governance Framework
- 1.5 Board of Directors
- 1.6 Management
- 1.7 Risk Management

Chapter 04 Social Performance

- 4.1 Our Employees
- 4.2 Contractors and Suppliers
- 4.3 Safety and Health Management
- 4.4 Community Engagement
- 4.5 Community and Human Rights

Chapter 07 Annexes

- 7.1 About Us
- 7.2 Our Strategy and Value Creation Model Value Creation Model
- 7.3 Economic Performance
- 7.4 Social Performance
- 7.5 Environmental Performance and Climate Change
- 7.6 Other Annexes

Chapter 02 Our Strategic Agenda and Value Creation Model

- 2.1 Our Purpose and Values
- 2.2 Strategic Agenda and Value Creation Model
- 2.3 Asset Optimization
- 2.4 Growth in Renewable Energies
- 2.5 Commercial Strategy and Customer Experience
- 2.6 Other Growth Opportunities
- 2.7 Innovation Management
- 2.8 Digital Transformation
- 2.9 Sustainability Management

Chapter 05 Environmental Performance and Climate Change

- 5.1 Environmental Management and Footprint
- 5.2 Climate Change
- 5.3 Water Resources and Drought
- 5.4 Waste Management
- 5.5 Local Atmospheric Emissions
- 5.6 Biodiversity

Chapter 08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Letter from the Chairman

GRI: 102-14



Hernán Rodríguez W.
Colbun S.A. Chairman

Dear Colbun shareholders, customers, employees, suppliers, communities and stakeholders:

The 2021 management of our Company - accounted for in this Annual Report following the principles of the United Nations Global Compact, the standards of the Global Reporting Initiative (GRI) and the General Rule 461 of the Financial Market Commission - was marked by the challenges faced by the Chilean energy system, on the one hand, and the progress made by Colbun in its strategic agenda, on the other.

The National Electricity System faced last year - and continues to face today - a delicate balance between demand and supply of energy supply, mainly as a consequence of the severe drought affecting the country, which forced the authority to issue a preventive rationing decree. A situation of this nature had not been seen since 2011, being also accompanied by a relevant increase in fuel costs and, as a consequence, an increase in the marginal costs of the system.

During 2021, the intensification of the drought meant facing one of the worst hydrological conditions ever recorded in Chile. This situation was further aggravated by the unavailability of some thermal power plants, by the retirement of some coal-fired generating units faster than initially planned and by an increasingly congested transmission system. This scenario shows the current vulnerability of the Chilean power system and calls us to act with caution. Colbun is part of the Decarbonization Agreement signed in 2019, and we are committed to that purpose. But to continue intensifying this process, we need enabling conditions - such as a robust transmission system and the incorporation of storage technologies - that will allow us to move towards an energy matrix of renewable energy that continues to operate with adequate margins of security and cost of electricity supply. To address 2021's complex scenario, Colbun adopted several

measures - additional contracts for the acquisition of LNG and Argentine gas, reinforcement of the diesel supply chain and adaptation of plant maintenance programs, among others - which allowed us to meet our energy sales commitments while maintaining a slightly surplus net position in the spot market.


It is likely that the harsh drought, coupled with high fuel prices, will persist in 2022, so we believe it is important in the short term to adopt measures to address this situation, such as facilitating the supply of natural gas, relaxing criteria in the use of transmission lines and promoting the availability of thermal power plants. All this, while we generate the enabling conditions for a safe and competitive energy transition for the country and for energy consumers.





- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

 **We aspire to build 4.000 MW of renewable energy**

 **18%** **Colbun's participation in unregulated customers**

2021 RESULTS

Colbun's 2021 results should be analyzed in this context. The Company achieved consolidated sales of US\$ 1,439.7 million and generated a consolidated EBITDA of US\$ 520 million, 24% lower compared to 2020, a situation that indicates the significant reduction in hydroelectric generation due to the extreme drought and its replacement by higher-cost sources, which also suffered the impact of the increase in fossil fuel prices.

The Company's net income for 2021 totaled US\$ 540 million (US\$90 million in 2020), a figure that was favorably impacted by the sale of Colbun Transmisión S.A., which generated a pre-tax result of US\$830 million. I would like to emphasize in this space the successful culmination of this process, which allowed us to fully achieve the goal proposed in relation to the recognition of the value of these assets by the market, and which meant a US\$ 1,000 million dividend distribution in October last year.

Additionally, I would like to acknowledge the commitment and dedication of all Colbun's employees and its contractors to maintain the company's operational continuity in 2021, in a context where COVID pandemic was still very present and forced us to follow strict protocols

to take care of all our people's health, including contractors' personnel. This allowed us to avoid any outbreaks of contagion in our plants during the past year.

Despite the efforts we have made in this area and the continuous work we do to ensure the safety of our employees and collaborators, in 2021 the Company had to mourn the tragic death of one of our employees while carrying out inspection work at the Santa María power plant, which is a reminder that we can never drop our arms when it comes to safety standards.

STRATEGIC AGENDA

As for the Company's Strategic Agenda, 2021 was a period of significant progress.

Colbun was very active in the development of its project portfolio, where we have set out to double our installed capacity by 2030, incorporating some 4,000 MW of renewable energy.

Thus, the Company closed 2021 with more than 1,000 MW of renewable projects under construction, highlighting the Diego de Almagro Sur photovoltaic plant (230 MW), which as of December was 93% complete (and which as of the closing date of this letter is already in operation), and the start of construction on Horizonte (778

MW), an initiative that we announced together with the community of Taltal last September. The latter is the largest project in Colbun's initiatives portfolio and one of the largest wind farms in Latin America, with an investment of US\$ 850 million.

In addition to this, we have started operating Machicura solar plant (9 MW), its construction was led by a team of women from our company; we have obtained environmental approval for the 530 MW Jardín Solar photovoltaic project, in addition to the already authorized 486 MW Inti Pacha solar project, and the start of the early citizen participation of the Los Junquillos wind farm project in January 2022 (360 MW).

The seal that we have sought to imprint on all these projects is to promote initiatives that are well designed, well executed and integrated with the communities that host them, so that they are good news for all our stakeholders and for the country.

OUR CUSTOMERS

The development of the unregulated customer segment was another of our strategic focuses that showed progress last year. We continue to increase the share of this type of customer in our sales mix, a segment that in 2021 represented 68% of our sales, compared to 41% in 2014. The number of unregulated customers supplied thus reached

304 companies in 2021, with 27 contract renewals in that period.

Furthermore, in 2021 we finalized the integration of the energy services company Efizity -through Colbun Soluciones by Efizity-, allowing us to expand our value proposition to our customers with energy solutions that help them meet their sustainability goals, an area where we see an interesting potential for development and loyalty.

Finally, in 2021 we continued making progress in productivity and efficiency improvements -another of our strategic axes-, thus consolidating the cost efficiency program initiated in 2017. Our commitment is to maintain a continuous review of processes, aiming to respond to the future challenges of the power system and our customers. This involves, among other things, continuing to deepen the digitalization of the Company, in order to make the operation and maintenance of our facilities more efficient, automate our administrative processes and provide a better experience for our customers every day.

**01** Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements**STORAGE**

In order to identify growth opportunities and support the energy transition, the Company has been active in seeking new businesses, whether they are complementary to power generation or involve energy-intensive infrastructure.

One such area is the development of storage systems, which will play a key and growing role in complementing the intermittency of solar and wind renewable energy and leveraging a greater penetration of both sources, ensuring a continuous and stable supply. At Colbun we aspire to be a relevant stakeholder in this segment, contributing to the stability and sustainability of the Chilean power system.

Therefore, we have defined that most of our renewable projects will have storage systems, and we are already developing a first storage project for Diego de Almagro Sur, which we expect to be operational during the course of this year.

SUSTAINABILITY

Colbun drives its strategic focuses supported by different enabling elements that allow us to ensure sustainable management of our business, such as indicators of profitability, safety, environment and community relations, among others. Under the premise that sustainability is not something separate from business, and that to be successful companies need to excel on economic, governance, environmental and social performance, in 2021 we continued to make progress in this area.

Thus, for the third consecutive year, Colbun improved its score in the Dow Jones Sustainability Index -one of the most recognized in its category-, which allowed the Company to position itself within the 10% of the best evaluated electric companies worldwide, out of a total of more than 100 companies in the sector. As a result, S&P also included Colbun for the second consecutive year in its Sustainability Yearbook, which recognizes the 700 most sustainable companies on the planet, out of a total of 7,000 evaluated.

In addition, in October Colbun completed the issuance of its first green bond in the international market for US\$600 million to finance the construction of its renewable energy projects. This issuance was carried out under the standards and requirements established in the "Green Bond Principles" of the International Capital Markets Association (ICMA).

These results are not a point of arrival but a starting point that calls us to challenge ourselves every day to continue working on improving our management in the broad spectrum of what we at Colbun consider sustainability. This is a challenge and continuous learning, something inherent to the management of a modern company that seeks to integrate into its environment.

In this sense, I would like to emphasize Colbun's commitment to a responsible energy transition for Chile, and as I have mentioned in these lines, we are promoting important investment projects in renewable sources, incorporating innovations that allow us to deploy new forms of energy and working with our customers in the generation of sustainable solutions.

The energy transition will demand substantial investments in the medium and long term, which will require a predictable and stable regulatory and institutional framework.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

CONSTITUENT PROCESS

I would like to end this letter with a brief reflection on the Constituent Process, regarding which there are important expectations and whose development we watch with concern.

Indeed, this process emerged as a great opportunity to lay the foundations for a new social pact in Chile, allowing us to create a path of understanding and unity that would promote, beyond our legitimate differences, the construction of a better country, with equal opportunities for all: for individuals, for communities, for State organizations and certainly for companies. All this, promoting an institutional framework that would encourage private investment and give companies the opportunity to continue contributing as an engine for the development and progress of our country, without ignoring the necessary corrections that this role requires.

However, we are concerned that the direction this process has taken may end up disappointing these expectations. Indeed, at the time of writing this letter, what is observed in this Convention is the absence of a common understanding over

legitimate differences, thus threatening the shared objective of advancing towards an institutional framework with which most, if not all, Chileans feel identified.

Beyond the final result of the referendum, this dynamic could end up undermining the legitimacy of the process, sowing the seeds of new divisions, conflicts and discord that will persist for a long time to come. This scenario, which in itself is inconvenient for citizens, generates special concern in the business world, where we understand that social peace is an indispensable requirement for the progress and welfare of all.

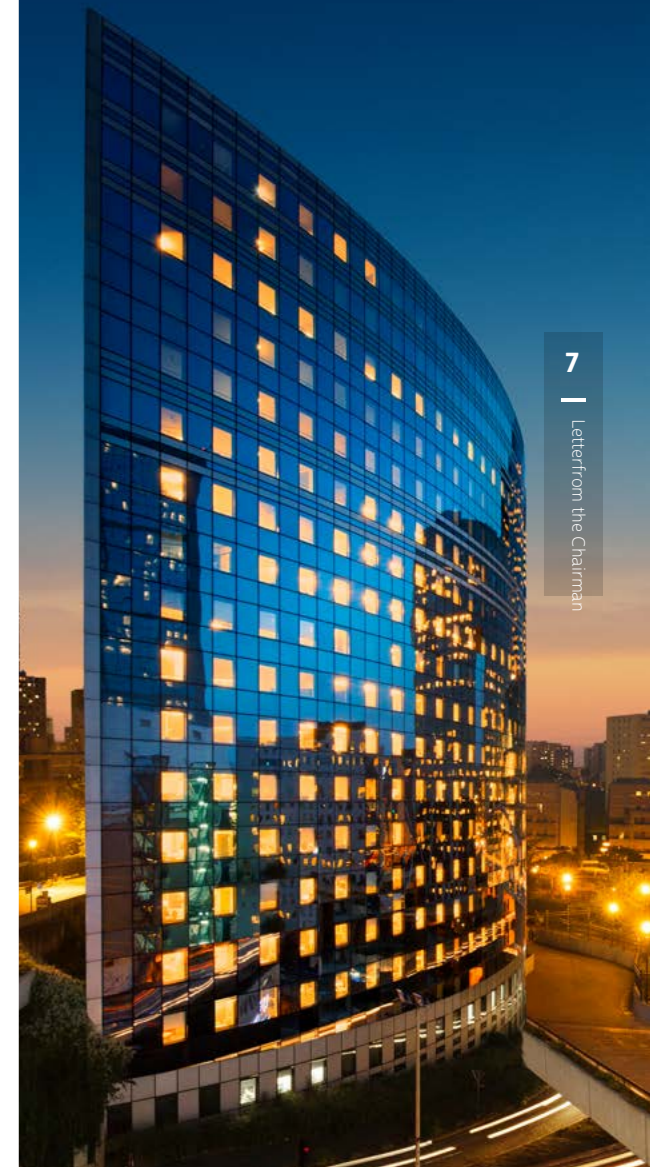
In addition to the aforementioned, is the fact that some of the proposals that have been presented severely limit the role of companies in the country, missing the contribution that they can make - as they have done in the past - to the modernization of Chile.

Nevertheless, I believe that it is never too late to correct these problems and ensure that this process effectively becomes a meeting point for all Chileans, allowing us to move towards greater

equality of opportunities and progress for our country. From this perspective, the commitment of our company is to continue contributing to the objectives of development and productive growth of the country, balancing the interests of society, shareholders, employees, customers, communities and the environment.

As I conclude this letter, I hope that this Annual Integrated Report will allow all our stakeholders to know in depth the management and performance of our Company in 2021 and the challenges we face in the medium and long term.

Hernán Rodríguez W.
Chairman Colbun S.A.





01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

Chapter 01



About Us: Our Corporate Governance

- 1.1 About Colbun: 2021 Figures and Milestones
- 1.2 Ownership and Corporate Structure
- 1.3 Our Facilities
- 1.4 Structure, Strategy and Corporate Governance Framework
- 1.5 Board of Directors
- 1.6 Management
- 1.7 Risk Management



01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

1.1

About Colbún: 2021 Figures and Milestones

GRI: 102-1, 102-2, 102-4, 102-6, 102-7, EU1
NCG 461: 2.2

ABOUT US:


Having more than 35 years of history, Colbun S.A. is one of the main energy companies in Chile, leader in power generation and commercialization and in the provision of energy solutions.

WHAT WE DO:

We supply safe, competitive and increasingly renewable energy to more than 350 customers in both countries with our 27 generation plants in Chile and Peru and an installed capacity of 4,000 MW. Our offer also includes infrastructure solutions for electro mobility, distributed energy, energy efficiency and storage, among others.

OUR ORIGINS:

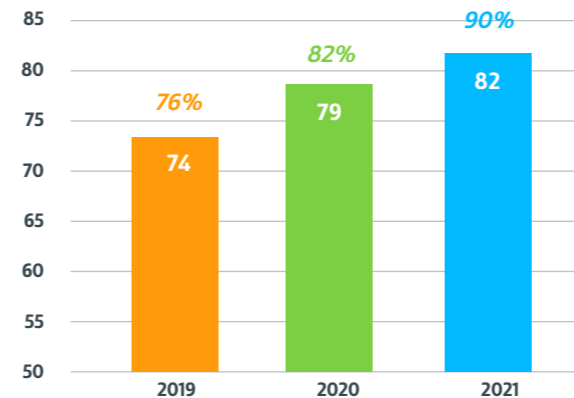
The company originates from Colbun-Machicura Complex, built by the then state-owned Endesa S.A., which began operating in 1985. In 1997 Corfo tendered the entry of private shareholders, and in 2005 the Matte Group became its controller. Since last decade the Company has been one of the leaders in sustainability indexes.

 Learn about the milestones in Colbun's history.

(1) The figures consider the Machicura and Diego de Almagro Sur solar farms, under commissioning.



DOW JONES SUSTAINABILITY INDEX SCORE (MAX. 100)



Percentile Ranking within the Electric Utilities Industry

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Our Company in Figures

GRI 102-2, 102-4, 102-6, 102-7, EU1
NCG 461: 2.2



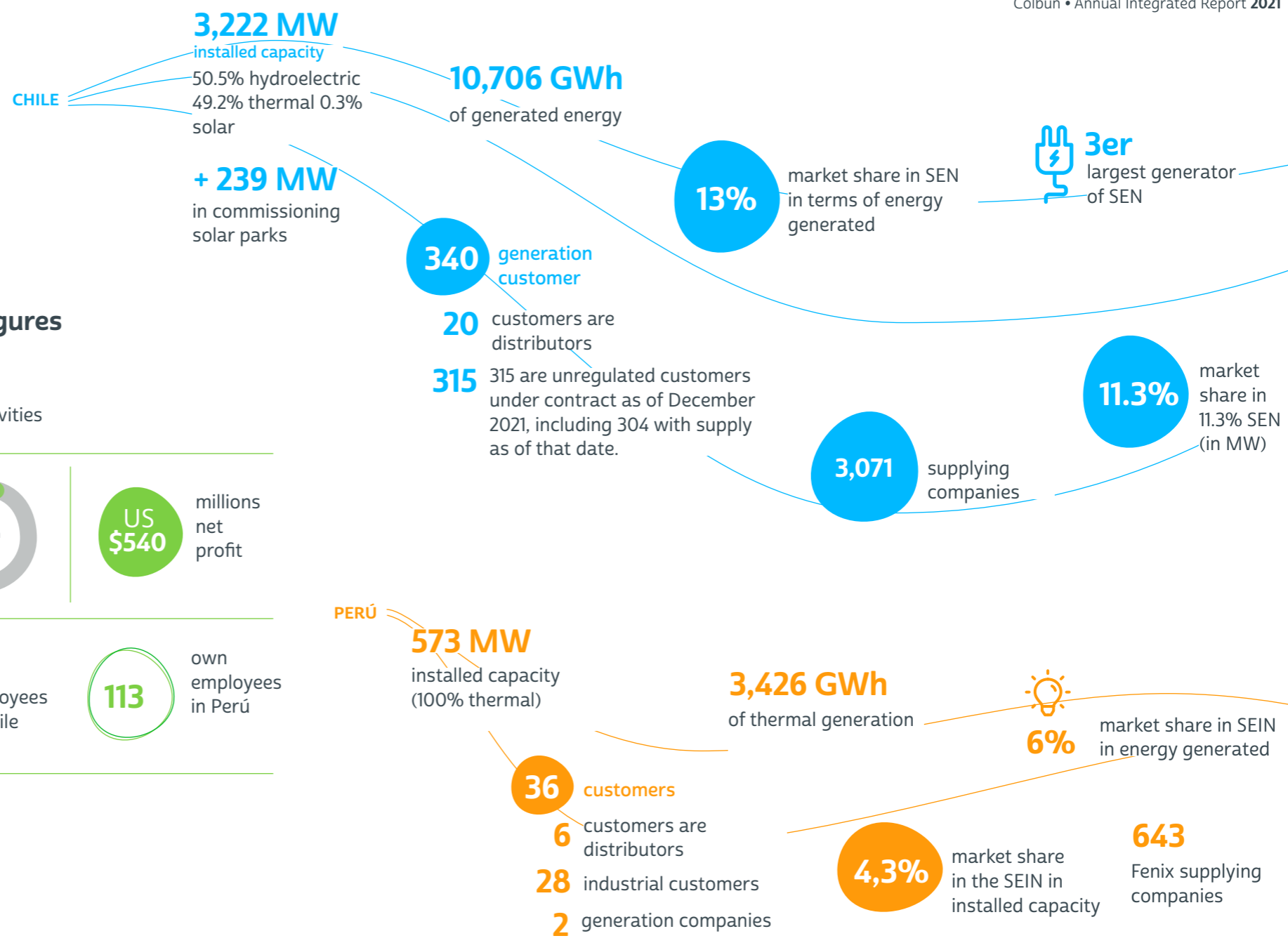
2021 Consolidated Figures

US\$ 1,439.7 millions
in revenues from ordinary activities



Ownership:

- 49,96 %** Grupo Matte
- 9,58 %** Antarchile S.A.
- 18,95 %** AFPs
- 21,51 %** Otros





2021 Milestones



Horizonte



Machicura



Colbún Transmission Sale



Electric charging stations



Colbún Storage project

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

JANUARY

- For the first time in Chile, 30% Club performs a Mentoring Programme to incorporate more women into boards and senior management. [See](#)
- Colbún and IDB Invest reached an agreement to finance the sale of receivables associated with PEC mechanism. [See](#)

FEBRUARY

- Colbún and Tierra Austral Foundation create a 430 hectare environmental protection area to be used in perpetuity. [See](#)
- Signing of contract with Puelche S.A. for renewable energy supply. [See](#)

MARCH

- Agreement announced on the sale of Colbún Transmission for approximately US\$ 1.2 billion. [See](#)
- Colbún is included in the S&P Global Sustainability Yearbook, that gathers the best performing companies in sustainability. [See](#)

APRIL

- At the Shareholders' Meeting, Colbún details progress of its strategic agenda and renews its Board of Directors. [See](#)
- Colbún carries out the second sale of receivables under the energy price stabilization law. [See](#)

MAY

- Partnership with CUMPLO for early payment of invoices. [See](#)

JUNE

- Installation of solar panels at Machicura plant, led by women from the company, has been completed. [See](#)
- Colbún and Maria-thon-Tecnogreen S.A. agree on renewable energy supply. [See](#)

SEPTEMBER

- Signing of contract with Puelche S.A. for renewable energy supply. [See](#)

OCTOBER

- US\$600 million green bond placed to finance renewable energy projects. [See](#)
- In alliance with Walmart a network of electric charging stations is launched in the Líder chain. [See](#)

NOVEMBER

- Colbún ranks in the top 10% of the world's best-rated electric utilities in the Dow Jones Sustainability Index. [See](#)

DECEMBER

- Horizonte wind project initiates construction. [See](#)
- Colbún closes agreement with Finnish giant for energy storage in solar plant. [See](#)
- Diego de Almagro Sur photovoltaic project (230 MW) reaches 93% construction progress.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

1.2 Ownership and Corporate Structure

GRI: 102-1, 102-45, 102-5
 NCG 461: 2.3.1, 2.3.3, 6.5.1.v

The capital stock of the Company as of December 31, 2021 consists of 17,536,167,720 single series shares, subscribed and paid, with no par value. The number of shareholders at the closing date is 3,274. As of December 31, 2021, Matte Group directly and through other subsidiaries, owns control of the Company - 49.96% - via shares. Matte Group has investments in the energy, financial, forestry, real estate and telecommunications sectors.

AntarChile S.A. (R.U.T. 96,556,310-5), owns 9.58% of Colbun's shares, thus being able to appoint a member of the Board of Directors. In addition, AFPs as a whole have an 18.95% interest.

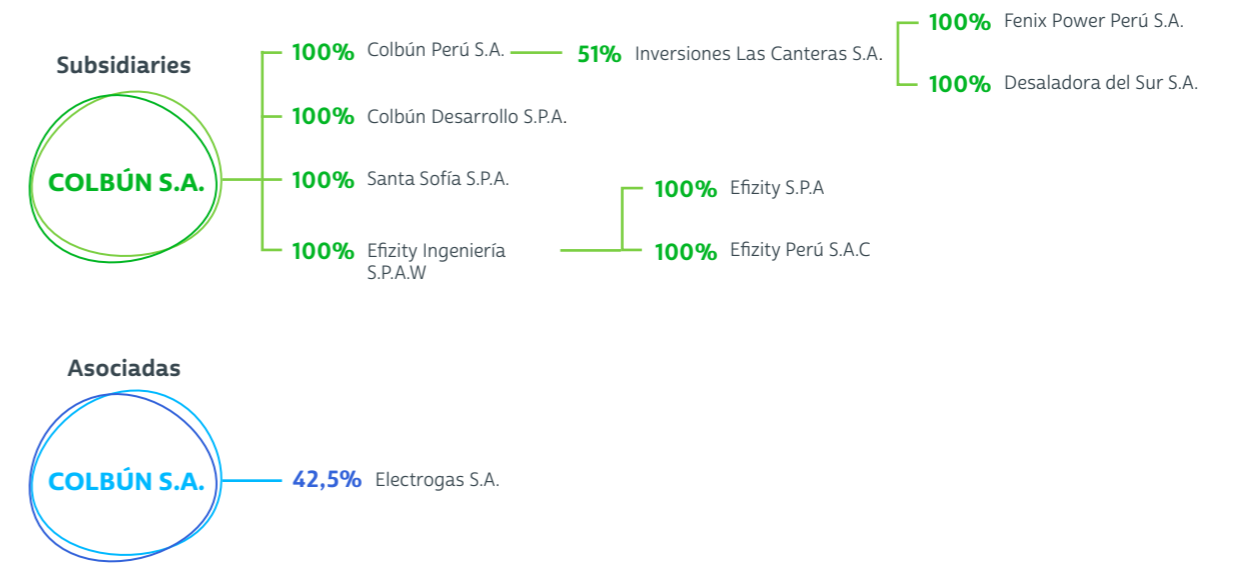
Top Ten Shareholders

Minera Valparaíso S.A.*	35.17%
Forestal Cominco S.A.*	14.00%
Antarchile S.A.	9.58%
AFP Habitat S.A. **	5.05%
AFP Cuprum S.A. **	5.90%
Banco de Chile por cuenta de State Street	2.42%
Banco Santander - JP Morgan	1.92%
Banchile Corredores de Bolsa S.A	1.78%
Other shareholders	24.18%
Total	100,00%

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

(**) Refers to the consolidated participation of each Pension Administration Manager.

Ownership Structure





1.3 Our Facilities

GRI: 102-4, 102-7, EU1, EU6
NCG 461: 6.4



17 Hydroelectric power plants | 3 Solar plants | 7 Thermal power plant | 1 wind farm projects under construction | 4 renewable projects under development

20

RENEWABLE ENERGY POWER PLANTS (HYDRO AND SOLAR)

- | | |
|---|---|
| <p>① DIEGO DE ALMAGRO SUR* SOLAR POWER PLANT
230 MW / Photovoltaic
📍 <i>Diego de Almagro, Atacama Region</i></p> <p>② CUENCA DE ACONCAGUA
210,3 MW / Pasada
📍 <i>Los Andes, San Esteban, Valparaíso Region</i>
• Los Quilos (39,9 MW)
• Chacabuquito (25,7 MW)
• Blanco (53 MW)
• Juncal (29,2 MW)
• Juncalito (1,5 MW)
• Hornitos (61 MW)</p> <p>③ OVEJERÍA SOLAR POWER PLANT 9 MW / Photovoltaic
📍 <i>Til Til, Región Metropolitana</i></p> <p>④ CARENA POWER PLANT
10 MW - Pasada
📍 <i>Curacavi, Metropolitana Region</i></p> <p>⑤ MACHICURA* SOLAR POWER PLANT
9 MW / Photovoltaic
📍 <i>Comuna de Colbún, Maule Region</i></p> | <p>⑥ MAULE BASIN
661,8 MW / Reservoir/ Run of river
📍 <i>Colbun, Yervas Buenas, San Clemente, Maule Region</i>
• 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)</p> <p>⑦ LAJA BASIN
249,2 MW / Pasada
📍 <i>Antuco, Quilleco, Biobío Region</i>
• Rucúe (178,4 MW)
• Quilleco (70,8 MW)</p> <p>⑧ ANGOSTURA
323,8 MW
📍 <i>Santa Bárbara Reservoir, Quilaco, Región del Biobío</i></p> <p>⑨ CANUTILLAR
172 MW / Reservoir (Lago Chapo),
📍 <i>Cochamó, Los Lagos Region</i></p> |
|---|---|

(*) Proyecto en etapa de puesta en servicio

7

THERMOELECTRIC POWER PLANTS

- ① **FENIX POWER**
573 MW / Gas
📍 *Chilca, Departamento de Lima*
- ② **NEHUENCO COMPLEX**
854,6 MW / Diésel / Gas
📍 *Quillota, Región de Valparaíso*
• Nehuenco I (335,7 MW)
• Nehuenco II (411,2 MW)
• Nehuenco III (108,0 MW)
- ③ **CANDELARIA**
249,7 MW / Diésel / Gas
📍 *Mostazal, Codegua, O'Higgins Region*
- ④ **LOS PINOS**
107,7 MW / Diésel
📍 *Cabrero, Biobío Region*
- ⑤ **SANTA MARÍA**
350 MW / Carbón
📍 *Coronel, Biobío Region*

5

PROYECTOS RENOVABLES

- ① **HORIZONTE**
778 MW / Eólico
Under construction
📍 *Taltal, Antofagasta Region*
- ② **JARDIN SOLAR**
537 MW / Photovoltaic
Approved environmental assessment
📍 *Pozo Almonte, Tarapacá Region*
- ③ **INTI PACHA**
486 MW / Photovoltaic
Approved environmental assessment
📍 *Maria Elena, Antofagasta Region*
- ④ **DIEGO DE ALMAGRO SUR STORAGE**
32 MWh / Photovoltaic
Under development
📍 *Diego de Almagro, Región de Atacama*
- ⑤ **SAN PEDRO**
170 MW / Pasada
Under environmental assessment
📍 *Los Ríos Region*



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

1.4

Structure, Strategy and Corporate Governance Framework

Corporate Governance is 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.

GRI: 102-18, 102-26
NCG 461: 3.1. i; 3.2.iii; 3.2.iv ; 3.2.vi; 3.2.vii; 3.2.viii; 3.2.ix; 3.2.xii; 3.5, 3.6.vi; 3.7.ii; 3.7.iv

Corporate Governance Framework

Internal (Policies and Procedures) and external (regulations) norms that regulate Colbun's Corporate Governance. The Corporate Governance Code establishes the governance practices of Colbun and its subsidiaries, based on strict standards of ethics, transparency and compliance, but does not adhere to corporate governance codes issued by domestic or foreign public or private bodies*.

Approvals and/or updates of the organization's policies are proposed by senior management, headed by its General Manager, and submitted to the Board of Directors for approval.

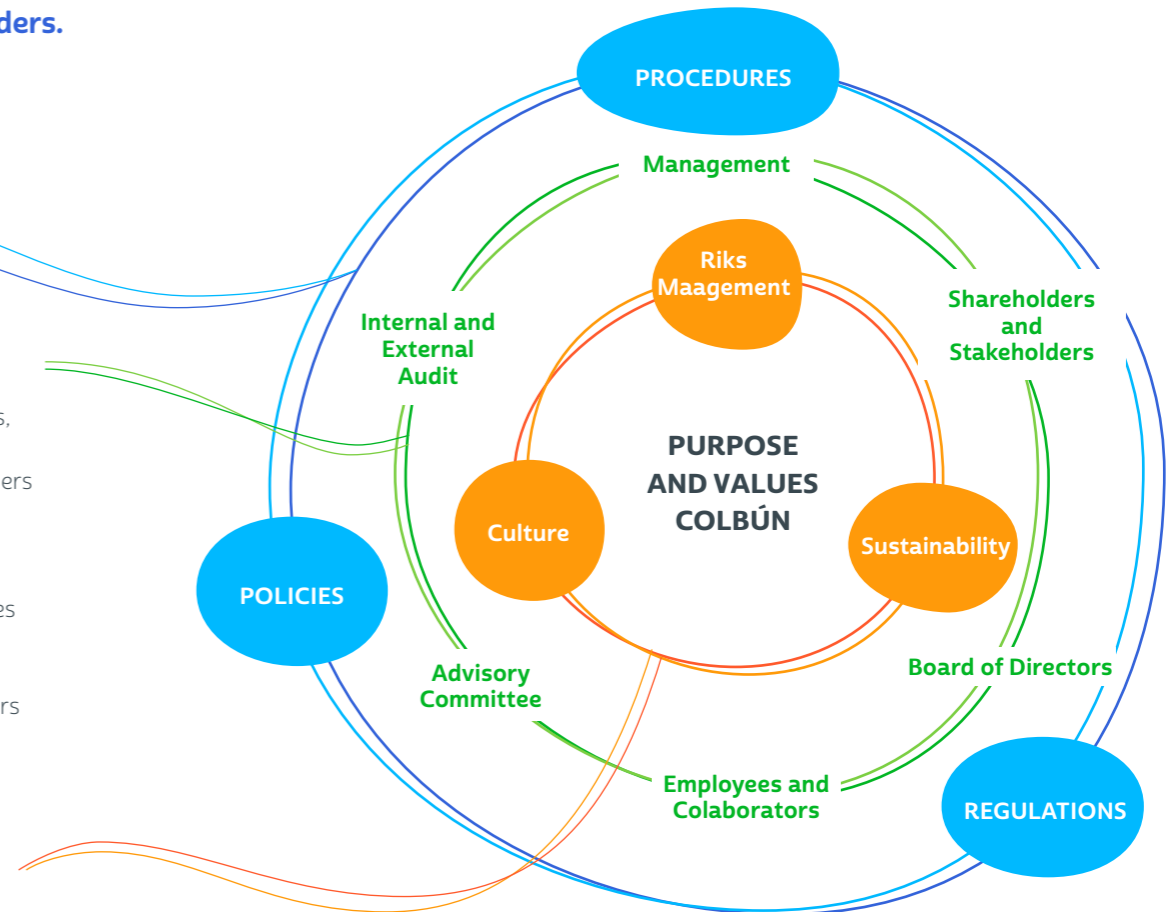
We have a Corporate Policies and Procedures Portal called Colbunpedia, which gives all employees access to the Company's relevant documentation.

Corporate Governance Structure

The Board of Directors, its advisory committees, management, employees and collaborators are responsible for Colbun's governance. Shareholders and other stakeholders are impacted by the governance strategy. The independent Internal Audit unit is responsible for verifying the effectiveness of and compliance with the policies and compliance with the policies, procedures, controls and codes implemented for risk management, reporting to the Board of Directors and also participates in the evaluation of the functioning of Colbun's governance structure.

Pillars of Corporate Governance

Main elements that are interrelated to promote adequate governance of the company and its subsidiaries: the company's sustainability strategy, Risk Management and Organizational Culture.



(*) In accordance with the requirement of NCG 461, it is explained that Colbun has not subscribed to Corporate Governance codes issued by public or private, national or foreign organizations.

See Colbun's Policies and Procedures.



01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

1.5

Board of Directors

GRI: 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-26, 102-27, 102-28, 102-33, 102-35, 102-36, 102-37
NGC 461: 3.2.ii, 3.2.iii, 3.2.iv ; 3.2.vi; 3.2.vii; 3.2.viii; 3.2.ix; 3.2.xii; 3.7.ii; 3.7.iv; 3.3.iii; 3.3.i; 3.3.ii; 3.3.iv; 3.3.v; 3.3.vi; 3.3.vi



The Board of Directors is the head of Colbun's Corporate Governance and is composed of nine members appointed by the Shareholders' Meeting, who do not hold executive positions, have a term of three years, are eligible for re-election indefinitely (except for those representing the AFPs) and may or may not be shareholders.



See procedure for appointing and electing members of the Board of Directors in Annexes Chapter I here.

(* According to international standards, an Independent Director is considered to be a member of the Board of Directors.

All directors were elected or re-elected at the April 2021 Shareholders' Meeting. Colbun does not have alternate directors.

Members of the Board



Hernán Rodríguez Wilson
Chairman
 Industrial Civil Engineer PUC
 MBA UCLA



Bernardo Larraín Matte
Vice President
 Commercial Engineer PUC MSC
 in Finance London School of
 Economics



Juan Carlos Altmann Martín
Director
 Industrial Civil Engineer PUC
 MBA Michigan Ross



Marcela Angulo González
Independent Director
 Civil Engineer Universidad
 de Concepción. Phd Cs.
 Environmental Sciences UdeC



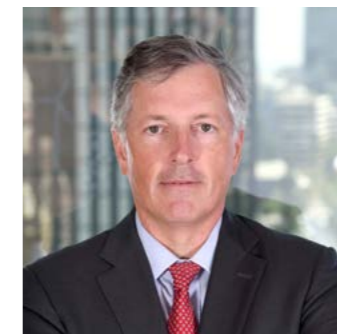
Vivianne Blanlot Soza
Director
 Economist PUC. Master in
 Applied Economics American
 University



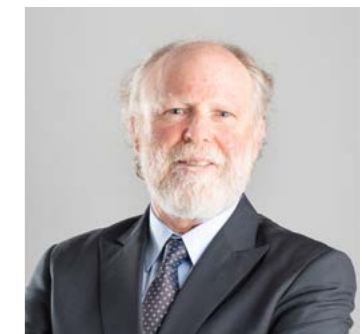
María Emilia Correa Pérez
Independent Director
 Lawyer U. de Los Andes in
 Bogota. Master in Sociology
 New School for Social Research



Rodrigo Donoso Munita
Director
 Commercial Engineer U. de
 Los Andes. MBA University of
 Berkeley



Andrés Lehuedé Bromley
Director ()*
 Commercial Engineer PUC. MBA
 UCLA



Bernardo Matte Larraín
Director
 Comercial Engineer U. de Chile

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

About the Board of Directors

GRI 102-19, 102-20, 102-21, 102-26, 102-27, 102-28
 NCG 461 3.2.vii



BOARD OF DIRECTORS ROLE

Designing and monitoring, alongside management, the company's strategy, ensuring its long-term sustainability; meeting fiduciary expectations, as well as providing the organization with a transcendent and mobilizing sense of purpose; making inquiry, self-criticism and leadership a collective standard, beyond the individual responsibility of each director



FUNCTIONING

It meets on an ordinary basis once a month and on an extraordinary basis when there is a need to deal with a specific or contingent matter. Annually validates the Corporate Objectives for the Administration, and delegates some of its authority to the management of the Company, through the Board's Delegation of Authority Policy



INDUCTION FOR NEW DIRECTORS

The CEO provides all new directors with information on current regulations, internal documentation and on the company and its environment, as established in the Corporate Governance Code (NCG 461 3.2.iv).



INFORMATION SYSTEMS FOR DIRECTORS

The Board has an information system that allows remote, secure and permanent access the information of the meetings of the Board and the Committees in which they participate, such as the Monthly Board Report, Minutes, relevant documents and the table of matters to be dealt with. Directors have access to details of complaints received and handled through the Audit Committee. However, directors do not have online access to the system that supports the management of complaints (NCG 461 3.2.xii).



VISITS TO FACILITIES

Colbun's Board of Directors, collectively or individually, visits the Company's facilities at least annually. Due to the Covid-19 virus, these visits could not take place in 2021.



TRAINING

During 2021, under the Board's policy on this matter, its members participated in the training conducted by McKinsey&Co. on the topic "Digital and Analytics (DnA) in Power Generation Companies", in order to address the scope and impact of digital technology and advanced analytics in industries and companies similar to Colbun.



SELF-ASSESSMENT

The Board of Directors has a performance self-evaluation procedure, led by its chairman and executed on an annual basis.

This procedure makes it possible to detect opportunities to improve the management of the highest governing body, including areas that in the opinion of the directors could be strengthened or improved, and the detection and reduction of barriers that may be inhibiting the natural diversity of capacities, visions, characteristics and conditions that would have existed on the Board in the absence of these barriers. The process is applied annually for continuous improvement, and its conclusions discussed at a Board meeting.

The Board has, for the time being, decided not to rely on an external advisor for this procedure.



REGULATORY BODIES

Regarding matters of approval and/or updating of regulatory bodies or key statements related to Colbun's economic, environmental and social issues, senior management (C-suite) proposes and the highest governance body (Board of Directors) approves.



MANAGEMENT REPORTING

The CEO and the Internal Audit Manager are the executives who report directly to the Board of Directors. Notwithstanding the above, the Energy Manager, the Chief Financial Officer and the Legal Manager, who also acts as Secretary of the Board of Directors, regularly attend the Board meetings. Other managers who report directly to the CEO, depending on the subject matter, may also participate.

At the Board meetings, the CEO reports on the monthly management of the Company in the CEO's Account, where he describes the special or relevant situations, issues or transactions that are reported or approved by the Board each month, including main actions carried out with stakeholders (workers, community, etc.), and, in collaboration with his team, reports on risk and sustainability issues.

Additionally, and in accordance with the provisions of General Rule (NCG) 461 of the Financial Market Commission, the Board of Directors has a policy for hiring advisors, as well as a procedure to identify improvements in disclosures and dissemination of market information (see annexes Chapter 1 [here](#))

Remuneration of the Board of Directors

GRI 102-35, 102-36, 102-37



INTEGRANTES	CARGO	2020				2021			
		REMUNERACIÓN FIJA MUS\$	REMUNERACIÓN VARIABLE MUS\$	COMITÉ DE DIRECTORES MUS\$	SUB-TOTAL MUS\$	REMUNERACIÓN FIJA MUS\$	REMUNERACIÓN VARIABLE MUS\$	COMITÉ DE DIRECTORES MUS\$	SUB-TOTAL MUS\$
Hernán Rodríguez Wilson	Presidente	130	131	-	261	142	100	-	242
Vivianne Blanlot	Directora	65	79	-	144	71	50		121
María Ignacia Benítez Pereira	Directora	-	13	-	13				
Juan Eduardo Correa García	Director	65	105	-	170	25	50		75
María Emilia Correa Pérez	Directora	65	52	22	139	71	50	24	145
Rodrigo Donoso Munita	Director	65	52	8	125	71	50	24	145
Luz Granier Bulnes	Directora	65	79	22	166	25	50	8	83
Bernardo Larraín Matte	Vice-presidente	65	79	-	144	71	50		121
Andrés Lehuedé Bromley	Director	65	79	-	144	71	50		121
Arturo Mackenna Íñiguez	Director	-	-	-					
Francisco Matte Izquierdo	Director	42	79	14	135		33		33
Jorge Matte Capdevila	Director	-	26	-	26				
Bernardo Matte Larraín	Director	23	-	-	23	71	17		88
Marcela Angulo González	Directora					46		16	62
Juan Carlos Altmann Martín	Director					46			46
TOTAL		650	774	66	1,490	710	500	72	1,282

Note: At the Ordinary Shareholders' Meeting held in April 2021, it was agreed to maintain the remuneration of the Board of Directors approved at the Ordinary Shareholders' Meeting of 2020, which considers the payment of an annual variable remuneration equal to 0.75% of the net distributable profit of the previous year.

At the same Ordinary Shareholders' Meeting, the Board of Directors was elected, with Juan Carlos Altmann Martín replacing Juan Eduardo Correa and Marcela Angulo González replacing Luz Granier, while the rest of the directors were reelected. Subsequently, in an ordinary Board meeting, Hernán Rodríguez Wilson was appointed Chairman and Bernardo Larraín Matte was appointed Vice-Chairman of the Board.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

Board of Directors' Advisory Committees and Sustainability Agenda

GRI 102-33, 102-18



Three committees advise the Board of Directors:

- **Directors' Committee**
- **Board of Directors**
- **Ethics and Audit Committee**

The sustainability agenda is transversally present in all the Company's activities. In the case of the Board of Directors - integrated by the Chairman, Vice Chairman and the CEO - its role includes overseeing the implementation of the Company's Strategic Agenda, which includes enablers that allow this agenda - and the Company's management - to develop in a sustainable manner, such as environmental footprint indicators, diversity and inclusion, and human rights, among others.

In addition, some directors participate in the Sustainability and Regulation Committee (see the role of this Committee [here](#)), the Risk Committee and the Projects Committee. The CEO reports at all sessions on the observations and recommendations of these committees at Board meetings.

In this way, the progress and challenges of the Company's Sustainability Agenda are reviewed at all Board meetings.

As an example, some of the topics addressed in 2021 were: the performance and evolution of Colbún's Environmental Footprint; interaction between the Company's facilities and its social and environmental surroundings; the conditions of the Company's workers and contractors in the context of COVID-19; the evolution of the decarbonization process, the consequences of the drought on the electricity system and the Company's operations, among others.



Directors' Committee

Integrated by three directors, reviews certain matters that are then submitted to the Board of Directors, such as the review of financial statements, related party transactions

(verifying that they comply with the equity conditions prevailing in the market for such transactions), the work of external auditors and executive compensation and remuneration plans.

It meets monthly and extraordinarily when necessary.

Members

2021: Rodrigo Donoso Munita, María Emilia Correa y Marcela Angulo.

2020: Luz Granier, María Emilia Correa, y Francisco Matte (luego reemplazado por Rodrigo Donoso).

2021 Operation

In 2021, this Committee met 10 times. Details of operations analyzed in appendix Chapter 1 [here](#).

External Auditors attend the Directors' Committee and the Board of Directors on two occasions to present the audit results as of June 30 and December 31.



Mesa del Directorio

The Board is integrated by the President and Vice-President, and meets every 2 weeks, with the assistance of the CEO. Other Directors and Officers are also invited, depending on the subject matter. It reviews: (i) implementation of the Company's strategy; (ii) contingent matters; and (iii) implementation of policies and guidelines for people management and succession plans. Several issues have a sustainability component, such as use of water in reservoirs, relationship with communities, environmental standards, etc., which are subsequently presented to the Board of Directors.

Members

2021: Hernán Rodríguez Wilson y Bernardo Larraín Matte.

2020: Hernán Rodríguez Wilson y Vivianne Blanlot Soza.

2021 Operation

During the year 2021, the Board of Directors met periodically, twice a month.



Comité de Ética y Auditoría

This committee is integrated by the Chairman and 2 directors nominated by the Board of Directors. Two of its members are independent of the controller. The secretary is the Internal Audit Manager. Functions: i) supervise the work of Internal Audit, ii) the management of the Whistleblower Channel and iii) the status of compliance with Law No. 20,393. The main matters of the Committee are presented quarterly to the Board of Directors. It meets every 3 months and/or extraordinarily if necessary.

Members

2021: Hernán Rodríguez Wilson, María Emilia Correa y Marcela Angulo.

2020: Luz Granier, María Emilia Correa y Francisco Matte (later replaced by Rodrigo Donoso).

2021 Operation

The Audit Committee met five times in 2021.



1.6

Management



The Chief Executive Officer, his direct reports and the Internal Audit Manager -who reports directly to the Board of Directors through the Ethics and Audit Committee- constitute the Management Committee and represent the first line or senior executives of the Company's management.

Its members are:



Thomas Keller
5.495.282-1
Chief Executive Officer
Commercial Engineer,
Universidad Adolfo Ibáñez
Appointment: September 2014



Juan Eduardo Vásquez
7.868.160-8
Energy Manager
Civil Electrical Engineer,
Universidad de Chile
Appointment: Chief Executive Officer of the Company since July 2008; this position was created in October 2021.



Sebastián Moraga
12.026.836-8
Finance and Administration Manager
Commercial Engineer,
Universidad Adolfo Ibáñez
Appointment: April 2014



Eduardo Lauer
6.994.492-2
Engineering and Projects Manager
Civil Mechanical Engineer,
Fachhochschule München (Germany)
Appointment: November 2010



Olivia Heuts
14.727.025-9
Commercial Manager
Economist, Catholic University of Leuven, (Belgium)
Appointment: senior executive of the Company since April 2019; in current position since October 2021.



Rodrigo Pérez
10.313.675-K
Legal Manager
Lawyer, Pontificia Universidad Católica de Chile
Appointment: December 2007



Juan Pablo Schaeffer
10.373.614-5
Corporate Affairs Manager
Lawyer, Pontificia Universidad Católica de Chile
Appointment: February 2022



Paula Martínez
14.449.738-4
Organization and People Manager
Psychologist, Universidad Diego Portales
Appointment: January 2012



Daniel Gordon
8.866.967-3
Environmental Manager
Industrial
Civil Engineer, Pontificia Universidad Católica
Appointment: October 2018



Heraldo Álvarez
12.369.371-K
Internal Audit Manager Certified Public
Accountant and Bachelor in Auditing, Universidad de Talca
Appointment: August 2015



Luis Le-Fort
9.893.455-3
Transmission Manager
Civil Industrial Civil Engineer,
Pontificia Universidad Católica de Chile
Appointment: October 2018



Heinz Müller
16.212.408-9
Development Manager
Civil Industrial Engineer,
Pontificia Universidad Católica
Appointment: October 2021



Juan Miguel Cayo
DNI:07817313
General Manager Fenix Power
Economist, Catholic University of Peru
Appointment: December 2015

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Management Advisory Committees

Committees with the participation of Board members

Management support committees have been structured regarding matters that, being management's responsibility, due to their complexity, multidimensionality and eventual impact, require the integration of management and Board perspectives. These committees are composed of two directors and executives. They are instances of deliberation, analysis and discussion, but not resolutions.



SUSTAINABILITY AND REGULATORY COMMITTEE

Supervises the integration of good social, environmental and corporate governance practices in the different areas of the business and - in regulatory matters - identifies the necessary modernizations or adjustments to the regulatory and institutional frameworks of the sector and monitors legislative changes, regulations and decrees that have an impact on their development and monitors legislative changes, regulations and decrees that have an impact on its development. It meets monthly.

The Sustainability and Regulatory Committee meets at least quarterly with representatives from the areas of Public Affairs (including the Sustainability unit), Environment, Organization and People (including the Change Management & Diversity unit) to specifically review progress in the plans of these areas. The recommendations and observations of this committee are presented by the CEO at Board meetings.



RISK COMMITTEE

Monitors the management of the Company's main risks, meeting every two months. The Risk Management Manager is its secretary; it is integrated by the CEO, the Chief Executives and the Chairman of the Board of Directors. Other directors also attend (for more details see the Risk Management section in this chapter [here](#)).

On these matters, the CEO reports to the Board of Directors for discussion and

The CEO reports to the Board of Directors for discussion and analysis and, depending on the issues to be addressed, may decide to include other members of the executive team in the Board of Directors.



PROJECT AND GROWTH OPTIONS COMMITTEE

Performs monitoring of the company's portfolio of growth options, as well as their development and execution. It meets monthly. The recommendations and observations of this committee are presented by the general manager at Board meetings.

Committees without participation of Board members



MANAGERS COMMITTEE

This is an opportunity for senior executives to share and report on the state of progress of plans, actions and strategies in their respective areas. It meets weekly.



INFORMATION SECURITY COMMITTEE

Oversees the Company's information security process, ensuring that appropriate resources and access are in place for continuous monitoring. It meets quarterly.



TAX COMMITTEE

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



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

1.7 Risk Management

GRI: 102-15, 102-16, 102-17, 102-19, 102-25, 102-29, 102-30, 102-31, 102-34, 103-2 y 103-3, 205-1, 205-2, 205-3, , 206-1
NGC 461: 3.6.i, 3.6.ii, 3.6.ii.c, 3.6.ii.e, 3.6.iii, 3.6.iv, 3.6.v, 3.6.vi, 3.6.vii., 3.6.viii, 3.6.ix, 3.6.xiii

● ● ● ● ●

Model

Colbun has a model to recognise situations and events that may represent risks to its objectives.

Control and Corporate Risks Management is responsible for the design and methodological implementation of the model based on the ISO 31.000 standard. It also supports the other Colbun units in its implementation and monitoring.

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

Responsibilities

Management is responsible for developing and implementing policies and procedures for proper risk management and control. This is a dynamic and continuous process that flows throughout the organization and is reviewed periodically.

Policies

The Company has a Risk Control and Management Policy which establishes the principles and general framework of action in this area.

In addition, the Company's policies enable it to identify and monitor the risks, and this information is available on the Colbun website.

The company also has a Risk Committee to monitor these matters.

Risk Management Methodology



Key Risk Management Guidelines

- 1** Safeguarding the sustainability of the business, defining mitigating actions to prevent impacts that could arise from the adverse behavior of any variables that affect the results or the Company's capital of trust.
- 2** Integrate risk vision into corporate management in each business area.
- 3** Develop an organizational structure and a management methodology to handle the Company's risks.
- 4** Cost-effectively minimize risks to respond to the changing environment in which the business operates.
- 5** Monitor compliance of agreed mitigation plans and the level of the resulting residual risks.

 [View Colbun Policies](#)  [See the role and members of the Risk Committee](#)

Associated Risks

GRI 102-15, 102-29, 102-30, 102-31



Economic Performance Risks

● **ENERGY BUSINESS RISKS**

- Variation in demand/supply/prices
- Natural disasters
- Fuel prices
- Fuel supply
- Power plant and transmission line equipment failures and maintenance
- Cyber-attacks
- Project construction
- Regulatory and/or regulatory non-compliance
- Key supplier supply/service
- Climate change, hydrological conditions / prolonged droughts
- Dilution of regulated contracts
- Increased emission taxes
- Technological changes
- Loss or leakage of confidential information
- Water supply
- Unit attrition due to plant cycling

● **FINANCIAL RISKS**

- Exchange rate
- Interest rate
- Own and customer credit quality - counterparty risk
- Liquidity

● **ETHICAL AND GOVERNANCE RISK (MORE DETAILS )**

- Regulatory non-compliance
- Human Rights
- Reputation damage
- Theft and/or leakage of information
- Unethical behavior
- Free Market Competition



Social Performance Risks

● **OCCUPATIONAL RISKS**

- Retention of professionals
- Human Rights
- Strikes
- Occupational illnesses
- Occupational accidents
- Organisation and cultural change
- Regulatory non-compliance

● **COMMUNITY RISKS**


- Stoppage of projects and/or operations
- Social incidents
- Reputational damage
- Human rights








Environmental Performance Risks

● **ENVIRONMENTAL RISKS**

- Climate change
- Regulatory non-compliance
- Environmental incidents
- Reputational damage

 For a more detailed description of the risks faced by the Company, see Appendix Chapter 1

Emerging Risks

RISKS	DESCRIPTION	POTENTIAL BUSINESS IMPACT	MITIGATION ACTIONS
 Technological changes	Technological changes such as Distributed Generation and Storage can be disruptive but also generate new business opportunities.	A possible lag in the integration of new technological changes may lead to incomplete and/or delayed development and Colbún's lower growth potential. Lack of storage could generate problems of stability and robustness of Colbún's energy supply.	We have defined that a large part of our renewable projects would have storage systems, for which we are already developing our first battery project for Diego de Almagro Sur, which we hope will be operational during this year. We will continue to explore and develop business opportunities using new technologies and fostering innovation.
 Increase future cycling of combined cycling power plants	Due to increased penetration of variable source renewable energies, there is a need for power plants that can provide flexibility to the system and cover the variability and intermittency of the former. Conventional power plants have been designed to operate at base load, so this is a new operating context.	Further cycling of combined cycles, which are not designed for this type of operation, can increase maintenance and operating costs, decrease reliability and reduce service life.	Participation in the discussion on complementary services and system flexibility, in order to generate incentives and signals for investment in solutions to deal with intermittency. Analysis of the adaptation of the current combined cycles.
 Organization and cultural change	Changes in the energy sector require a flexible organization capable of adapting to the needs of our customers. It requires an organization that has the capacity to transform itself in the face of new technologies and a market with a large number of unregulated customers.	An organization that does not adapt to a new context can lead to incomplete development of competitive potential and failure to take 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, 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.	La mayor interconexión de nuestros activos aumentará nuestra exposición a potenciales ataques de ciberseguridad tanto a nivel de nuestra infraestructura como al resguardo de nuestra información confidencial. En un escenario con alta penetración de la digitalización y telecontrol un ataque podría afectar la continuidad operacional de nuestros activos.	The Company has worked systematically to increase its level of security against potential 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 from external providers. <u>more details </u>

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Corporate Governance Risk Management

GRI 102-16



Ethics-Based Culture

- **ETHIC CODE**
Colbun's Code of Ethics includes 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 the Company and its subsidiaries. Fenix's Code of Ethics in Peru replicates Colbun's Code of Ethics.
- **UPDATE**
This document is reviewed annually, with the last update being published in March 2021. In the case of Fenix, the new version was approved in April 2021.

- **DISCLOSURE**
A mailing was sent by the CEO to all employees in March 2021 with the updated Code of Ethics. In addition, in April, a Contract Annex was electronically signed by all employees, which contained the Internal Rules of Order, Hygiene and Safety, the Crime Prevention Manual and the current Code of Ethics.

Code of Ethics. From that date onwards, this annex is included in all new contracts and in the induction of new workers, this annex is disclosed in all new contracts.

In the induction of new employees, the principles of the Code and the obligation to be aware of its existence are disseminated.

In the case of Peru, a notification was sent with a reading task of the updated Code on the Fenix platform and internal videos were disseminated that include topics of the Crime Prevention Model and the Ethics Hotline.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Whistleblower Management

GRI 102-17, 102-34


COMPLAINT CHANNEL
Colbun has a communication channel available called the Whistleblower Line, which can be used by any person or stakeholder to make complaints involving the Company.

HOW IT WORKS
The channel allows receiving direct or anonymous complaints related to compliance with the rules of ethical conduct, conflicts of interest and any possible non-compliance with regulations. Complaints can be made through an electronic form (available on Colbun's website and intranet), e-mail or physical mail.

WHO RECEIVES THE COMPLAINTS
They are channeled through the Ethics Committee, integrated by the Internal Audit Management, Legal Management and the Organization and People Management. Its role is to investigate and perform the operational analysis of the complaints, independently, confidentially and without consequences for the issuers. The investigation is presented to the Ethics and Audit Committee of the Board of Directors, the body ultimately responsible for this communication channel.

HOW THE CHANNEL IS BROADCAST
Employees are informed of the whistleblowing mechanisms through the intranet. External audiences are informed through different communication media.

2021 FIGURES 30 complaints were received through the Whistleblower Channel in Chile and 1 complaint in Peru in 2021.

 [Ingresar al Canal de Denuncia](#)

COMPLAINTS BY STAKEHOLDER

Chile	Perú
16 Anonymous	1 Anonymous
4 Employees	
4 Community	
3 Suppliers and contractors	
2 Partnership	
1 Customer	

COMPLAINTS BY TOPIC

Chile	Perú	Others
15 Infringement of internal regulations		
4 Labor Practices		
4 Third party conflicts		
3 Legal noncompliance		
1 Conflicts of interest		
1 Environment		
1 Safety and protection		
1 Others		



Management of Potential Conflicts of Interest

GRI 102-25

GOAL
It is essential for Colbun to act in a consistent and transparent manner, avoiding conflicts of interest that may arise, or managing them appropriately.

HOW IT IS DEFINED
In the Code of Ethics we define a conflict of interest as any situation in which an employee uses his or her contacts or position in the Company to benefit his or her own interests, those of indirect relatives or third parties.

WHO IS RESPONSIBLE
It is the responsibility of each employee to avoid or manage them appropriately and to report any potential conflict of interest to his or her direct supervisor and to the Internal Audit Manager. In the case of a Director, he/she must notify the Board of Directors and refrain from participating in discussions in which decisions related to the reported fact are made, as provided by law.

FOLLOW UP
In 2021, the Annual Potential Conflicts of Interest Survey was again applied to the entire organization, with a response rate of 91%. It was also applied to Efizity employees with a response rate of 95%.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



Crime Prevention Model

GRI 205-1, 205-2, 205-3

CHILE

- **What does it involve**
 Colbun has a Crime Prevention Model, in accordance with 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, incompatible negotiation and water contamination. The model has an internal and external regulatory framework and a Crime Prevention Officer (Internal Audit Manager) appointed by the Board of Directors. This model is certified by the independent company Prelafit.
- **Dissemination**
 In 2021, employees were informed about anti-corruption procedures through e-learning training on the Criminal Liability Law, including bribery. 100% of Colbun's Board members received training on Anti-Corruption Policies and Procedures.
- **Complaints**
 There were no complaints, notifications, lawsuits, investigations or any other type of proceeding related to offenses described in the aforementioned law during the year.
- **Scope**
 Colbun incorporates provisions in its contracts with contractors and suppliers to ensure compliance with the law in this area.

PERÚ

- **What does it involve**
 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 receiving. 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.
- **Dissemination**
 During 2021, the Crime Prevention System Model was disseminated to employees, customers, suppliers and the community where operations are carried out.
- **Complaints**
 During the year, there were no reports of offenses described in the aforementioned law.



Free competition

206-1

- **Policy**
 The Company has a Free Competition Policy approved by the Board of Directors. This policy establishes that all employees must fully comply with antitrust regulations and defines anti-competitive practices.
- **Training**
 In 2021 - as has been the case since 2011 - the Company held regular talks on this topic for key executives.
- **Complaints**
 There were no claims, legal proceedings or fines for causes related to monopolistic practices or free competition against Colbun in Chile or Peru during the year 2021.

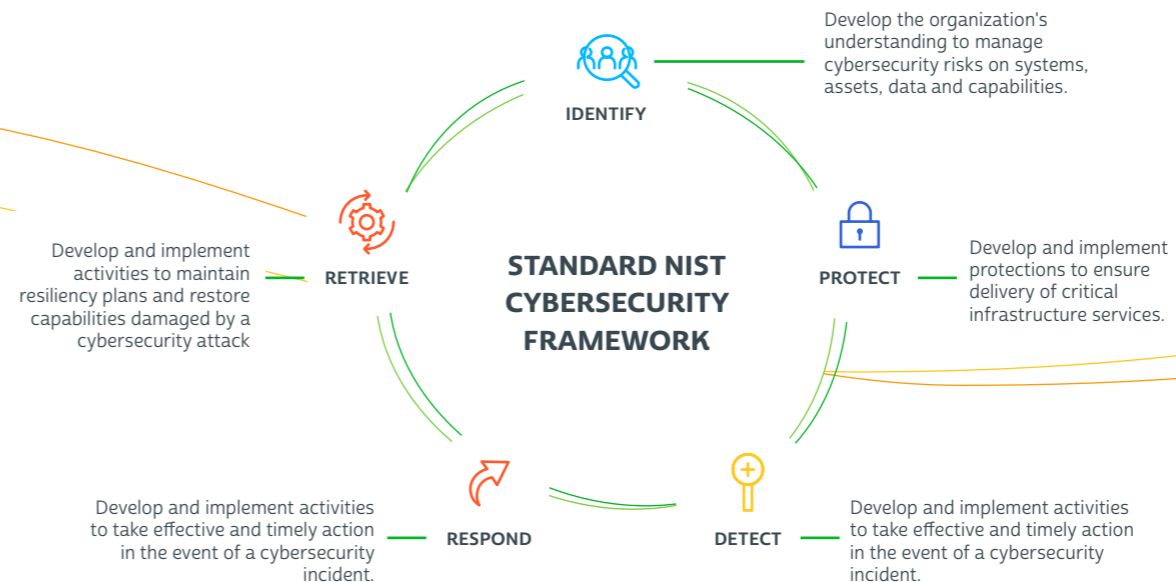
- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Cybersecurity and Information Security Risk Management

Information Security and Cybersecurity management during 2021 was focused on implementing the new Cybersecurity Standard of the National Electric Coordinator, strengthening critical infrastructure controls and implementing operational improvements.

Given the hybrid work model implemented by the Company, projects and activities continued to strengthen cybersecurity in home office mode.

The person in charge of the Cybersecurity issues is the Information Security and Cybersecurity Officer, who reports directly to the IT Management. Cybersecurity issues are reviewed periodically in the Risk Committee where the Chairman of the Board, Hernán Rodríguez, participates, together with the director Juan Carlos Altmann.



1 IN THE IDENTIFICATION AREA:

- Identification of needs and execution of action plans for compliance with the NERC-CIP cybersecurity regulatory framework provided by the National Electric Coordinator.
- Execution of periodic social engineering exercises (phishing test) to identify gaps and focus on awareness-raising topics.

2 IN THE PROTECTION AREA:

- Strengthening of cybersecurity in critical infrastructures in the area of Operational Technologies through the protection of remote supplier connections and monitoring of events and anomalies in networks.
- Strengthening of the annual information security and cybersecurity awareness and dissemination plan.
- Progress was made in identity protection, initiating the deployment of a multi-factor authentication system for user accounts.
- New controls were added to internal network connections.

3 IN THE DETECTION AREA:

- A redteam service was incorporated for continuous gap monitoring.
- CyberSOC and Cyber Intelligence services were monitored by incorporating OT scopes.

4 IN THE RESPOND AND RETRIEVE AREAS:

- A cybersecurity crisis event management plan was formalized.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

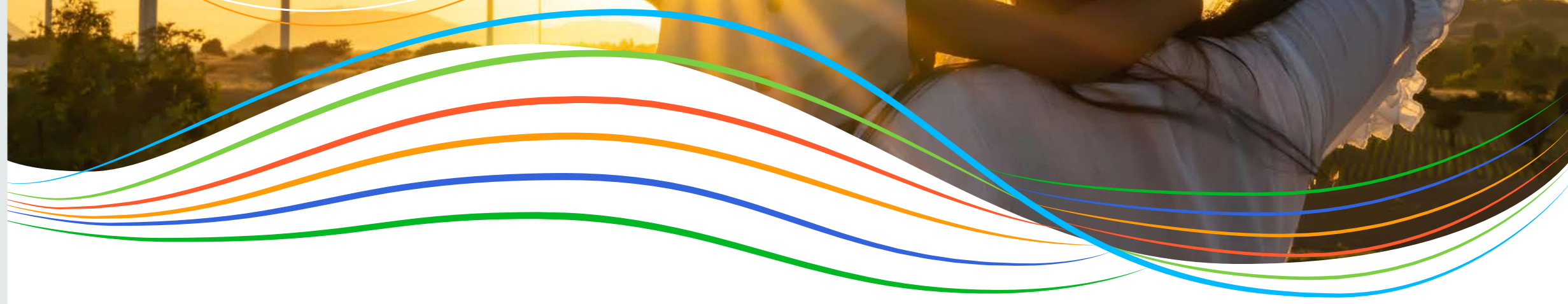
07 Annexes

08 Financial Statements

Capítulo 02

Our Strategic Agenda and Value Creation Model

- 2.1 Our Purpose and Values
- 2.2 Strategic Agenda and Value Creation Model
- 2.3 Asset Optimization
- 2.4 Growth in Renewable Energies
- 2.5 Commercial Strategy and Customer Experience
- 2.6 Other Growth Opportunities
- 2.7 Innovation Management
- 2.8 Digital Transformation
- 2.9 Sustainability Management



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

2.1 Our Purpose and Values

GRI: 103-2, 103-3
NCG 461: 2.1



OUR AMBITION


Colbun aspires to be a leading energy company focused on commercial and industrial customers, providing tailored energy 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 value for our people and our communities.

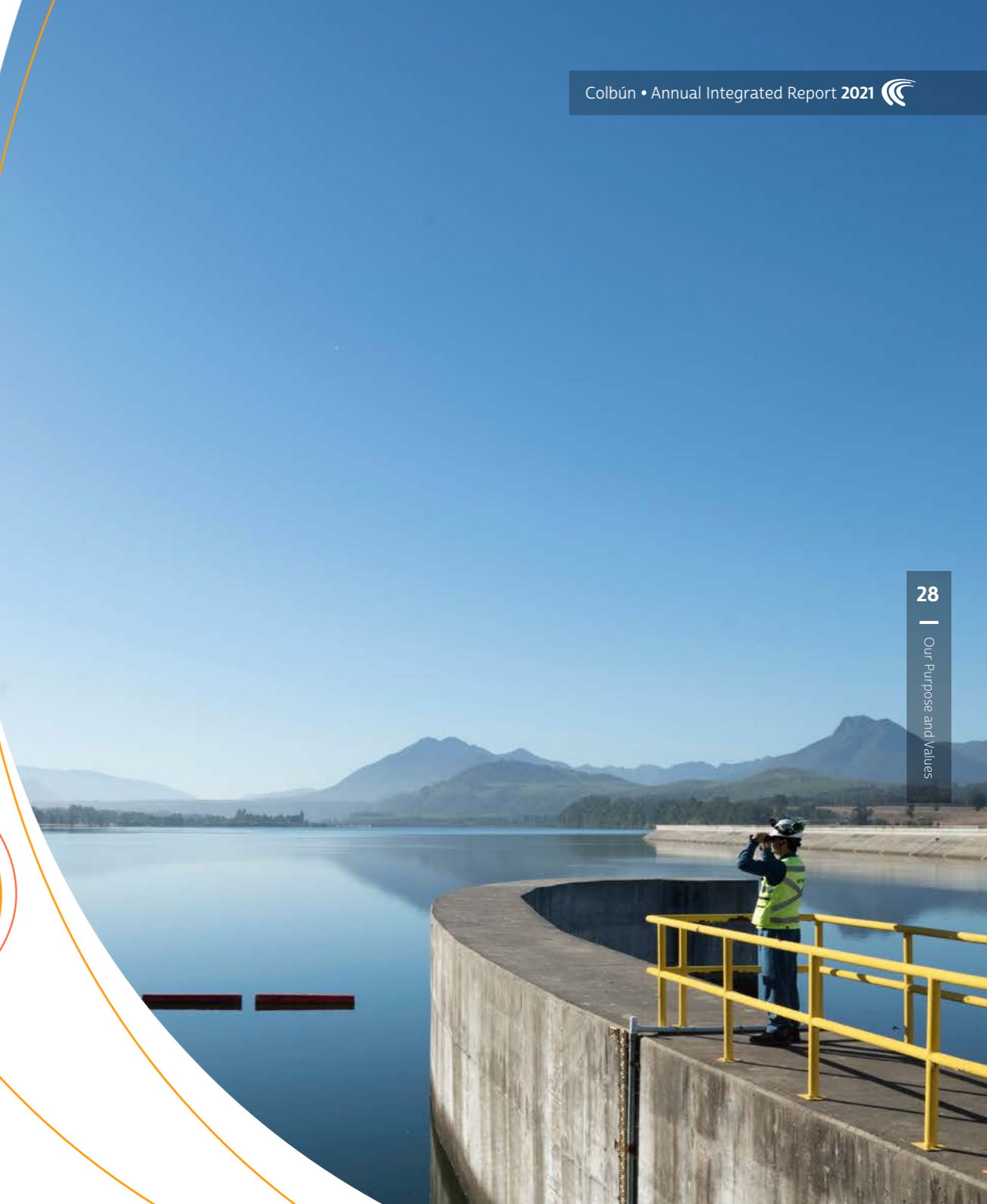
OUR PURPOSE

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

VALUES

- **Passion**
- **Excellence**
- **Partnership**
- **Innovation**
- **Integrity**

For a description of Colbun's securities, see 



2.2

Strategic Agenda and Value Creation Model

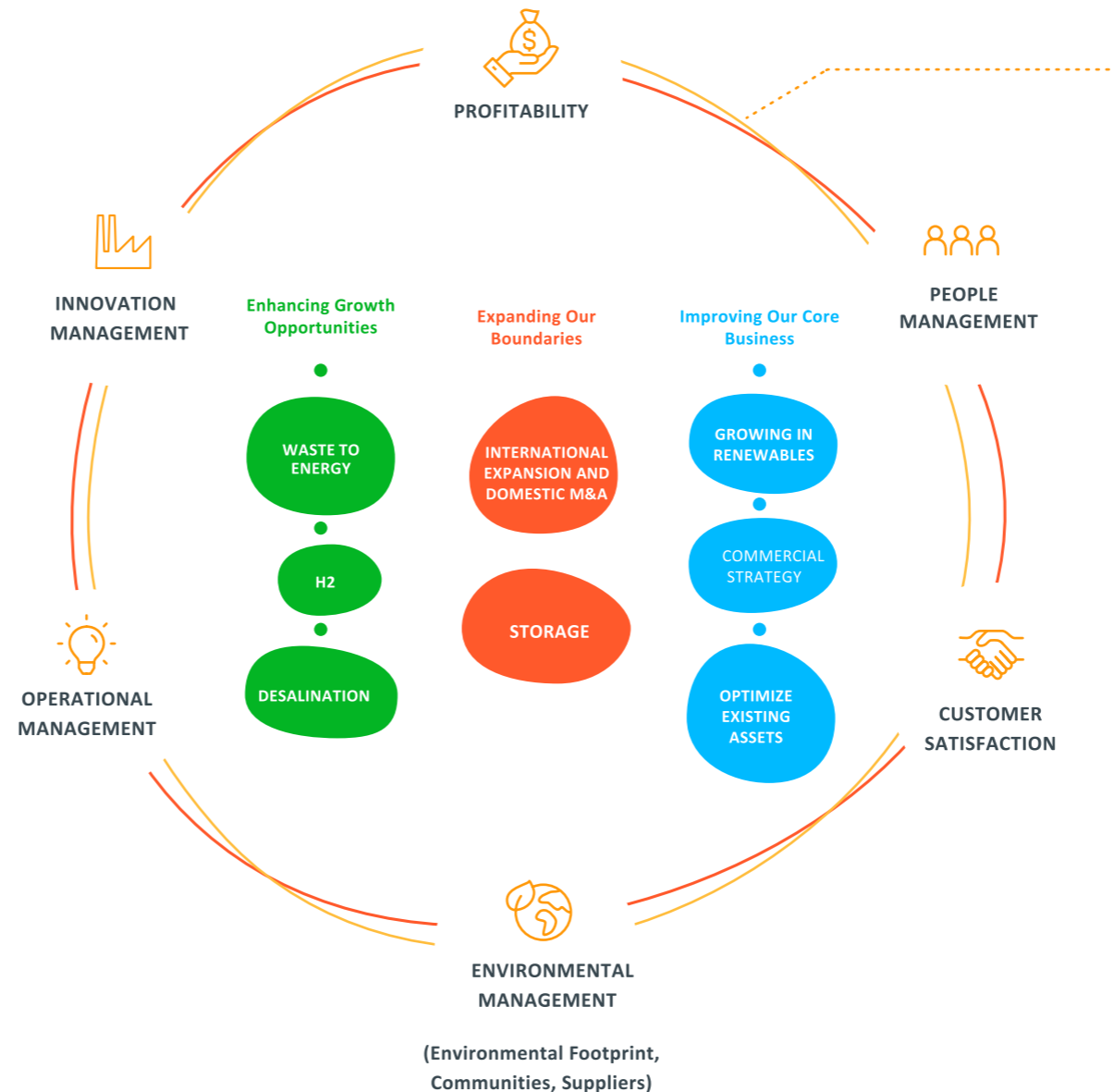
GRI: 103-2, 103-3
 NCG 461: 4.1, 4.2

Strategic Agenda

Colbun has a Strategic Agenda with a time horizon to 2030, based on three main axes and eight focuses:

- **Strengthening our core business**, with three focuses: optimization of existing assets, growth in renewable energy and growth in unregulated customers by expanding the value proposition to them
- **Expansion into new businesses**, with two focuses: energy storage and inorganic growth opportunities
- **Explore growth opportunities in adjacent businesses** (energy-intensive infrastructure) with three focuses: de-pollution, waste-to-energy and green hydrogen

2030 STRATEGIC AGENDA



Strategic Enablers and Sustainability Framework

At Colbun, we are strongly convinced that it is not possible to generate good economic results if we do not have excellence in the management of our social and environmental performance.

Sustainability at Colbun is not a part of the business, but THE business itself.

For the management and monitoring of the Strategic Agenda, we have identified a series of enablers that are key indicators for the sustainability of our business. Each enabler considers goals and objectives associated with our stakeholders: Company profitability (Investors), People Management (Employees), Environmental Management (Communities, Environment, Suppliers), and the Environment (Employees).

(Communities, Environment, Suppliers), Customer Satisfaction (Clients), Operational Management and Innovation Management.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

INPUTS



FINANCIAL CAPITAL
 · US\$6,602 million in assets*.
 · US\$1,419 million in cash*.
 · US\$ 2,841 million of Colbun's net equity*.
 · US\$ 2,312 million gross financial debt*.



INDUSTRIAL CAPITAL
 · 25 generation plants*.
 · 2 photovoltaic farms under commissioning.
 · 1 wind project under construction.
 · 1 battery project under construction .
 · 2 photovoltaic projects environmentally approved.
 · 1 hydroelectric project under development.
 · Corporate offices in Santiago (Headquarters) and Lima*.



INTELLECTUAL CAPITAL
 · US\$ 2.54 million in R&D.
 · 1 energy solutions subsidiary (Efizity).
 · R&D alliances with innovation centers, CORFO and universities*.
 · Cybersecurity*.
 · Digitalization*.



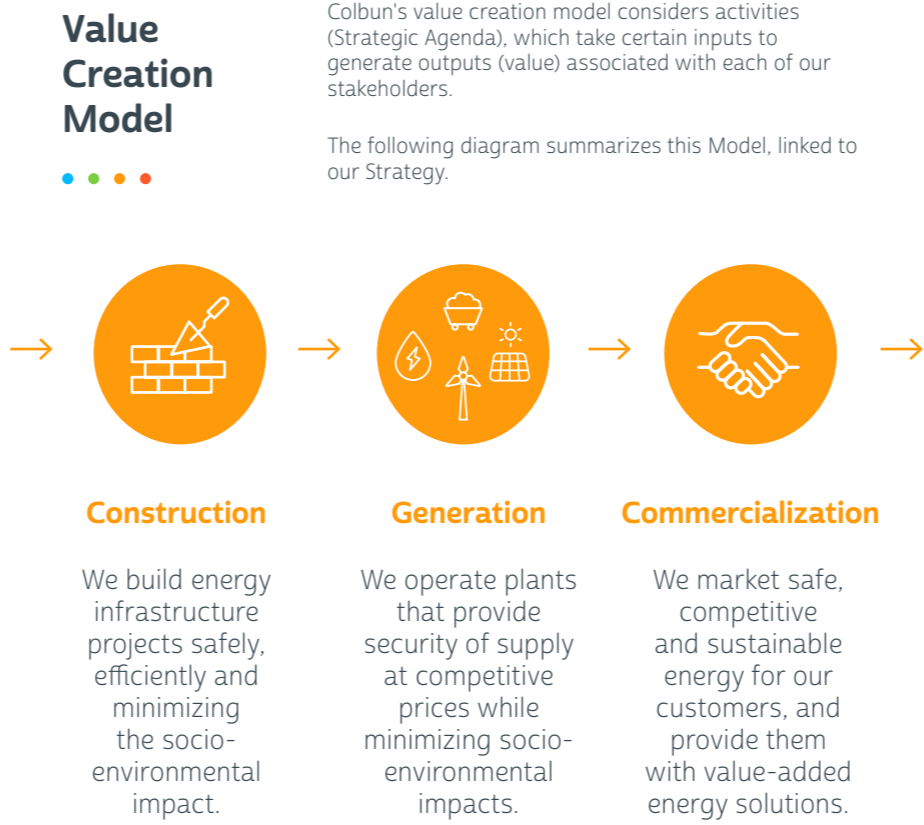
HUMAN CAPITAL
 · 1,193 employees* (including Efizity).
 · 3,714 suppliers (including fuel, energy and tolls)*.
 · Expertise in construction and operation of energy projects.
 · US\$72.1 million in salaries and employee benefits.
 · US\$2,032 million in supplier spending*.



SOCIAL CAPITAL
 · 365 unregulated and regulated customers (supplied)*.
 · US\$4.5 million community investment*.
 · 18 communities with community relations with neighborhood councils, functional organizations, high schools, irrigators, entrepreneurs, etc*.
 · 55 associations / guilds in which we participate*.
 · Relations with authorities, media, universities, NGOs at the community, regional and national levels*.




NATURAL CAPITAL
 · 16.8 billion m3 freshwater turbined for hydro generation.
 · 4.1 million m3 freshwater withdrawn for thermal generation.
 · 620 million m3 seawater for thermal generation*.
 · 1.407 billion m3 natural gas*.
 · 925 million tons of coal
 · 89.2 million m3 diesel*.
 · Solar radiation
 · 900 ha of reforestation and 6,500 ha of native forest




Colbun's value creation model considers activities (Strategic Agenda), which take certain inputs to generate outputs (value) associated with each of our stakeholders.

The following diagram summarizes this Model, linked to our Strategy.


RESULTS




FINANCIAL CAPITAL
 · 14,451 GWh of energy sold*.
 · US\$ 520.2 million in EBITDA*.
 · US\$ 1,244 million in dividends paid*.
 · US\$ 129.2 million in taxes paid*.




INDUSTRIAL CAPITAL
 · 14,421 GWh of energy generated*.
 · 92.5% average availability of Colbun power plants
 · 1,017 MW of renewable energy projects under commissioning or construction.
 · 1,280 MW of environmentally approved renewable energy projects (first phase).
 · 6 power plants accredited to issue carbon credits Parque Angostura, Machicura Reservoir Beach and Paseo Costero Lago
 23 plants and headquarters certified ISO 14,001 and OHSAS 18.001.




INTELLECTUAL CAPITAL
 · New energy solutions for customers
 · Innovation in operational and environmental issues*.
 · 0 significant cybersecurity incidents*.
 · Telecontrol at Aconcagua Complex
 · New services for customers



HUMAN CAPITAL
 · 83.4% satisfaction with the work environment
 · 20.4% female workforce*.
 · 88% of workers trained in Chile
 · Minimum taxable and net income of \$500 thousand for contractors
 · 70.2% of suppliers are SMEs.
 · Prompt payment protocol for suppliers and SMEs.



SOCIAL CAPITAL
 · 87 customers with Renewable Energy Certification in their contracts
 · NPS Customers of 70 points*.
 · 385 entrepreneurs benefited by the Colbun Entrepreneurship Center.
 · 95 thousand visits to Colbun resorts during the 2021-22 season*.
 · 390 thousand total community beneficiaries*.
 · Colbun included in Dow Jones Sustainability Index MILA and Chile



NATURAL CAPITAL
 · 5,201 GWh of renewable energy generated (hydro + ERFV)
 · CO₂ emissions factor lower than the electricity system average
 · 347,678 thousand m3 desalinated and potable water for the community
 · 33% reduction in non-operational water use
 · 7% reduction in operational water use
 · 258 thousand tons of CO₂ reduced in CDM and VCS plants.
 · 60% ash recovered
 · Environmental Footprint Reduction Program 2025 and 2030

*Consolidated figures Chile and Peru

Contribution to Sustainable Development Goals

7

AFFORDABLE AND CLEAN ENERGY

9

INDUSTRY INNOVATION AND INFRASTRUCTURE

5

GENDER EQUALITY

8

DECENT WORK AND ECONOMIC GROWTH

11

SUSTAINABLE CITIES AND COMMUNITIES

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

17

PARTNERSHIPS FOR THE GOALS

6

CLEAN WATER AND SANITATION

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

2.3 Asset Optimization

NCG 461: 4.13



GOAL

Colbun has been developing an efficiency and productivity plan for years, striving to be a leader in operational excellence in the energy industry.

TOOLS

The development of this plan includes:

- Digitize and automate plant operations.
- Use Big Data and advanced analytics for predictive maintenance and asset performance improvement.
- Improve the productivity of third-party service contracts, including reengineering them.

RESULTS

This plan has allowed us to reduce fixed costs at a real annual compounded rate of 7.3% over the last four years.

Adapting to a new scenario

In addition, asset optimization also seeks to prepare and adapt the Company to continue contributing to an energy system that is undergoing a profound transformation.



4 ELEMENTS OF CHANGE IN THE ELECTRICAL SYSTEM:

- 1 Massive entry of variable source renewable energies.
- 2 Growing need for units that provide flexibility and complementary services to mitigate variability.
- 3 Decarbonization process and greater relevance of hydroelectric and natural gas-fired thermal power plants, the latter being the best prepared to respond to the intermittency of variable source renewables.
- 4 Digitalization and decentralization of the electricity system.

Colbun operates combined cycle power plants that have the potential to deliver the flexibility that this new scenario requires. However, in the context of the growing presence of renewables, these capacities can be optimized, which requires market and regulatory signals to make the necessary investments in that direction.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

2.4

Growth in Renewable Energies

GRI: 103-2, 103-3
 NCG 461: 4.13
 Colbun-6.EC



Our Focus

Colbun's Strategic Agenda considers growing in renewable energies to maximize the value of the company through projects that cost-efficiently meet the electricity demand of our customers and the markets where we operate.

2030 Vision

To build close to 4,000 MW in renewable energies, doubling our current size with a view to having consolidated growth options as the needs of our customers and the country demand it.

Future options

In addition, Colbun is promoting a portfolio of wind, solar and battery project options that are in early stages of development, totaling a little over 1,000 MW.

Scope

To the extent that regulatory conditions and market opportunities exist, we also want to take this focus to Peru, where we currently operate the Fenix power plant.

Developing portfolio

Six projects at an advanced stage of development, totaling more than 2,000 MW and over 32 MWh in batteries:

- 2** Solar projects in the process of commissioning (241 MW).
- 1** Wind projects and one battery project under construction.
- 2** Environmentally approved solar initiatives (1,280 MW).

These energies, in addition to our reservoir power plants, give us a very competitive position to offer renewable energy 24/7.

Our project portfolio implies a very relevant contribution to the fulfillment of SDG N°7 on Affordable and Clean Energy and SDG N°13 on Climate Action.



Renewables strategy

Colbun's strategy for renewable development has three pillars:




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



2 A rigorous and systematic analysis of the options offered by the market considering key logistical variables for the success of the projects.



3 A portfolio of initiatives supported with all the relevant information to develop highly competitive projects.

 [Watch video with our vision in renewables](#)

Our Projects under Development




Commissioning projects

- **DIEGO DE ALMAGRO SUR I AND II PHOTOVOLTAIC FARM**

Located in the municipality of Diego de Almagro, in the Atacama Region, it has a capacity of approximately 230 MW. It is located less than three kilometers from the new Illapa substation, which favors its connection to the National Electric System.


The investment approved for this project amounts to US\$147 million and construction began in the third quarter of 2020. As of December 2021, it was 93% complete, with 100% of the photovoltaic panels in place. It has been injecting energy since December 9, and the complete park is scheduled to be commissioned in the first quarter of 2022.

 [Watch video of the solar park Diego de Almagro Sur](#)

- **MACHICURA PHOTOVOLTAIC PARK**

Located south of the Machicura reservoir, in the commune of Colbun, Maule Region, the project considers the installation of a solar energy generation park with an installed capacity of approximately 9 MWAC/10.5 MWDC. 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.

The investment amounts to US\$7 million and its construction was led by a team of women from the Company. As of the fourth quarter of 2021, the plant is injecting to the system, limited to 3 MW of capacity while awaiting the change of the auxiliary transformers of the Machicura power plant to new ones of higher power.

 [Watch video of Machicura solar farm](#)


Projects under construction

- **HORIZONTE WIND FARM**

Located 70 km northeast of Taltal and 170 km southwest of Antofagasta, Horizonte has a capacity of 778 MW and an estimated annual generation of approximately 2,400 GWh.

This project starts at the end of 2017 with the award of a tender from the Ministry of National Assets for a 30-year concession for onerous use, on a fiscal land of 8 thousand hectares.

On September 13, 2021 the Environmental Assessment Service issued the Environmental Qualification Resolution (RCA) for the project and on September 21 it was announced, at a meeting held in Taltal, the approval of the Board of Directors for the start of construction. The approved investment amounts to US\$850 million

 [Ver video del proyecto eólico Horizonte](#)

and the first works began at the end of 2021, making it the largest wind power project under construction in Latin America. The project is scheduled to start operations in the fourth quarter of 2024.

- **BATTERY PROJECT DIEGO DE ALMAGRO**

The project includes the installation of an 8 MW 4-hour (32 MWh) capacity power block at the Diego de Almagro Sur photovoltaic park facilities.

In the third quarter of 2021 a supply and commissioning contract was signed with the integrator of the main equipment, and progress was made in the development of the engineering and preparation of background information for submission to the authority. The investment amounts to US\$11 million and is expected to be operational by the end of 2021.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



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. The project considers in a first stage a capacity of 486 MW and originates from the awarding of two concessions of onerous use called by the Ministry of National Assets. of National Assets.

The RCA for the project has been in place since November 2020. During 2021, work was carried out to obtain the sector permits.

● PHOTOVOLTAIC PARK JARDÍN SOLAR

It considers the installation of a solar farm with a 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 Tarapacá Region, it uses a total area of approximately 1,000 ha.

The energy generated will be injected through a transmission line that has an approximate length of 3 km, connecting to the Nueva Pozo Almonte substation. Its environmental approval was obtained in September 2021.

Other projects

● SAN PEDRO HYDROELECTRIC POWER PLANT PROJECT

This initiative is located in the commune of Los Lagos, Los Ríos Region, and considers an approximate installed capacity of 170 MW. The project has a valid RCA, and in December 2018 an Environmental Impact Statement was re-submitted to make adjustments to the project. In November 2021 the authority issued a second ICSARA, which must be responded to before May 31, 2022.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

2.5 Commercial Strategy and Customer Experience

EU3
 GRI: 103-2, 418-1
 NCG 461: 3.6.2.b, 6.2.i., 6.2.ii, 6.2.v, 8.1.1

Our goal

The development of the unregulated customer segment is one of the pillars of Colbun's Strategic Agenda. To this end, we must satisfy the needs of our customers, ensuring that they have greater competitiveness through continuous and sustainable energy contracts, with comprehensive energy solutions that expand our value proposition.

Management Model

● ● ● ● ●



CONTINUOUS ENERGY

Colbun seeks to provide its customers with secure, 24/7, competitive and sustainable energy. Our renewable projects and hydroelectric assets allow us to supply continuous renewable energy.



CONTRACTING LEVEL

Our Commercial Policy considers an optimal contracting level based mainly on generation capacity, hydrological risk, contract prices, system marginal costs, and demand and supply projections.



ENERGY PARTNERS

We aspire to cover all the energy needs of our customers, including sustainable and innovative solutions from Colbun Soluciones by Efizity, which accompany our customers in their energy saving challenges, compliance with the energy efficiency law, sustainability goals, etc.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Pillars of Customer Experience



1 ONGOING TECHNICAL ADVICE AND EXPERTISE

Multidisciplinary team of professionals specialized in the energy market and Energy Solutions.



2 DEDICATED ATTENTION

Personalized attention by executives assigned by client, available 24/7.



3 SIMPLICITY IN EACH INTERACTION

Direct and simple service channels, and a virtual branch (web), where consumption, invoices and other requirements can be monitored.



4 INFORMATION AND TRANSPARENCY

Permanent delivery of relevant and transparent information on the operation and regulations of the energy market, trends and novelties.



5 LEGAL AND REGULATORY SUPPORT

Expert regulatory and legal advisory team, available to support in the management of requirements and claims with electricity distributors.



Customer Development in Chile

EU3



2019-2021 NEW CUSTOMERS

In the period 2019-2021, the Company closed contracts with unregulated customers (consumers with a connected power of at least 500 kW who can directly negotiate their tariffs with a supplier) for about 4,973 GWh per year, totaling over 7,963 GWh in the years that this strategy has been deployed.

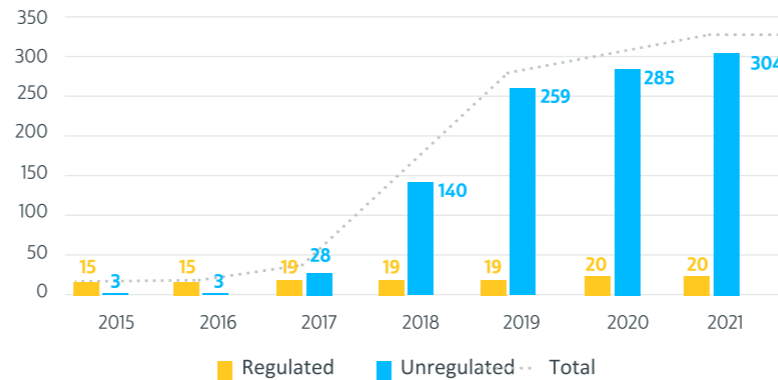
As of December 2021, Colbun had 304 unregulated customers supplied, in addition to 14 unregulated customers who started supply after December 31, 2021. Among the renewable energy contracts, the following stand out by volume: Minera Escondida and Spence of BHP for 3,000 GWh/year; Minera Zaldívar of Antofagasta Minerals, with 550 GWh/year; Polpaico, with 210 GWh/year; and Ripley, with 90 GWh/year, among others.

In addition, the Company has contracts with 20 distributors in the regulated customer segment.

SIGNIFICANT RENEWALS

A relevant milestone of the year was the renewal of 27 energy supply contracts, where clients such as Magotteaux (66 GWh/year for 8 years), Grupo Errazuriz (52 GWh/year for 4 years) and Vulco (24 GWh/year for 5 years) stand out in terms of energy volume.

EVOLUTION NUMBER OF CUSTOMERS COLBUN CHILE

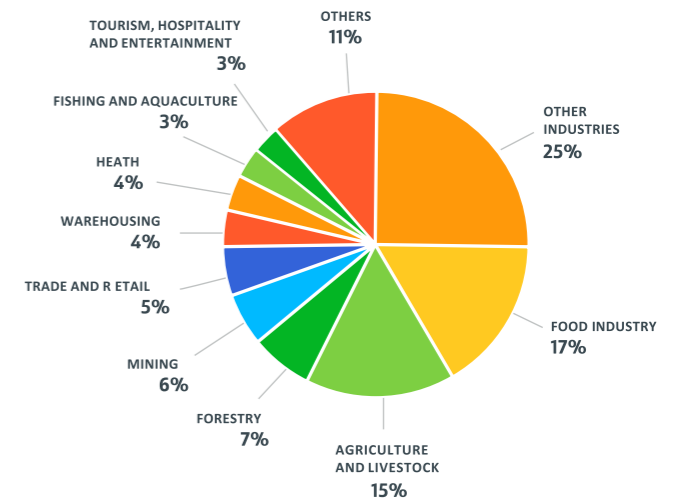


Note: these figures do not take into account 11 unregulated customers holding a signed contract whose supply start date is after December 31, 2021.

SECTOR AND GEOGRAPHIC DIVERSIFICATION

Colbun has customers in a wide range of sectors and locations throughout the country, from Arica to Los Lagos Region.

2021 SECTORS



PERCENTAGE OF SALES TO UNREGULATED CUSTOMERS



NUMBER OF UNREGULATED CUSTOMERS



Legend:
■ Unregulated Customers
■ Regulated Customers

SALES CHANNELS

The main channels are the commercial executives, who provide personalized attention and are present in the country's main cities; Colbun's website, which has a contact form, and the virtual branch for customers.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Renewable Energy Certification



WHAT IS IT?

This certificate accredits that the energy used by our customers is 100% renewable, a condition verified by EY auditors. It includes a seal that allows companies to communicate the use of clean energy to different stakeholders.

WHAT OTHER CERTIFICATIONS DO WE OFFER?

Colbun also offers the I-REC and Green-e International Certifications, which allow accrediting the reduction of the scope 2 carbon footprint.

HOW MANY CERTIFICATIONS DO WE HAVE?

In 2021, the Company signed 16 contracts with renewable certification, totaling 87 customers under this modality, with just over 4,888 GWh per year committed. In May 2021, we made the third delivery of Renewable Energy Balance Certificates to customers.

New Managements to strengthen our value proposition



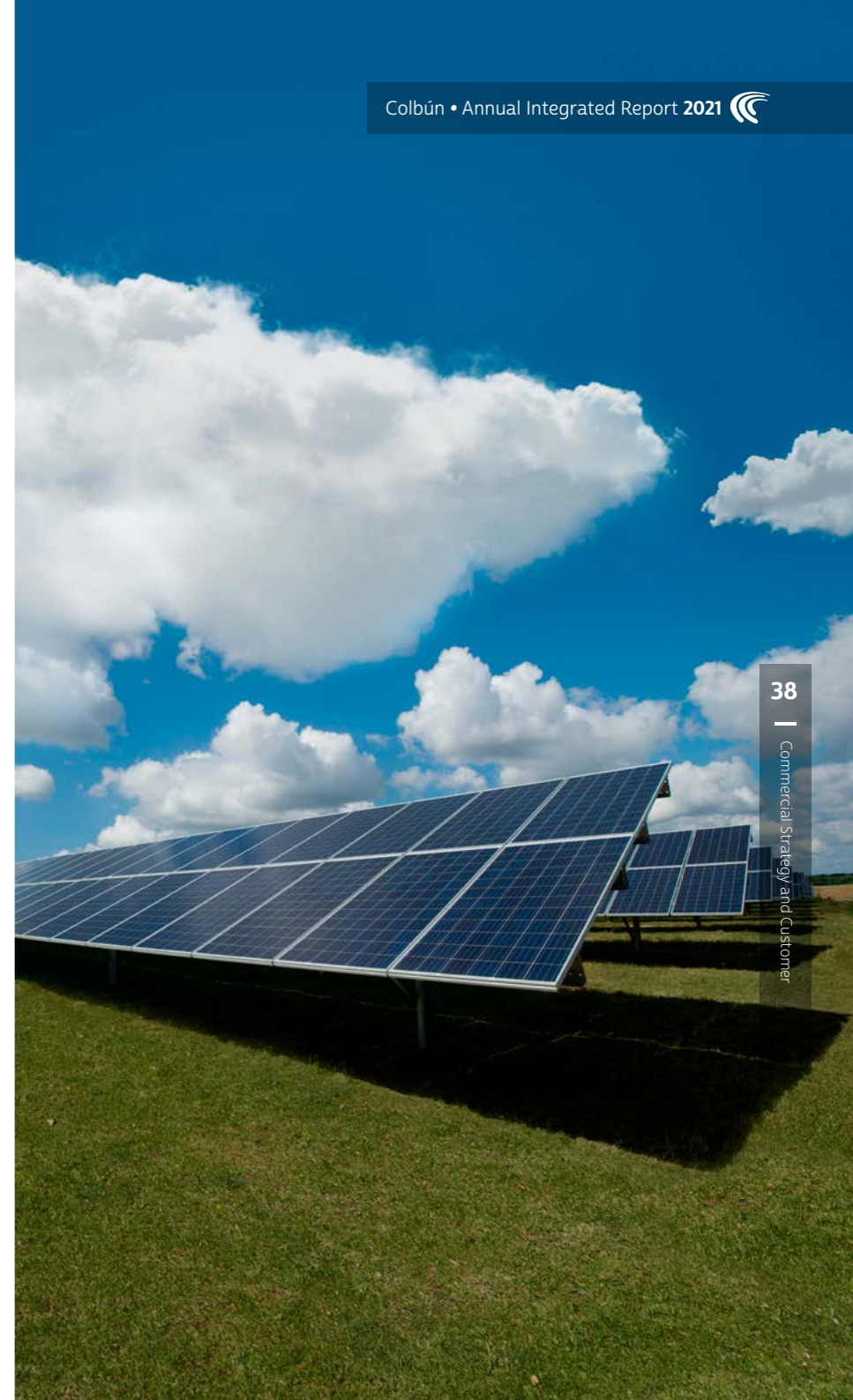
In order to respond to our strategic guideline and be leaders in customer experience, two relevant organizational steps were taken in 2021:

NEW MARKETING MANAGEMENT

In May 2021, the Marketing Management was created, under the Business and Energy Management Division, with the objective of strengthening the Colbun brand in the market, fostering customer relations and working on the continuous improvement of the Colbun experience.

ORGANIZATIONAL CHANGE

In October, the Business and Energy Management Division was reorganized into two divisions, creating the Energy Division and the Commercial Division, with the Marketing Division, the Sales Division, the Commercial Management Division, the Commercial Operations Division and the Commercial Products and Services Division remaining under the latter.





Evolution of Energy Solutions in 2021



In 2021, the integration of Efizity into the Colbun group was consolidated as part of our comprehensive offering under the name of Colbun Soluciones by Efizity.

Relevant milestones of this operation:



Attraction of new customers with a customized offer

Based on a proposal of advice and support to enhance the sustainability and energy efficiency of our customers, 12 customers incorporated one or more energy solutions from Colbún Soluciones by Efizity into their energy contracts during the year.

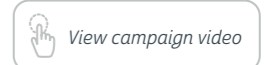
Advertising campaign "Colbun Integrated Offer"

To publicize Colbun's comprehensive offer (energy and energy solutions), in September the first advertising campaign was launched, focused on accompanying customers in their growth and energy saving challenges, energy efficiency plans, sustainability goals, self-generation and electro-mobility projects, among others.



OUR BRANDS

- Colbun
- Colbún Soluciones by Efizity
- Fenix



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



WALMART CHILE

Start of the installation of the first network of electric charging stations in supermarkets in the Metropolitan, Coquimbo and Biobío regions, with renewable energy supplied by Colbun.



SONDA

Advice on obtaining LEEDv4 Silver certification for its new Kudos Data Center, which accredits a high level of energy savings and sustainability in this building, one of the most modern in the region.

CAMANCHACA

Implementation of an energy audit in four of its plants in the Salmones area, in which an energy performance diagnosis was carried out, providing efficiency measures that included savings of up to 10%.

LÁCTEOS MATTHEI

Development of an innovative photovoltaic self-generation project for its plant in Yumbel (Biobío), which will allow self-consumption of 12.5% of its annual energy demand.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

2021 Customer Relationship Milestones



Close and transparent communication

Salesforce's "Marketing Cloud" platform was implemented, which establishes international standards regarding the handling of customer data, including the possibility of unsubscribing from mailings, access links to Salesforce's privacy policy, among others.

We improved and systematized the continuous and timely delivery of information to customers, allowing them to be updated on issues related to the electricity market, such as regulations, technological advances, energy solutions and their consumption and payment behavior.



Meetings with customers

During the year, Colbun held different online meetings called "Voices with Energy Customers", to address issues of contingency, sustainability and climate change, among others.



Customer Experience Model

A Customer Experience Model was implemented with the objective of improving the NPS (Net Promoter Score) indicator to guarantee excellence in customer service.

Three pillars were established as working axes:

1 VOICE-OF-CUSTOMER METRICS

This includes the systematic collection of customer feedback on the experience they receive, through post-care surveys, feedback from commercial executives and customer satisfaction studies.

2 CONTINUOUS IMPROVEMENT

This information is used to determine the gaps that exist between the experience delivered and what the customer expects to receive, creating action plans.

3 INTERNAL CULTURE PROGRAM "CUSTOMER AT THE CENTER":

Its objective is to promote a customer-centric culture within the organization. The main activities carried out were as follows:

- Internal Customer Day with Colbun employees
- Training based on gamification
- Dissemination of NPS results to the entire organization.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

2021 Customer Experience Satisfaction Results (NPS)



This survey seeks to monitor the state of the longer-term relationship with the customer, gathering their experience in various areas of the Company. It measures the Net Promoter Score or NPS, which weighs the level of net recommendation among interviewees regarding the company.

For this period, the NPS was 70 points (66 points in 2021).

Other indicators highlighted in the survey were:



According to the questions "Good energy partner" and "Good reputation".



Satisfactory scores on the variable "After-sales service".



Satisfaction with "Billing in general".



Of those interviewed consider themselves satisfied or very satisfied with the "Energy supply" that Colbún provides them.



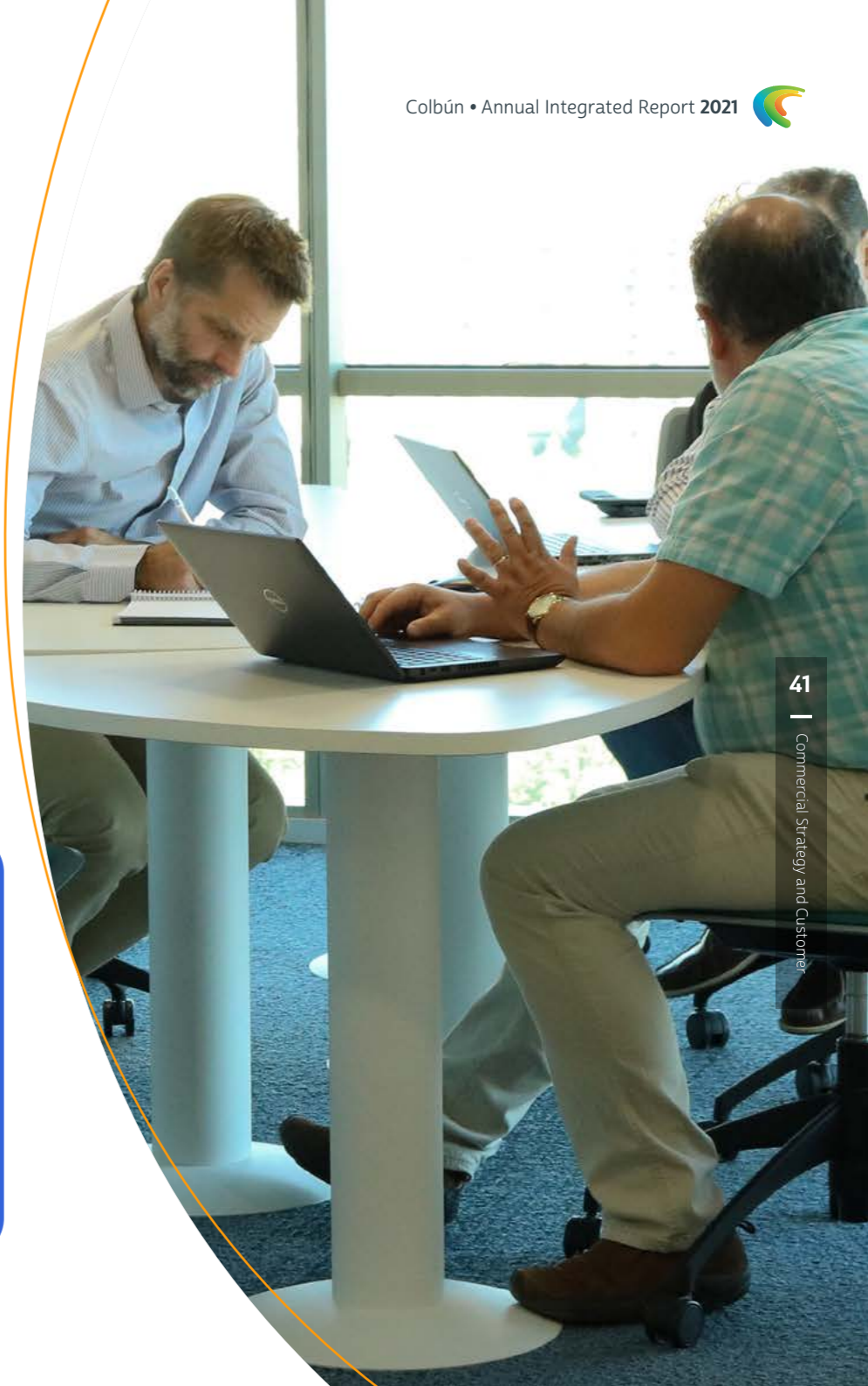
Customer data protection

Colbun requires its survey providers to follow standards and procedures that ensure the protection of the data it receives from the company to conduct the studies.

During 2021, Colbun did not receive any complaints regarding violations 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.

Likewise, Colbun does not use customer data for secondary purposes that are outside the company's primary purpose.





- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Customer Development in Peru

EU3
● ● ● ●

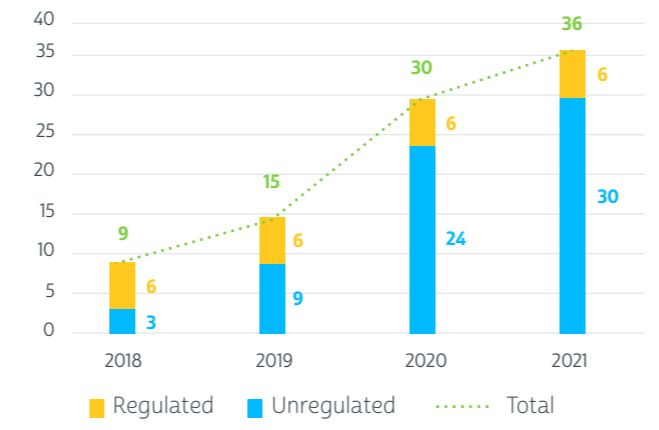
2019-2021 New customers

In 2021, our subsidiary Fenix signed contracts with 20 unregulated customers for 109.6 MW, about 890 GWh per year. The most relevant new contract is Celepsa, with an average energy of 646 GWh/year.

Significant renewals

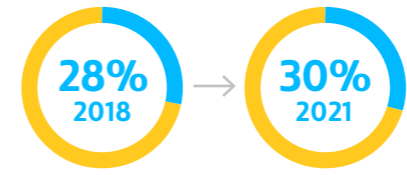
A relevant milestone of the year was the renewal of 15 contracts with unregulated customers, within the framework of the regulatory change that allowed us to have real gas prices as of July 2021, which represented 98% of the energy renegotiated.

EVOLUCIÓN NÚMERO DE CLIENTES FENIX



Note: these figures do not consider 8 unregulated customers with signed contracts whose start of supply begins on a date later than December 31, 2021.

PERCENTAGE OF SALES TO UNREGULATED CUSTOMERS



■ Unregulated customers
■ Regulated customers

2021 management efforts were reflected in an increase in the customer portfolio, of which 15 unregulated customers were renegotiated and 20 new unregulated customers were signed (8 start by 2022).

2021 TYPE OF CUSTOMERS

- 6** DISTRIBUTORS
- 2** OTHER GENERATORS
- 28** UNREGULATED CUSTOMERS
- 36** TOTAL

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Evolution of Energy Solutions in 2021



During 2021, an area was created in Peru to provide energy solutions that allow our clients to transform their initiatives into development opportunities, through more efficient and sustainable energy consumption, and to generate savings in operating costs, contributing to reduce their carbon footprint.

We worked closely with Efizity to create solutions such as: energy efficiency and reportability, energy storage, photovoltaic systems and migration from regulated to free user.





2021 Customer Relationship Milestones



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

● BILLING PLATFORM

This platform was developed in 2021 to be launched in 2022. It allows customers to consult historical billing information for timely follow-up and reporting to their management

● OPTIMIZATION

- Internal processes were improved and optimized in order to reduce time and simplify the billing process.

● MEETINGS WITH CUSTOMERS

- Customers were informed of the developments made in the Billing Platform and Energy Solutions. In addition, we maintained the continuous attention of the commercial executives and the 24x7 operational Control Center.

● CUSTOMER MEETING OPPORTUNITIES

The "Fenix Customer Day" was held for the second consecutive year, focusing on the challenges and opportunities for industries to address climate change and implement innovative initiatives for a more sustainable energy consumption. Pamolsa, our customer, was a special guest, as they are using more sustainable products and a more efficient operation with less emissions.





2021 Customer Experience Satisfaction Results (NPS)



Fenix achieved customer recognition, obtaining a Net Promoter Score (NPS) of 73%, which means that, out of every 10 customers, 7 are promoters of our brand. It is worth noting that we obtained 0 detractors.

Other indicators highlighted in the survey were:

100%

Consider that we are a "good energy partner for their company".

100%

Of those interviewed, consider themselves satisfied or very satisfied with Fenix's "closeness" to their company.

96%

Consider that we are an "ethical, transparent and reliable company".

88%

Considered themselves very satisfied with the "friendliness and willingness to serve you" of our executives, with no negative results.

80%

Very satisfactory marks in the variable "After-sales service", with no dissatisfied customers.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

2.6 Other Growth Opportunities: Energy Storage

OUR FOCUS

As part of its Strategic Agenda, Colbun aspires to be a relevant stakeholder in the management of storage systems and thus contribute to the stability and sustainability of the Chilean energy system.

ENABLING FACTORS

- Considering the intermittency of solar and wind power, batteries will contribute to the stability of the energy system.
- They will be an important enabler to continue increasing the presence of variable-source renewable energies in a safe manner and to advance in decarbonization.
- Located near to consumption centers, they will help decompress transmission lines.
- While batteries are not yet a cost-efficient solution on a commercial scale, their cost is expected to continue falling over the next few years.
- They will reduce exposure to the spot energy market.

Colbun aspires to be a relevant agent in the management of storage systems and thus contribute to the stability and sustainability of the Chilean electricity system.

KEY CONDITION

The promotion of storage systems requires a policy and regulatory framework that creates the right incentives for their development.

OUR STEPS

- 1** Colbun is already building a battery system associated with Diego de Almagro Sur solar farm, which will have a capacity of 8 MW for 4 hours (32 MWh).
- 2** The company aspires to include storage systems in most of its solar energy projects.
- 3** In addition, it allow us to improve our value proposition for customers, with "behind the meter" batteries that give them better management of their energy. We are already developing projects in this direction.



Storage will be key to increasing the presence of renewable energy from variable sources, contributing to the fulfillment of SDG 7 on Affordable and Clean Energy and SDG 13 on Climate Action.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Exploring potential opportunities



OUR FOCUS

The Company's strategy also considers exploring businesses related to energy, where there are potential opportunities to generate sustainable and environmentally responsible solutions to customer and social problems.

These are infrastructure businesses with a high energy component. There are three main focuses:

1

Desalination and Water Management

- Proven technology that requires a relevant energy supply.
- Allows to generate an alternative to the decreasing availability of inland water.
- Many of Colbun's energy customers also have industrial water requirements.

2

Waste to Energy Valorization

- Waste management is a pillar of the circular economy and considers recycling, organic waste management for biogas and waste to energy to generate energy with non-recyclable waste, as in developed countries.
- This allows reducing landfills, most of them saturated throughout Chile and with a closure date.
- It allows reducing CO2 emissions by about 70% and waste volume by about 90%.

3

Green Hydrogen

OUR GOAL

Colbun wants to take a leading role in the green hydrogen industry.

OPPORTUNITIES

- Although it has a long way to go in terms of technological development and costs, H2V appears today as the best option to decarbonize sectors where the use of electric power is not feasible.
- It requires important volumes of renewable electric energy, where Colbun has an important portfolio of projects under development.

WHAT WE ARE DOING

- An alliance with Komatsu Cummins Chile was signed in 2021 to develop mobility projects based on H2V in trucks, buses and material handling equipment (forklifts).
- Applications are being analyzed as a blending with other fuels, such as natural gas and liquefied gas.
- Land and potential international offtakers are being explored with a view to developing hydrogen and/or ammonia export capacities in the medium/ long term.



As these adjacent projects mature and come to fruition, they will contribute to SDG 6 on Clean Water and Sanitation and SDG 13 on Climate Action.





- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

2.7 Innovation Management

EU8
● ● ● ● ●

Our Focus

Innovation is a very important tool for managing the adaptive challenges that the energy industry is experiencing. At Colbun, it is a key enabler that contributes to our Strategic Agenda for:

- 
OPTIMIZE CURRENT OPERATION
 Reduction of environmental footprint (water, emissions and waste), operation optimization and advanced data analytics.
- 
GROWING IN RENEWABLE ENERGY
 Optimization in construction and operation, search for new energy sources.
- 
ADDING VALUE FOR CUSTOMERS
 Search for solutions superior to existing ones.
- 
DEVELOP ADJACENT BUSINESSES
 Hydrogen, energy storage energy storage, desalination, among others..

Some Innovation Cases

● NEHUENCO WATER FOOTPRINT REDUCTION

This complex commissioned a Reverse Osmosis Plant (POI) in 2018, which allows a reduction of up to 50% in water use during periods of water scarcity.

Due to the growing water shortage, during the year pilot projects were carried out with two suppliers to further increase the efficiency of the POI, through greater reuse of reject water. The results were very positive, with an estimated rejection water recovery of up to 90%.

At the same time, new sources of supply have been sought, such as the reuse of water from submarine outfalls and desalination projects.



● ALTERNATIVE DRINKING WATER SUPPLY IN PLANTS

In order to reduce non-operational water consumption in power plants, a scouting of innovative technologies in this field was carried out.

A solution was defined with the company WaterGen through the capture of atmospheric water that allows producing up to 30 liters of drinking water per day. After technical validation, a pilot experience was installed at the Canutillar plant, which is expected to be replicated in other plants in 2022.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

● **SEDIMENT RETENTION SYSTEMS**

Aconcagua's power plants have suffered an increase in the sediments that reach their facilities, causing clogging and wear of the mechanical components of the turbines.

After calling for an open innovation process through the Ennomotive platform, which received 30 proposals

from engineers and scientists from around the world, it was decided to implement a Decanting System using lamella structures, which until now was only used in the sanitary industry. In 2020 and 2021 a prototype was made, delivering high performance. In 2021 we worked on the engineering to be able to implement this system in 2022.



● **POI MEMBRANE REUSE**

During 2021, works continued with the firm Patagonian Water, for the reuse of membranes from the Nehuenco Reverse Osmosis Plant. It is expected that in 2022 a characterization of membranes recovered as ultrafiltration will be developed and offered in the market, reducing the waste that confirms the membranes already used and discarded



● **PYRANOMETER CLEANING DEVICE**

While there are automation solutions for panel cleaning in solar farms, there are none for radiation measurement devices (pyranometers), a key element in the proper operation of a solar farm.

In 2021, a partnership was established with the Chilean startup Inti-Tech, with

which the first automated pyranometer cleaning system in the world was co-developed, achieving optimum performance for the conditions tested. In 2022, a pilot development will be carried out at Colbun's Ovejería and Diego de Almagro Sur solar farms.



[Watch video of pyranometer cleaning system](#)

● **from the POI. REUSE OF CORPORATE CLOTHING**

The internal campaign called "Buena Tela" (Good Cloth) to collect Colbun's discarded corporate clothing and transform it into thermal insulation panels by the company EcoFibra culminated in 2021. These panels will be installed during 2022 in a parish house in Alto Hospicio.



● **FLOW OPTIMIZATION MODEL**

Colbun implemented a mathematical model that optimizes hydroelectric generation based on the individual and global efficiency of the turbines, achieving a 1.4% increase in generation.

The model has already been integrated into Colbun's PI-System, and in 2022 it will be implemented in the Los Quilos and Chacabuquito power plants of the Aconcagua Complex, to be later scaled to other Colbun complexes.



These Colbun projects help build on SDG 9 on resilient infrastructure, promoting sustainable industrialization and fostering innovation.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

2.8 Digital Transformation

• • • •

Our Goal

The Digital Transformation program seeks to enhance Colbun's Strategic Agenda by helping to optimize the operation of our assets, improving the customer experience and increasing our efficiency.

Governance Model

Initiatives based on digital technologies are grouped into thematic committees and multidisciplinary working groups, coordinated by an integration committee, which reports periodically to the Technology Committee led by the General Manager.

During the second half of the year, a new transversal table was created to consolidate all the initiatives and needs related to governance and advanced data analytics.



Operational Processes

- **TELECONTROL**
 In 2021, the remote control of the hydraulic works of the Aconcagua Complex was completed, so that all its units as well as the hydraulic works can be remotely controlled from the control of the Los Quilos Power Plant.
- **INTEGRATED SCADA**
 The technical specifications were completed and the international bidding for this project was carried out; bids were received and an award recommendation was made to the Board of Directors.
- **TELECOMMUNICATIONS**
 The development of the Telecommunications Master Plan was completed, which defines the standards and investments in the Telecommunications area to support the different activities of the Company during the next few years.
- **PREDICTIVE MAINTENANCE**
 The PI System was implemented in the hydraulic power plants, which, together with the development of predictive models, will allow early detection of phenomena that could affect the generating units.
- **TELESURVEILLANCE**
 As part of the Corporate Telesurveillance project, implementation was completed at the Santa María and Nahuenco power plants, and deployment began at the Colbún-Machicura Complex, Aconcagua Complex, Diego de Almagro Solar Park and central offices in Santiago.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Front Office Processes

- **VIRTUAL BRANCH 2.0**
In 2021 we worked on different initiatives to offer an evolution of the current Virtual Branch, applying data reengineering solutions, usability, and integration with multiple platforms.
- **NEW INVOICE DETAIL**
We worked on a new version of the design and content of the invoice annex, incorporating new information, allowing its interaction with the Virtual Branch 2.0 and incorporating QR codes and explanatory videos, among others.

Back Office Processes

- **CORPORATE ERP**
In 2021, the reimplementation of the corporate ERP to the most recent version of SAP S/4 Hana stands out, a project that went live in January 2021.
- **BUDGET MANAGEMENT**
In 2021, the SAP BPC support tool was successfully implemented, which was fully implemented in the 2022 budget planning.
- **INCIDENT PLATFORM**
The Zight security incident management platform was implemented, digitizing the process, incorporating new functionalities and allowing the use of an app.

Technology (IT)

- **CLOUD COMPUTING**
The migration of server infrastructure services to public and private clouds and external DataCenter continued.
- **INFRASTRUCTURE**
Completed renewal of LAN equipment and continued to expand and strengthen WAN communication links.
- **RPA PLATFORMS**
Continued to expand the use of the RPA platform by developing robots to automate processes. As of December 2021, there were seven robots in operation.





- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

2.9 Sustainability Management

103-2, 103-3



GOAL
Colbun's Sustainability Policy commits us to creating long-term value for its shareholders and other stakeholders.

LINKAGE TO STRATEGIC AGENDA
Value generation is only possible if levels of excellence are achieved in commercial and operational management as well as in environmental, social and governance management. Consequently, our Strategic Agenda considers enablers in all these management areas, establishing concrete objectives and results for ESG activities (environmental, social and corporate governance) and for operational, commercial and financial performance.

 [View Sustainability Policy](#)

LIABILITIES
Sustainability is transversal to the Company and is the responsibility of each area of the company. The Corporate Affairs Management -through the Corporate Sustainability Sub-Management- is in charge of promoting the framework for the application of sustainability criteria in all the Company's activities, carrying out the annual survey of the main gaps and following up and reporting on sustainability goals. In turn, the integration of sustainability issues in the Company is reviewed by the Sustainability and Regulatory Committee on a quarterly basis (read the description in Chapter 1 on Corporate Governance).

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

● ESG FOCUS

E ENVIRONMENTAL

- Renewable energy projects portfolio
- Mitigation and Adaptation to Climate Change
- Efficient Water Use
- Waste Reduction and Valorization
- Biodiversity Management
- Local Emissions

S SOCIAL

- Customer-Centric Culture
- Diversity and Inclusion (focus on gender)
- Health and Safety
- Respect for Human Rights
- Community Engagement
- Community Development

G GOVERNANCE

- Functioning of the Board of Directors and Management Committees
- ESG Risk Management
- Cybersecurity
- Innovation and Digital Transformation
- Sustainable Supply Chain
- Ethical Conduct
- Information Transparency

The goals, targets and activities associated with each of these focuses are developed in detail throughout this Annual Integrated Report.

Some initiatives that have been important in the integration of ESG management in Colbun's business are:

- Commitment of the Board of Directors and Senior Management. [See](#)
- Diverse stakeholder engagement channels. [See](#)
- Establishment of medium and long term Public Sustainability Goals. [See](#)
- Continuous and systematic survey and management of gaps. [See](#)
- Inclusion of sustainability objectives in the determination of personnel remuneration. [See](#)
- Active participation in external organizations that promote sustainable development and the promotion of open innovation. [See](#)
- Connecting Sustainability with our clients' business. [See](#)



Progress on Sustainability Goals and Targets



Regarding the Company's Sustainability Management in 2021, the areas where there was the greatest focus and progress in 2021 were the management of the environmental footprint, water in communities, security and continuous supply of electricity, deployment of renewable energy projects and the gender equality agenda.

The following table summarizes the sustainability indicators and goals that Colbun manages and its progress in 2021.

Notes

* Consolidated figures for Chile and Peru. ** Subject to the development of the renewables growth plan.

*** Carbon Footprint and Operational Water Footprint targets consider a P80 hydrological scenario, equivalent to the average hydroelectric power of the last 10 years.

SDG INDICATORS	GOAL	INDICATOR/KPI/MILESTONE	BASE LINE	2021 PROGRESS STATUS	LONG-TERM GOAL
	Growth in solar and wind Renewable Energies	Advances in the development of solar and wind projects	9 MW installed (2019)	Two solar projects for 239 MW entered the commissioning stage; construction began on a wind project for 778 MW. A baseline and early citizen participation process was carried out for a 360 MW wind project located in the south of the country. Environmental approval was also obtained for the Inti Pacha (468 MW) and Jardín Solar (537 MW) solar projects.	4,000 MW by 2030
	Carbon Footprint	% reduction of the net GHG emission factor, with respect to the 2018 baseline, in Chile**.	0,286 ton CO ₂ e/MWh (2018)***	0.372 ton CO ₂ e/ MWh in Chile, 30% higher than the baseline. The increase is explained by the drought, which forced to generate more thermal energy.	0.200 ton CO ₂ e / MWh (30% net reduction) by 2025; 0.172 ton CO ₂ e / MWh (40% net reduction) by 2030; to be a carbon neutral company by 2050.
	Operational Water Footprint	% reduction in freshwater withdrawal intensity for operation, with respect to 2018 baseline.	0,4 m3 water /MWh (2018)***	0.37 m3/MWh, 7% lower than the baseline.	0.24 m3 water/MWh (40% reduction) by 2025; 0.22 m3 water/MWh (45% reduction) by 2030
	Non-Operational Water Footprint	% reduction in freshwater withdrawal intensity for non-operational consumption, compared to 2018 baseline.	246 mil m3 water (2018)	165 thousand m ³ , 33% lower than baseline	146 thousand m3 water (40% reduction) by 2025
	Waste Footprint (Ash)	% ash recovery	61% (average 2017-2020)	61% of the ash was valorized, mainly through its use in cement plants and the recirculation of slag at the Santa María power plant.	98% by 2025
	Environment: zero relevant environmental incidents*	No. of significant environmental incidents	0	0	0
	Occupational Safety and Health: safety management excellence and zero fatalities*	Accident frequency rate (lost time) of workers and contractors (FI); and No. of fatalities.	N.A.	IF 2.5; 1 fatality	IF 1,0 0 fatality
	Unregulated Customer Net Recommendation Ratio *	Net Promoter Score (NPS) of Unregulated customers	63 points (2020)	70 points in 2021	> 50 point by 2025-2030
	Colbun's Employee Recommendation Index		88% (2019)	90%	> 88%
	Diversity: increasing the workforce of women in the Company *	% women in Colbun's total workforce, with focus on male-dominated areas	18% (2018)	20.4 %	25% by 2025

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Contribution to the Sustainable Development Goals (SDG)



The following table summarizes the contribution of Colbun's performance to the achievement of the SDGs. The contribution of each project or initiative of the Company is described in greater detail throughout the Annual Integrated Report.

SDG	GOAL DESCRIPTION	GOAL	CONTRIBUTION FROM COLBUN S.A
	Ensure healthy lives and promote well-being for all at all ages	3.4 / 3.8	Occupational health and safety programs for Colbún workers, including COVID-19 control; Mental health support from the Wellness area. Las Salinas Polyclinic (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	Colbun employee training programs; support for the education of employees' children; 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; Female Leadership Program; Female Workforce Goal; Inter-company mentoring program (Club 30%).
	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; Colbún reservoir and Chapo Lake; activities to meet 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, solar generation and growth with ERFV; storage; LED luminaires in several municipalities; energy solutions for customers.
	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	Minimum wage of \$500 thousand for permanent contractors; support for permanent contractor companies; Entrepreneurship Centers; Gender Equity Plan; Inclusion Initiatives for People with Disabilities; SOFOFA Protagonists Volunteering; Colbún Internship Program; Angostura Park, Machicura Spa and Chapo Lake Coastal Promenade; Colbún SSO Standards; Safety Leadership Program.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4 / 9.5 / 9.a / 9.b	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 energy tariffs; Colbun Energy for Entrepreneurship Program; Salaries of permanent contractors over \$500 thousand.

SDG	GOAL DESCRIPTION	GOAL	CONTRIBUTION FROM COLBUN
	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). (Aconcagua, Maule, Angostura); Angostura Park, Balneario Machicura and Paseo Costero Lago Chapo.
	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 at Colbún's plants and offices; Angostura Park, Machicura Spa and Chapo Lake Coastal Promenade.
	Take urgent action to combat climate change and its impacts	13.2	CO2 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	Royal Right of Conservation (DRC) in Chapo Lake; 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 in different communities where we are present; Integrity Plan (Gender Equity, Human Rights); Crime Prevention Model (Law 20.393), PEP Policy, Donations Policy; Transparency of memberships on the web; Transparency of meetings by Lobby Law; Citizen Participation in Horizonte Wind Project; Local infrastructure projects and social programs developed in a participatory manner.
	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's community investment, managed in alliance with municipalities, NGOs, etc.; Leverage of government funds for local sustainable development projects; Participation in Global Compact Committee and Human Rights Group and other SDGs.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Stakeholder Identification and Mapping

GRI: 102-40
NCG 461: 6.1.v, 6.3



Listening to, understanding expectations and engaging with stakeholders has been at the core of Colbun's sustainability strategy.

Regarding Community and Society, the process of systematically identifying the organizations and groups that impact and are impacted by the company's activities is the first step in establishing relationships of trust with them. Based on the diagnosis of the areas of interest and common value creation, we seek to implement initiatives and establish a permanent relationship model based on transparency, dialogue and collaboration.

The Company has made its experience in this area available to the public through the Communities Manual.



See Guide 3 "Mapping Community and Society Stakeholder Mapping", pages 55-63.

COLBUN'S STAKEHOLDERS



Investors

Value: maximization of long-term value.

Shareholders and individual investors. Institutional investors: banks, AFPs, investment funds.



Customers

Value: competitive, safe and sustainable energy; value-added

Unregulated customers (energy and/or energy solutions).
Regulated customers.



Workers

Value: quality employment.

All Colbun workers.
Union leaders.



Community and Society

Value: dialogue and local development.

Communities neighboring our operations/projects (functional and territorial organizations).
Mayors, Governors, SEREMIs and other authorities. Civil society (NGOs, Universities, etc.).
Media.
Trade associations.



Contractors and Suppliers

Value: excellence in the value chain.

Permanent contractors (cleaning, food, transportation, security, etc.).
Service providers (maintenance, waste treatment, etc.). Suppliers of equipment and materials.
Fuel, tolls and energy suppliers.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes








08 Financial Statements

Stakeholder Communication Channels

GRI: 102-43, 103-2, 103-3



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

COMMUNICATION CHANNEL	STAKEHOLDERS INVOLVED	DESCRIPTION	PERIODICITY
 Inquiries and Complaint Line	Employees Communities Customers Investors Suppliers	In 2016, the Whistleblower Line was enabled, an anonymous and confidential channel that allows complaints to be made via web, email or in writing. In the same year, the Contact Line was enabled, in order to receive queries and comments. Both channels are disseminated to our stakeholders. In 2021, 427 messages were received through the Contact Line, of which 378 corresponded to queries, 34 to suggestions, 10 to complaints and 5 to congratulations. In the case of the Fénix plant (Peru), five complaints were received. In the Whistleblower Line, 30 complaints were received in Chile and one in Peru in 2021.	Permanent
 Virtual Branch	Customers	This is a new digital platform of Colbun S.A. where customers can access their consumption data, billing, historical data of their account and contact their account executive, among other functions.	Permanent
 Customer Satisfaction Survey	Customers	Since 2015, Colbun has consulted its customers on their perception of the Company and the service received, which allows us to manage the gaps in the relationship with this group. In 2021 this survey - which covered 105 customers (companies) in Chile and 26 in Peru - was expanded and deepened, in order to have a better measurement. Its results are part of the corporate objectives.	Permanent
 On-site Community Outreach Team	Communities	For more than 10 years Colbun has had a specialized and robust team in the different areas of the country where it has operations, which is directly linked to the different communities.	Permanent
 Public Accountability and Community Dialogues	Communities	Colbun held its first public accountability in a power plant in 2014, which was later extended to the rest of the power plants. Subsequently, community dialogues were added, focused on more specific issues. In 2020 and 2021 public accounts were suspended in Chile due to the pandemic, except for some that could be carried out telematically (internet penetration is low in rural communities). Community dialogues were resumed in 2021 in Aconcagua, with a special focus on water. In the case of Fenix, a Public Accountability was carried out in 2021.	Annual
 Community Boards	Communities	Colbun participates in different thematic roundtables with the community and local authorities: Mesa Sector Sur de Coronel, Mesa Social San Pedro- Colbun (Quillota), Mesa de Turismo de Angostura, Mesa de Turismo del Lago Chapo.	Monthly or bimonthly, as the case may be
 Community WhatsApp	Communities	In order to have a fluid communication with the communities and answer questions from the neighbors themselves in case of contingencies or specific events, there are WhatsApp groups with all the communities where we are present. This allows us to answer questions from the community in an agile manner.	Permanent



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

COMMUNICATION CHANNEL	STAKEHOLDERS INVOLVED	DESCRIPTION	PERIODICITY
Regular stakeholder meetings	Customers Investors Suppliers	Colbun has different opportunities to meet with its stakeholders. With customers, it holds thematic talks, Customer Day and a Meeting for Renewable Energy Certificates; with suppliers, it holds the Annual Meeting with Suppliers; with investors, in addition to the quarterly conference calls, it holds an Investor Day.	Permanent
Other Surveys	Suppliers Providers Investors	Since 2015, perception surveys have been conducted with other stakeholders in order to identify gaps and manage them. Their results are also part of the corporate objectives.	Annual
Visit to Power Plant	Community Authorities Customers Suppliers Investors	There is an Energy Tour at four power plants designed to open the plants to the community. In addition, special tours are organized for other interest groups. Due to the pandemic, this program has been inactive in 2020 and 2021. We hope to resume it soon.	
Sustainability Weeks	Employees Suppliers	The aim is to bring sustainability management issues closer to workers and contractors. Through talks, fairs and/or participative dynamics, in 2021, topics such as environmental footprint, customer orientation, among others, were addressed.	Annual
Internal Discussions and Focus Groups	Employees	Internal conversations arose in November 2019 due to the levels of concern and uncertainty of employees after the social outbreak in Chile. Then in 2020, "Improbable Encounters" were held among workers, with the aim of generating emotional support, promoting empathy and generating a sense of belonging. This also included 2 conversations between workers and Colbun Directors. In 2021, this line was continued through treatment workshops, carried out under the modality of improbable encounters, in which more than 90% of the company participated, as well as focus groups for work climate. In addition, between 2020 and 2021, nine discussions have been held on the constitutional process, with various external speakers.	Monthly or bimonthly, as the case may be
Newsletters, radio programs and news dispatches	Employees Authorities Investors Customers Suppliers Providers General Public	Colbun has different means of communication to inform its activities: - Corporate Newsletter (5 in 2021) - Customer Newsletter (5 in 2021) - Suppliers Newsletter (2 in 2021) - Contingent information to customers - Eight community radio programs	Bimonthly (corporate and customer newsletter), biannual (supplier newsletters), biweekly (radio programs)
COLBUN SOCIAL NETWORKS: Twitter @Colbunenergia Facebook Colbunenergia Instagram @energiacolbun Linkedin Colbun S.A. FENIX: LinkedIn @Fenixpower Facebook @Fenixenergiaperu / Instagram @fenixenergiaperu	Employees Authorities Investors Customers Suppliers Providers General Public	Provides relevant information about Colbun and Fenix and allows feedback to be gathered. Colbun's networks had just over 103 thousand followers as of December 2021, while Fenix's had 15,600 followers.	Permanent

See more details of the communication channels with workers in Annex Chapter 4.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Chapter 03

Economic and Operational Performance

- 3.1 General Context and the Electrical Industry
- 3.2 Evolution of the Regulatory Framework
- 3.3 Consolidated Financial Management
- 3.4 Investor Relations
- 3.5 Energy Management and Commercialization



3.1 General Context and the Electrical Industry

Colbun 7.EC

Chile

General Context

2021 was marked by three relevant events in Chile

- Presidential elections and the beginning of the Constitutional Convention's work to draft a proposal for a new constitution to be voted on in 2022.
- Gabriel Boric elected as the new President of Chile (left-wing coalition Pacto Apruebo Dignidad) and a new Congress. Both took office in March 2022.
- Recovery of economic activity to the extent that the restrictions associated with the COVID - 19 pandemic were lifted, along with an increase in GDP of 12%⁽¹⁾, accompanied by a rise in inflation (7.2% in 2021).

(1) As measured by Imacec.

(2) Source: <https://www.coordinador.cl/operacion/graficos/demanda/demanda-real-demanda/>

Evolution of the Electrical System

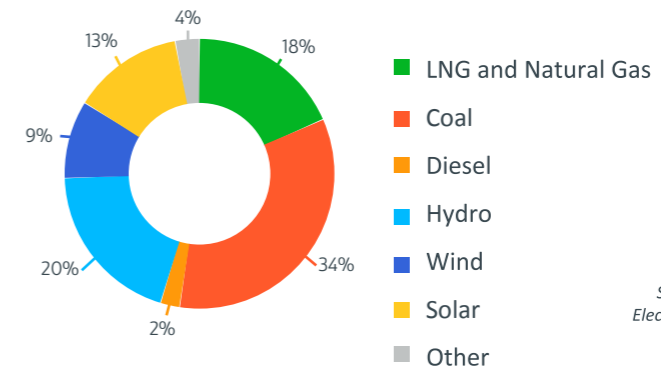
2021 was a complex year for the National Electrical System and the power companies in Chile facing the following challenges:

- 1 A very dry hydrological condition, which resulted in a 20% drop in hydroelectric generation compared to 2020.
- 2 On the other hand, the need to increase thermoelectric generation, which supplied 54% of the system's demand, with a significant increase in diesel generation.
- 3 Increase in the international prices of fossil fuels.
- 4 An increase in transmission infrastructure grid congestion.

On the other hand, the incorporation of new wind and solar projects meant that in 2021, energy from these renewable sources increased by 31% and 41%, respectively, both contributing 22% of the energy matrix in 2021.

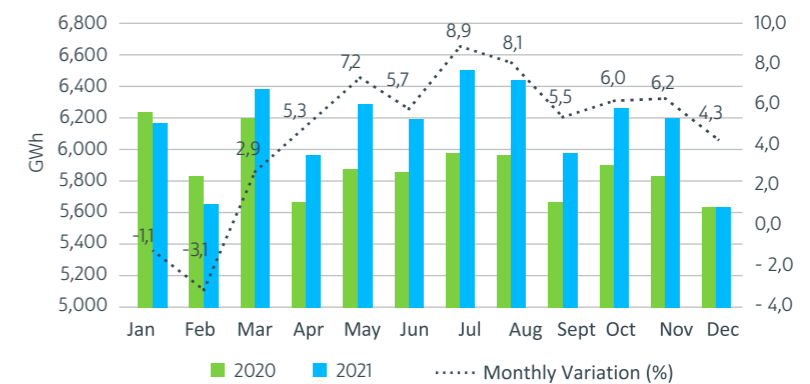
Meanwhile, electricity demand grew by 4.6% in 2021 compared to the previous year, mainly due to the economic recovery².

POWER GENERATION IN CHILE BY TYPE OF SOURCE IN 2021 (%)



Source: National Electric Coordinator

MONTHLY DEMAND OF THE NATIONAL ELECTRICITY SYSTEM



Source: National Electric Coordinator



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



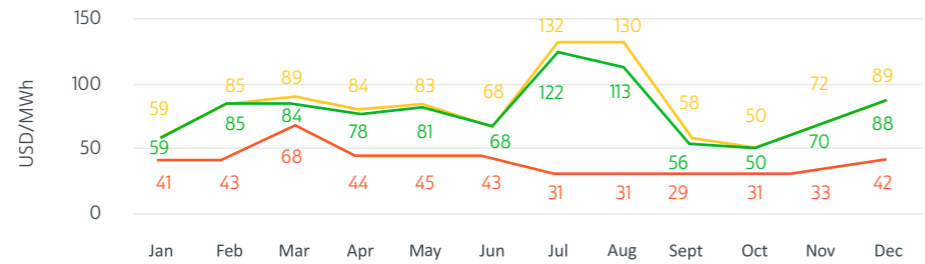
- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Marginal Costs

System marginal costs, that is, spot market energy prices, were strongly impacted by drought conditions, high fossil fuel prices and transmission bottlenecks. This meant:

- The average marginal cost in 2021 (Alto Jahuel) increased almost 100% over the previous year.
- Average marginal costs above 100 USD/MWh were observed in some months of last year.
- Marginal cost differences between Polpaico and Alto Jahuel mainly² substations in July and August. due to t

MARGINAL COSTS



- Alto Jahuel 220 kV (Year 2020)
- Alto Jahuel 220 kV (Year 2021)
- Polpaico 220 kV (Year 2021)

(1) Source: <https://www.coordinador.cl/mercados/graficos/costos-marginales/costo-marginal-real/>
 (2) Corresponding to August 13, 2021.

Colbun Actions

To maintain the quality and security of supply of its facilities and the system, Colbun activated the following plans and initiatives:

- LNG supply was secured and contracts were signed to import gas from Argentina on firm terms and providing for additional measures.
- The diesel supply chain was reinforced, activating existing supply contracts.
- The power plant maintenance program was adjusted.

This allowed Colbun to cover all of its 2021 contractual commitments with cost-efficient power generation.

[View implemented measures.](#)

[View Colbun's energy balance](#)

Figures for the Chilean Electrical Market in 2021

4,6%

Increase in demand for electrical energy.

31%

Increase in wind power generation

41%

Increase in solar power generation.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Perú

General Framework

The most relevant political and economic highlights in 2021 in Peru were:

- Pedro Castillo -left-wing candidate of the Peru Libre party- took office as president in July. His government has been marked by a very high cabinet rotation.

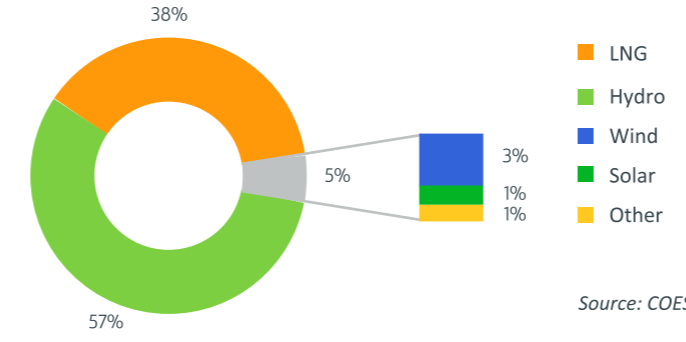
Economic recovery to the extent that the restrictions associated with Covid-19 were loosened, the economy expanded 12.7% in 2021. However, recovery faced a climate of growing uncertainty in the wake of the elections.

Evolution of the Electrical System

Hydro generation maintained its position as the most relevant in Peru, accounting for 57% of the total, followed by natural gas (38%). Wind and solar energy contributed 5%, practically the same percentage as in 2020.

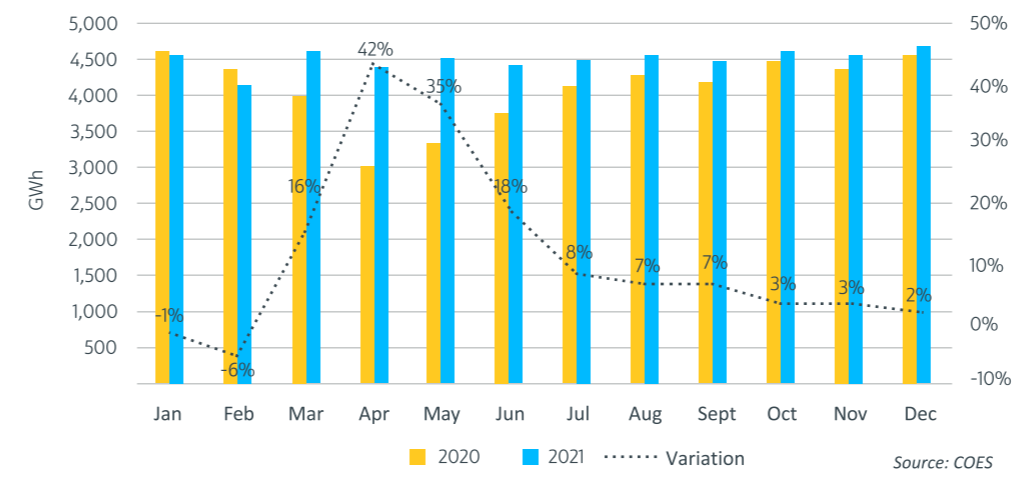
The higher GDP growth had its correlation in the electrical market, where demand in the National Interconnected Electrical System (SEIN) rose 9.8% in 2021.

POWER GENERATION IN PERU BY TYPE OF SOURCE IN 2021 (%)



Source: COES

MONTHLY ELECTRICAL ENERGY DEMAND PERU (% VARIATION)



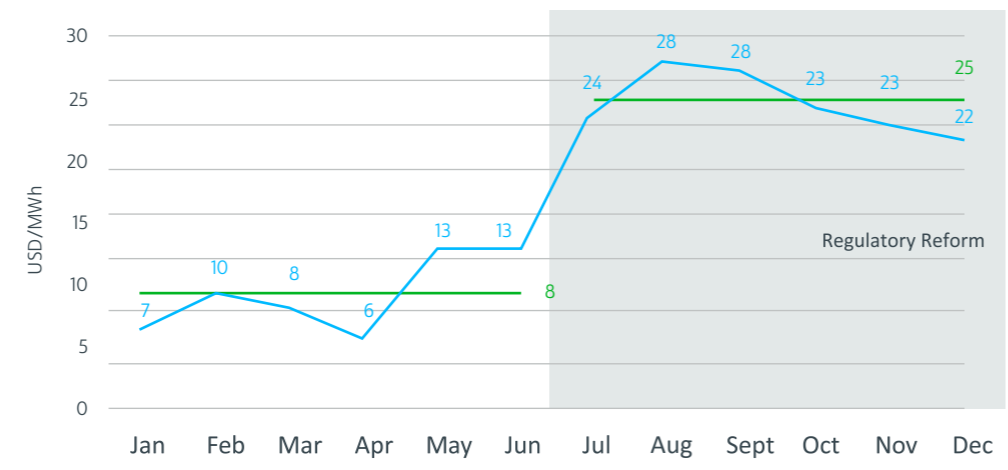
Source: COES



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Marginal Costs - Peru

Marginal costs had a significant increase in July 2021, as a result of a regulatory reform, which control the declaration of variable costs of natural gas-fired generation. This reform made it possible to eliminate distortions in the system.



Source: COES

Figures for the Peruvian Electrical Market in 2021

9.8% Increase in demand for electrical energy.

31% Increase in solar power generation.

57% Hydro generation.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

3.2 Evolution of the Regulatory Framework

Colbun 7.EC
● ● ● ●



Regulatory reforms in Chile



Preventive Rationing Decree

GOAL

In August 2021, a "Preventive" Rationing Decree (DS N°51/2021) of the Ministry of Energy was published, establishing the framework for measures aimed at preserving the security of system supply. This Decree considered initiatives applicable to energy generation, transmission and distribution, as well as actions applicable to demand.

VALIDITY

The Decree was originally effective until March 31, 2022, but in March 2022 the State Comptroller approved the new Decree N°01/2022 which modifies the "Preventive" Decree and extends its effectiveness until September 30, 2022.

The modification also included additional measures to implement a new acquisition scheme and special remuneration to ensure the availability of extraordinary volumes of diesel fuel during the validity of the decree.

More details on Institutional and Regulatory Framework in Annexes Chapter 4



Technical Standard for Coordination and Operation of the System

TECHNICAL STANDARD FOR COORDINATION AND OPERATION OF THE SYSTEM

This regulation was published in August 2021, which also initiated a process to establish the guarantees to be provided by the generators to cover the risk of non-payment of the amounts determined in the transfer balances of the short-term market.

LNG TECHNICAL STANDARD

In October 2021, the New Technical Norm for the Programming and Coordination of the Operation of units that use Regasified Liquefied Natural Gas was published, which assigns to the Coordinator the responsibility of determining the amount of LNG that the system will require for the following year, being those the maximum volumes to be declared with inflexibility.

MODIFICATION OF THE POWER TRANSFER REGULATION

During 2021, the final proposal of the Power Transfer Regulation was submitted for public consultation, which considers changes such as the redefinition of peak hours and the use of a probabilistic methodology for power recognition, among others. In February 2022, the final version of the new regulation was submitted to the Comptroller's Office.



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements



Legislative Progress

- **ELECTRICAL PORTABILITY**
 This Bill -which creates the figure of the energy trader, modernizes supply tenders and introduces the role of the information manager- did not make significant progress in 2021.
- **ACCELERATED DECARBONIZATION:**
 In June 2021, the Chamber of Deputies approved a bill that contemplates the closure of coal-fired power plants by December 31, 2025 at the latest. Today it is in its second constitutional procedure in the Senate Mining and Energy Committee.

At the same time, a bill that prohibits the injection of energy from fossil fuel sources into the system as of January 1, 2030 was introduced in the Senate. This initiative will be discussed by the Senate Mining and Energy Committee.

It is important to remember that in 2019 the generating companies signed a voluntary agreement with the government whereby they committed not to build new coal-fired power plants and agreed to progressively close the existing ones by 2040.
- **WATER CODE REFORM**
 This initiative was approved by the National Congress in January 2022 after 11 years of processing. It establishes the temporary nature of the new water rights, the prioritization of human consumption, subsistence and sanitation over other uses of the resource, and the total or partial extinction of rights in certain circumstances.
- **CLIMATE CHANGE**
 The goal of this bill is to create a legal framework for the implementation of climate change mitigation and adaptation measures, establishing carbon neutrality by 2050. In 2021 the Senate approved the initiative. During March it was approved by the Chamber of Deputies with modifications and returns to the Senate for its third constitutional procedure and today it is being discussed by the Environment and Natural Resources Committee of the Chamber of Deputies.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



New Draft Legislation

In December 2021, the Government submitted the following 3 bills to the National Congress:

- **PROMOTION OF STORAGE AND ELECTROMOBILITY**

In order to enable a greater participation of renewable energies in the grid, this project allows "pure" or "isolated" storage systems (which are not part of a power plant) are remunerated for the energy and power injected into the system.

It also enables the efficient connection of "generation-consumption" systems and seeks to encourage the sale of electric vehicles.

- **BOOSTING THE PARTICIPATION OF RENEWABLE ENERGIES**

This project considers:

- a) a) Increase the targets for renewable generation, setting a global target of 40% NCRE by 2030.
- b) b) Establish a traceability system for the renewable nature of the energy traded.
- c) Recognize the benefit of distributed generation in transmission savings.

- **BOOSTING THE PRODUCTION AND USE OF GREEN HYDROGEN**

It establishes goals for hydrogen mixtures in Natural Gas concessioned networks and enables ENAP to participate in the development and commercialization of H2V and its derivatives. As of 2030, network gas distributors are obliged to distribute annually a percentage of green hydrogen.



Other Support Measures in the Electrical Sector

- **STABILIZED TARIFFS FOR CUSTOMERS**

In 2021, the electricity tariffs paid by regulated customers of the electricity system continued to be stabilized, a measure promoted by the government in 2019 to prevent increases in electricity tariffs. Regarding the generation segment for the entire system, this implies the postponement of charges to end customers for US\$ 1,350 million, with a cost for companies of approximately US\$ 400 million.



COVID-19 Actions

- **BASIC SERVICES LAW**

During 2021 there were successive extensions -until December 31- of the exceptional measures prohibiting the cut-off for non-payment of basic services and allowing the proration of delinquent debts. In January 2022, Congress approved a bill that regulates the pro-rating and payment of debts for basic services, establishes subsidies for vulnerable customers, extends the deadline to apply for benefits to March 31, 2022 and regulates the debt incurred between March 2020 and December 2021.

- **PEAK HOURS**

For the second consecutive year, the months of April, May, August and September were excluded from the 2021 Peak Control Period, in order to avoid charging additional charges for exceeding the "investment limit" for residential customers in those months and to exclude larger regulated customers from the peak control period, depending on their tariff option.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Regulatory Reforms in Peru

• • • • •



Regulatory and Legislative Agenda

- GAS PRICE DECLARATION**
 On May 4, 2021, the OSINERG-MIN Resolution was published in the Official Gazette El Peruano, which modifies the Technical Procedure of the Committee of Economic Operation of the System (COES) and allows a change in the methodology for calculating the Marginal Costs in the short-term market. This made it possible to better recognize the real cost of generation based on natural gas.
- NATURAL GAS SECONDARY MARKET**
 On May 19, 2021, the Supreme Decree N°012-2021-EM was published in the Official Gazette, which implements and modifies necessary regulations for the creation and operation of a secondary gas market. The issuance of procedures by the authority is pending.
- EFFICIENCY IN THE USE OF NATURAL GAS TRANSPORTATION CAPACITY**
 In September 2021, a resolution was published with the operating procedure for auctions for the transfer of natural gas supply volume and/or transportation capacity (ME-CAP), enabling a more efficient use of that infrastructure.
- TO BECOME AN UNREGULATED CUSTOMER**
 In December 2021, a bill was submitted to Congress to reduce the threshold that gives the option to be a regulated customer to 50 kW of maximum annual demand, from the current 200 kW.



Commission for the Reform of the Electrical Sub-sector

In June 2019, a Multi-sector Commission for the reform of the Electrical Subsector was created within the Ministry of Energy and Mines. Initially this commission addresses 4 areas:

- 1** Institutional Framework Reinforcement.
- 3** Innovation in Distribution and Retail Commercialization.
- 2** Transformation of the Wholesale Market.
- 4** Simplification of Regulation and Transmission Management.

The Commission's term was extended for 18 months in July 2021.

COVID-19 Actions and Other Measures in the Electrical Sector

- INSTALLMENT OF ELECTRICITY CONSUMPTION BILLS**
 Two decrees issued during the year allowed households with monthly consumption of up to 300 kWh (socioeconomic sectors C, D and E) to pay their electricity bills in installments of up to 24 months.
- ELECTRICAL BENEFIT**
 DU Decree No. 074-2020 delivered 160 soles one-time to users consuming less than 150 kWh/month and to residential users of non-conventional rural electrical systems supplied with autonomous PV supply.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

3.3

Colbun's Consolidated Financial Management

GRI: 201-1, 201-4



2021 Results

In 2021 Colbun generated EBITDA of US\$520 million, 24% lower than in 2020. The decrease is mainly due to significantly lower hydroelectric generation (due to the drought), which was replaced by higher thermal generation, raising the Company's variable generation cost.

Revenues

Revenues from ordinary activities for the year reached US\$1.44 billion, 7% higher than in 2020. This is explained by:

- 1 Higher spot sales in Chile due to higher marginal costs, despite lower physical sales in that market.
- 2 Higher revenues associated with IT collection and toll provisions.
- 3 Higher sales to regulated customers associated with a higher average sales price due to the application of indexation clauses stipulated in the contracts.

Costs

Raw materials and consumables costs amounted to US\$782 million in 2021, increasing 41% over the previous year, mainly due to:

- 1 Higher gas consumption costs due to higher average purchase price.
- 2 Higher coal and diesel consumption costs associated with higher generation with these fuels.
- 3 Higher energy purchase costs in the spot market, due to higher marginal costs.

STATEMENT OF COMPREHENSIVE INCOME BY NATURE (JANUARY-DECEMBER, MILLIONS OF US\$)

	CONSOLIDATED FIGURES		VAR %
	DEC 2020	DEC 2021	AC/AC
INCOME FROM ORDINARY ACTIVITIES	1.348,9	1.439,7	7%
Sales to Regulated Clients	438,4	454,5	4%
Sales to Unregulated Clients	697,9	689,4	(1%)
Sales in the Spot Market	131,6	210,9	60%
Tolls	55,3	41,9	(24%)
Other Income	25,6	43,1	68%
RAW MATERIAL AND CONSUMABLES USED	(554,4)	(782,0)	41%
Tolls	(112,8)	(115,0)	2%
Energy and Power Purchases	(54,1)	(70,6)	31%
Gas Consumption	(245,4)	(394,4)	61%
Diesel Consumption	(9,5)	(49,3)	418%
Coal Consumption	(70,4)	(89,7)	27%
Other (*)	(62,3)	(63,0)	1%
GROSS MARGIN	794,5	657,8	(17%)
Workers benefit Expenses	(65,4)	(79,7)	22%
Other Expenses by Nature (*)	(46,6)	(57,9)	24%
Depreciation and Amortization Expenses	(246,6)	(213,2)	(14%)
INCOME FROM OPERATING ACTIVITIES(*)	435,9	307,0	(30%)
EBITDA	682,5	520,2	(24%)
Financial Income	11,2	5,0	(56%)
Financial Expenses	(90,5)	(86,3)	(5%)
Results per Readjustment Units			
Exchange rate	5,7	(13,8)	(342-)
Results of Companies Accounted by the Share Method	9,9	6,7	(33%)
Other Income (Loss)	(240,2)	606,6	(353-)
NON-OPERATING RESULTS	(303,7)	518,1	-
PROFIT (LOSS) BEFORE TAXES	132,2	825,2	524%
Income Tax Expense	(42,8)	(285,0)	567%
PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER TAXES			
PROFIT (LOSS)	89,5	540,2	504%
CONTROLLED ATTRIBUTABLE PROFIT (LOSS)	162,9	545,3	235%
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDINGS	(73,4)	(5,1)	(93%)

* 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.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

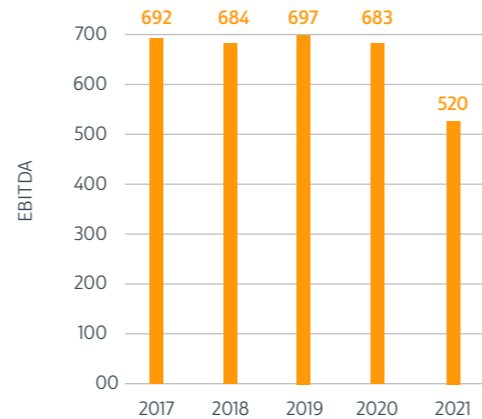
Net Income

Colbun recorded a profit of US\$540 million in 2021, compared to US\$90 million in the previous year, an increase that is mainly explained by the extraordinary effect of the sale of Colbun Transmisión S.A. The sale price amounted to US\$1,185 million, so the effect on income before taxes of this transaction amounted to US\$830 million.

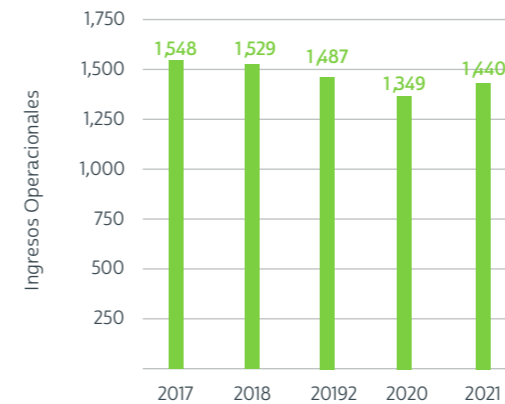
This effect was partially offset by provisions for impairment of individual assets, with a net amount of deferred taxes of US\$102 million. Of this amount, US\$100 million corresponded to San Pedro hydroelectric project, which continues with its environmental approval process.

Evolution of the Company's Main Consolidated Financial Metrics

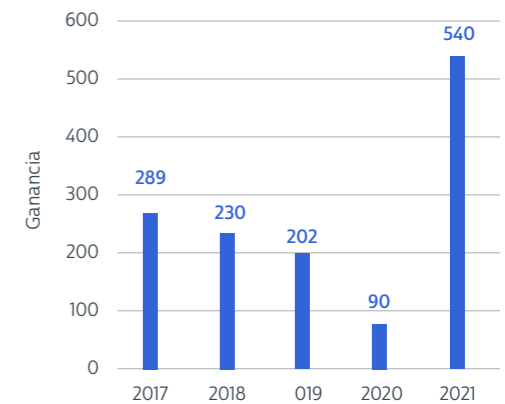
EBITDA (US\$ MILLIONS)



OPERATIONAL REVENUES (US\$ MILLIONS)




NET PROFIT (US\$ MILLIONS)



Consolidated Statement of Financial Position (US\$ million)

	DEC 2020	DEC 2021
Current Assets	1,259.2	1,766.4
Non-Current Assets	5,374.7	4,836.1
TOTAL ASSETS	6,633.9	6,602.5
Non-current Liabilities	2,742.0	3,082.1
Equity	3,585.4	2,841.7
TOTAL LIABILITIES AND EQUITY	6,633.9	6,602.5

View details of Colbún's financial statements on the Company's website. 

and on the Financial Market Commission's website 



Consolidated Financial Indicators



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

FINANCIAL DEBT

Financial debt amounted to US\$2.31 billion, an increase of 29% compared to December 2020, mainly due to the issuance of a green bond in the international market for US\$600 million.

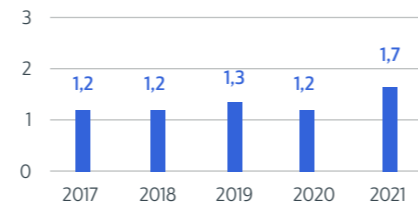
FINANCIAL INVESTMENTS

Totaled US\$1,419 million, up 47% compared to year-end 2020. Given the above, Net Debt totaled US\$891 million.

RATINGS

As of the end of 2021, Colbún has AA national credit ratings by Feller Rate and Fitch Ratings, both with a stable outlook. Regarding international debt, the Company's rating is BBB+ by Fitch Ratings, BBB by S&P and Baa2 by Moody's, all with a stable outlook.

DEUDA FINANCIERA NETA / EBITDA (X)



COBERTURA GASTOS FINANCIEROS (X)



Major Figures 2021



US\$1.246 Millions in dividends distributed in 2021.

US\$520 Millions was EBITDA at the end of 2021.

1.7 Times is the ratio of Net Debt to EBITDA

Direct Economic Value Generated and Distributed

(US\$ MILLIONS)



Other Income (1): Mainly income from the sale of Colbun Transmission and sale of Tranquillota.

Payment to capital suppliers(2)/ Activ. Financing: Mainly considers dividends paid by Colbún to its shareholders.

Investment in Fixed Assets (3): Includes investments in Time Deposits of more than 90 days. Its increase with respect to 2021 is due to the higher disbursement in investment projects.

Net Effect of Financing Activities (4) includes cash inflow from the issuance of 144A Reg S. bonds issued during the year.

	2020	2021
Operating Income	1,635.8	1,710.5
Financial Income	19.3	19.1
Other Income (1)	12.4	1,194.6
Total Direct Economic Value Generated (EVG)	1,667.5	2,924.2
Operating Expenses	933.3	1,195
Workers Salaries and Benefits	59.4	72.1
Payment to Capital Providers (2) / Activ. Financing	366.8	1,320.8
Payments to the State (3)	141.3	129.2
Investment in Fixed Assets (4)	118	253.7
Community Investments (5.4	4.6
Environmental Investments	2.5	3.3
Total economic value distributed (EVD)	1,626.6	2,981.6
Net Effect Financing Activities	-410.7	520.6
ECONOMIC VALUE RETAINED (EVR)	-369.8	463.3

For more details on Colbun's tax and fiscal approach, see annexes to Chapter 3.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

3.4


Investor Relations

General Framework

Colbun has an Investor Relations Model and Policy aimed at providing transparent, relevant and timely information to our investors, regardless of their size, in order to keep them updated on the Company's progress.

Investor Relations

In order to build long-term relationships of trust with its investors, the Company has a dedicated area that attends to the information requirements of Colbun in Chile and the subsidiary Fenix in Peru.

 [View contact information for the Investor Relations area](#)

Communication Channels

We have implemented the following communication channels to strengthen communication with this stakeholder group:

- On site visits to facilities
- Attendance at breakfasts
- Regular meetings at our offices
- Attendance at local and international investor conferences


In addition, quarterly analysis reports on the company's results are prepared, virtual conferences are organized with company executives and results presentation is updated.

 [See quarterly reports on Colbun's website](#)

Investor Day

In 2021 Colbun held its 4th Investor Day, virtually and with an outreach to domestic and foreign investors. In this instance, senior management gave an account of the progress of Colbun's Strategic Agenda and the company's vision of the new trends and challenges of the market.

Moreover, in 2021 we increased the number of contacts and meetings with our investors and focused on reducing our response times.

 [View Investor Day presentation](#)



Investors consulted in the Annual Reputation and Risk Survey that Colbun positively evaluated the treatment of shareholders and agreed or strongly agreed with the Company's transparency standards.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

3.5 Energy Management and Commercialization

EU1, EU2
● ● ● ●

Generation and Sales in Chile

EU1, EU2

Generation

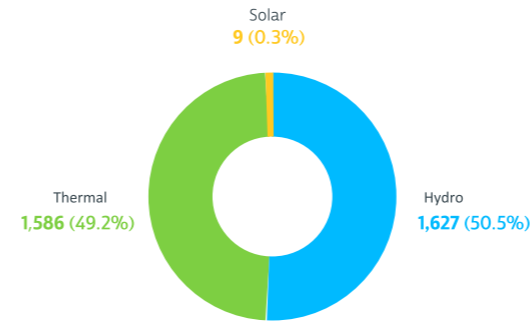
In 2021, Colbún's generation in Chile decreased 9% compared to 2020, mainly due to:

- 1** A lower hydro generation as a result of the more unfavorable hydrological conditions of the year (-1,691 GWh), and
- 2** A lower gas-fired generation (-141 GWh) as a result of a decrease in LNG imports and a lower availability of Argentine gas compared to the previous year.

These effects were partially offset by higher coal (+325 GWh) and diesel (+222 GWh) generation, and higher variable source renewable energy generation (+165 GWh).

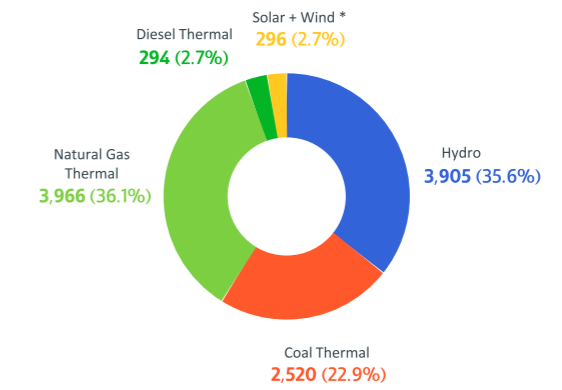
COLBUN'S INSTALLED AND GENERATION CAPACITY IN CHILE

INSTALLED CAPACITY BY TYPE OF TECHNOLOGY* (MW)



*Does not include 239 MW of solar projects in the commissioning stage.

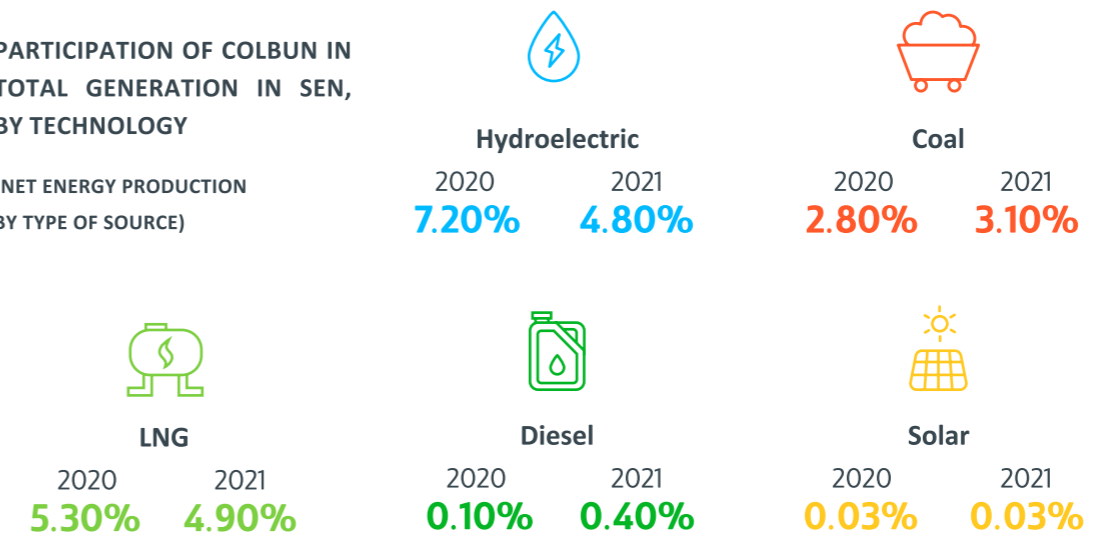
POWER GENERATION BY TECHNOLOGY (GWh)



*Includes purchases from third parties

PARTICIPATION OF COLBUN IN TOTAL GENERATION IN SEN, BY TECHNOLOGY

(NET ENERGY PRODUCTION BY TYPE OF SOURCE)





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Sales in physical terms

As of December 2021 reached 10,943 GWh, decreasing 9% compared to 2020, due to:

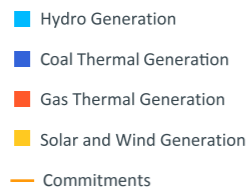
- 1 Lower sales in the spot market explained by the lower generation recorded during the year
- 2 Lower sales to unregulated customers due to the expiration of the aforementioned contract with Anglo American, and
- 3 Lower sales to regulated customers.

VENTAS DE POTENCIA PROMEDIO (MW)	2020	2021
Distribuidores (clientes regulados)	539	544
Industriales (clientes libres)	912	770
Ventas al SEN (mercado spot)	86	175
Total	1.537	1.489

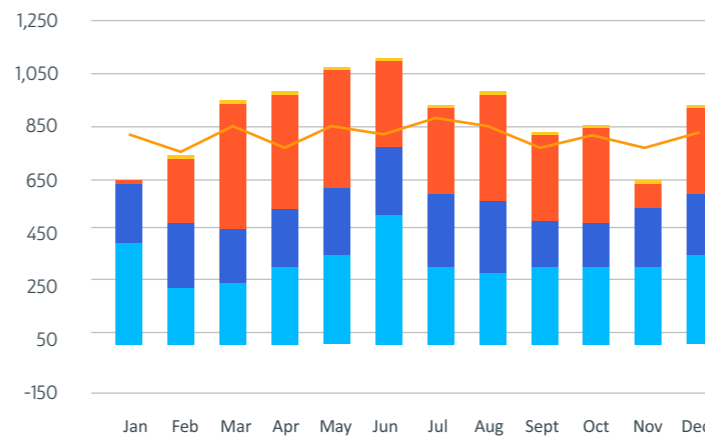
VENTAS DE ENERGÍA POR TIPO DE CLIENTE (GWH)	2020	2021
Distribuidoras (clientes regulados)	3.151	3.105
Industriales (clientes libres)	7.161	6.685
Ventas al SEN (mercado spot)	1.723	1.154
Total	12.035	10.943

Contract coverage

Despite the drought, Colbún was able to meet its energy sales commitments by maintaining a net surplus position in the spot market.



GENERATION VERSUS COMMITMENTS - COLBUN 2021 (GWh)



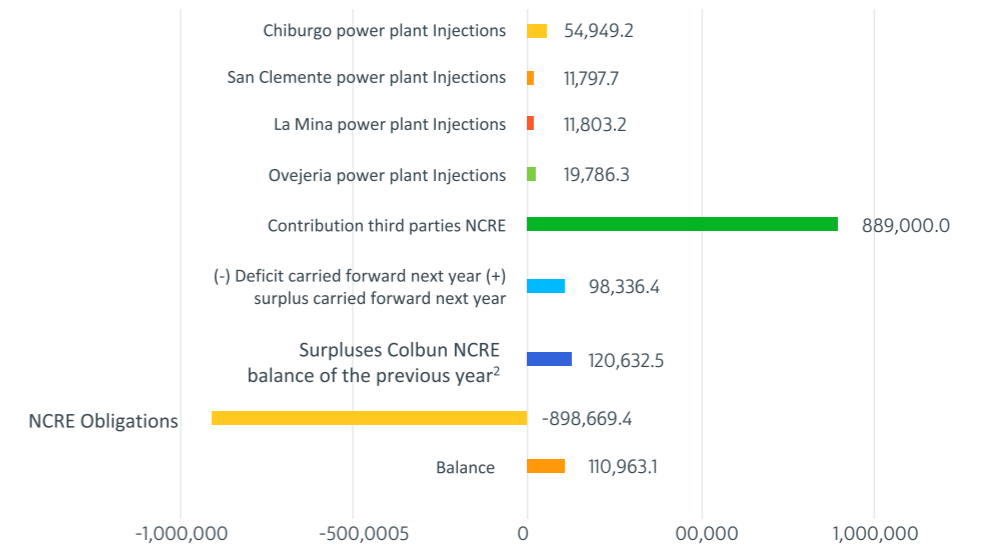
NCRE Balance

Colbún has 301.5 MW of installed capacity under the NCRE Law: This is in addition to energy purchases from third parties to meet the injection obligations of the NCRE Law.

The Company operates six other mini-hydro power plants that were built before the NCRE Law and are not officially qualified as such.

(1) Considers plants in operation and in the commissioning phase that are already injecting energy into the system.

NCRE BALANCE (MWh)



(2) Annual NCRE balance sheet 2021 of CEN preliminary version and transfers reported by commercial management.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Generations and Sales in Peru

EUI, EU2

Generation

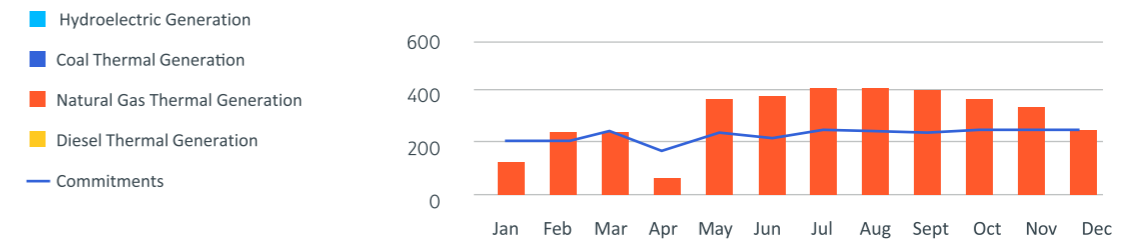
Cumulative generation for the year reached 3,439 GWh, 19% higher than in 2020, mainly due to higher demand and greater power plant availability.

FENIX OWN GENERATION AND ENERGY PURCHASES IN THE SPOT MARKET (GWh)	2020	2021
Natural Gas	2,878	3,439
Diesel	9	0
Market Purchases	445	311
Total	3,332	3,750

Contract coverage

In 2021, Fenix covered all of its commitments with its own efficient generation.

GENERATION VERSUS COMMITMENTS 2021 (GWh)



Sales in physical terms

Fenix's sales volume in 2021 reached 3,650 GWh, 13% higher than in 2020, due to:

- 1** Higher sales in the spot market due to increased demand and greater plant availability.
- 2** Higher sales to unregulated customers due to the entry of new energy supply contracts.
- 3** Higher sales to regulated customers due to the recovery of demand.

ENERGY SALES BY TYPE OF CLIENT (GWh)	2020	2021
Distributors (regulated clients)	1,531	1,548
Industrials (unregulated clients)	107	319
Other Generators	869	897
Sales to SEIN (spot market)	727	886
Total	3,234	3,650

AVERAGE POWER SALES (MW)	2020	2021
Distributors	243	237
Industrials	35	57
Sales to SEIN	281	270
Total	559	564

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Commercialization Model

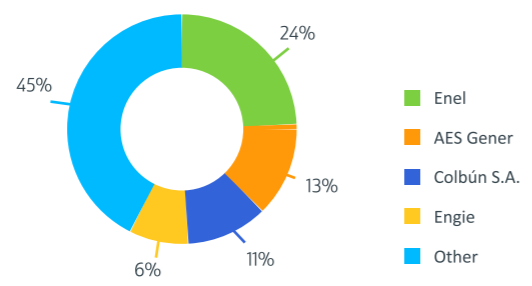
- Generating companies in Chile and Peru can choose between:
- 1 Commit to sell energy to clients through contracts and for this purpose may sign contracts with regulated clients (distributors), unregulated clients (industrial companies, mining companies, etc.) or other generators.
 - 2 Sell their energy production to other deficit generating companies in the spot market.
 - 3 A combination of both.

Type of Clients and Contracts

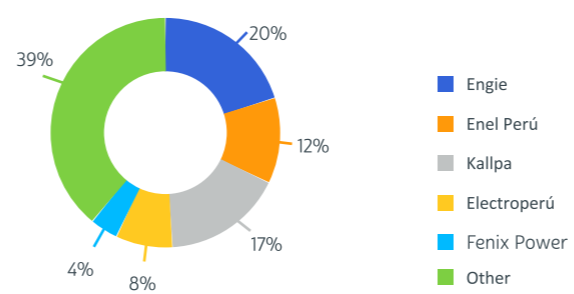
	Regulated Clients (Distributors)	Option to choose unregulated or regulated	Unregulated clients
Chile Condition (installed power of the customer)	<500 kW	Between 500 kW and 5,000 kW can be chosen, provided that they remain for a minimum period of 4 years under this scheme.	>5,000 kW
Peru Condition (installed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

Market Share

MARKET SHARE BY BUSINESS GROUP - CHILE 2021 (SEN)
(% OF INSTALLED CAPACITY)



MARKET SHARE BY BUSINESS GROUP - PERU 2021 (SEIN)
(% OF INSTALLED CAPACITY)





Availability and Reliability of the Power Plants

EU6, EU30, 103-2, 103-3



To ensure the availability and reliability of our power plants in the short and long term, Colbun has a maintenance strategy that includes preventive and predictive actions, improvements and modernizations, along with enhancing the capabilities and skills of our personnel. As described in Chapter 2, What We Do and How We Do It, the optimization of our assets is part of our Strategic Agenda and includes different actions.



Hydroelectric power plants

Average availability in 2021 was 92.5%, compared to 94.1% in 2020. The load factor, meanwhile, was 27.8%, which represents a decrease from 39.1% in 2020 and is mainly explained by the extreme drought recorded last year and its impact on hydroelectric generation.



Thermal power plants

Average availability for these plants in Chile in 2021 was 88.5%, versus 95.4% in 2020. Their load factor, meanwhile, was 48.6%, higher than the 45.3% in 2020 and also explained by the higher utilization of these plants in response to the drought.



Solar power plants

In addition, the availability and load factor of our Ovejería solar plant was 99.7% and 25.4%, respectively.

AVAILABILITY OF HYDROELECTRIC POWER PLANTS

CENTRAL	2020	2021
Carena	88.47%	80.32%
Los Quilos	96.73%	92.82%
Chacabuquito	94.21%	95.00%
Juncal	87.75%	96.50%
Blanco	95.57%	93.65%
Juncalito	98.77%	95.58%
Hornitos	79.79%	93.85%
Colbún	90.11%	90.09%
Machicura	92.91%	92.82%
San Ignacio	99.45%	93.88%
Chiburgo	97.62%	96.87%
La Mina	94.98%	92.48%
San Clemente	98.45%	98.74%
Angostura	95.90%	95.08%
Rucúe	99.34%	86.88%
Quilleco	99.27%	96.79%
Canutillar	98.42%	95.36%

AVAILABILITY OF THERMOELECTRIC POWER PLANTS

CENTRAL	2020	2021
Nehuenco I	94.44%	93.08%
Nehuenco II	99.35%	77.74%
Nehuenco III	95.01%	96.11%
Candelaria I	96.40%	98.76%
Candelaria II	97.97%	98.90%
Los Pinos	97.88%	96.22%
Santa María	89.70%	84.24%
Fenix	83.30%	92.90%

AVAILABILITY OF SOLAR POWER PLANTS*

CENTRAL	2020	2021
Ovejería	98.77%	97.70%

*Energy availability is reported

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Efficiency in Thermal Power Plants and Fuel Consumption

EU11, 301-1



Combined Cycles

The efficiency of combined cycle power plants in Chile reached 54.2% in 2021, close to 54.3% of 2020. In Peru, meanwhile, it increased slightly to 57.35%.



Open Cycles

The efficiency of open-cycle natural gas plants was 28.7%, virtually identical to that of 2020. Diesel-fired plants, meanwhile, fell from 37.9% to 35.9%, mainly because less efficient plants had to be operated more intensively.



Coal

The efficiency of our only coal-fired plant remained at the same level as the previous year.

AVERAGE EFFICIENCY OF THERMAL POWER PLANTS - COLBUN CHILE (%)

FUEL	TECHNOLOGY	2020	2021
Natural Gas	Combined Cycle	54.28	54.17
	Open Cycle	28.73	28.67
Diesel	Open Cycle	37.9	35.9
Coal	Coal Power Plant	36.63	36.69

AVERAGE EFFICIENCY OF THERMAL POWER PLANTS - COLBUN PERU (%)

FUEL	TECHNOLOGY	2020	2021
Natural Gas	Combined Cycle	56.61	57.35



Fuels

The main materials used by Colbun correspond to fuels for its thermal 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)

MATERIAL	UNIT OF MEASURE	2018	2019	2020	2021
Diesel	Million m ³	0,023	0,020	0,021	0,085
Natural gas	Million m ³	731	846	781	799
Coal	Thousands of tons	947	707	796	925

FUELS USED IN CHILE (301-1)

MATERIAL	UNIT OF MEASURE	2018	2019	2020	2021
Diesel	Million m ³	0,0030	0,0004	0,0022	0,0042
Natural Gas	Million m ³	695	670	508	608



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Chapter 04

Social Performance

- 4.1 Our Employees
- 4.2 Contractors and Suppliers
- 4.3 Safety and Health Management
- 4.4 Community Engagement
- 4.5 Community and Human Rights





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

4.1

Our Employees

GRI: 102-35, 102-36, 102-43, 103-2, 401-1, 404-1, 404-3, 405-1, EU-14,
NGC 461: 5.1.1, .1.2, 5.1.5, 5.2, 5.3, 5.4, 5.8.ii, 5.8.iii, 5.8.iv
 Colbún-8.TR,



● GOAL

Colbun's main commitment to its employees is to offer quality employment and a safe working environment that promotes their personal and career development.

See Colbun's website for management principles in this area.

Workforce

GRI: 102-8, 401-1
NGC 461: 5.1.1, 5.2, 5.3



Chile

● WORKFORCE PROFILE

As of December 2021, the Company's workforce in Chile totaled 1,008 employees (all full-time), 2.4% higher than in 2020. This increase is the result of the activities associated with the development of renewable projects and the strengthening of the commercial area.

- 20.3% of the workforce are women, 76% of them in the age range of 30 to 50 years old.
- 67% of the women are employed in managerial, assistant managerial, leadership or career positions.
- 54% of the total workforce works outside the Metropolitan Region.
- 67% of employees are between 30 and 50 years old.
- Of the total number of employees, 953 (94.5% of the total) have permanent contracts, 39 (3.9%) have fixed-term contracts, and 16 (1.6%) have fixed-term contracts.
- 100% of employees are full-time.

WORKFORCE BY GENDER AND GEOGRAPHIC

LOCATION IN CHILE (102-8, NCG 5.1.1)

REGION	2020		2021	
	FEMALE	MALE	FEMALE	MALE
Antofagasta	1		1	1
Atacama	1	1	2	18
Metropolitan	150	297	158	304
Valparaíso	18	174	19	167
O'Higgins	1	26	1	25
Maule	6	81	6	80
Biobio	16	192	17	188
Los Lagos	1	19	1	20
Subtotal	194	790	205	803
Total	984		1008	

For more details on the workforce profile, refer to Annex Chapter 4.

WORKFORCE AT EFIZITY

WORKFORCE	FEMALE	MALE	TOTAL
Efizity Chile	27	38.60%	43
Efizity Perú	1	50.00%	1
Total	28	38.90%	44
			61.10%
			72

● RECRUITMENTS AND TURNOVER

New hiring rate in 2021 represented 9.7% of the workforce (7.2% in 2020). 75% of hires in the executive role (management and senior management) were women. At the total level, 33% of hirings were female.

Turnover reached 7% of the workforce in 2021 (3.3% in 2020). Women accounted for 52% of the departures of people between 30 and 50 years old, and 38% were women.

For more details on hiring and rotation, refer to Annex Chapter 4.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Perú

• WORKFORCE PROFILE

As of December 2021, Fenix's workforce in Peru totaled 113 employees (all full-time), 10% higher than in 2020. The increase mainly reflects the internalization of maintenance activities of fixed-term employees.

- Women account for 21.2% of the workforce,
- 100% work full time.
- 50% of the employees work in the district of Chilca.
- 25% of the professionals are women.

WORKFORCE BY GENDER AND GEOGRAPHIC LOCATION IN PERU

(102-8, NCG 5.1.1)

	2020		2021		TOTAL
	FEMALE	MALE	FEMALE	MALE	
Corporate Headquarters Lima	18	31	21	35	56
CHILCA Power Plant	4	49	3	54	57
Total	22	80	24	89	113

See Annex Chapter 4 for more details on the workforce profile.

• RECRUITMENTS AND TURNOVER

In 2021, new hiring rate accounted for 17.7% of the workforce (5% in 2020). 55% of recruitments were in career roles, and 36% corresponded to women.

Turnover reached 5.3% of the workforce in 2021 (in 2020 there were no departures in Fenix).

For further details on hiring and rotation, see Annex Chapter 4. v





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Internal Culture

• VISION

We believe that the nature and behavior of our people should be in full harmony with the culture necessary to achieve our targets, goals and Colbun's strategic agenda. At Colbun, the culture we promote implies having an organization distinguished by:

- Adapting to changes in a flexible and agile way;
- Being based on permanent collaboration;
- Acting cohesively among its members; and
- An environment of trust and respect.

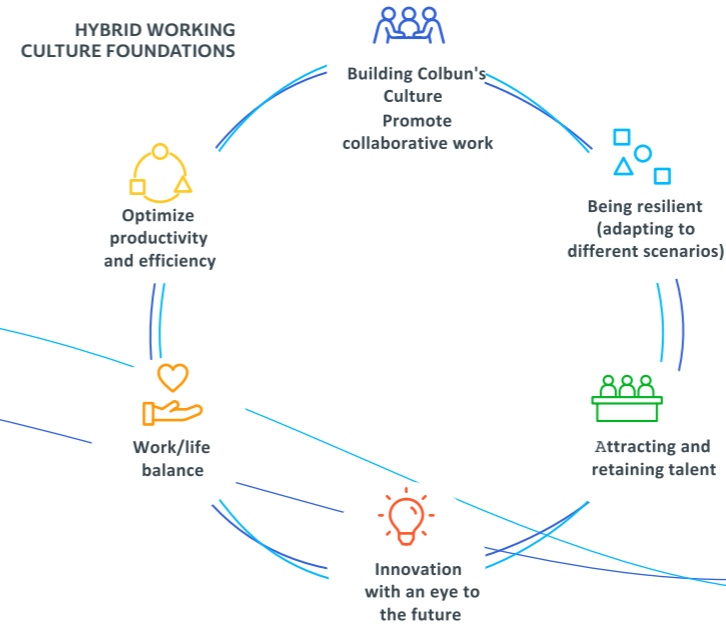


Hybrid work

• MODEL

As a result of COVID 19, in 2020 the Company adopted remote work at the headquarter office and in some positions and roles at power plants, and in July 2021 a Hybrid Work Model was launched for people at Santiago's offices.

By adopting this model, the Company seeks to capture the benefits of teleworking - such as greater work-life balance and reduced commuting times - while preserving the virtues of face-to-face work, such as teamwork, collective innovation and the creation of a sense of community and belonging.



• SUPPORT AND COMMUNICATION CAMPAIGN

A permanent communication campaign was launched in the different internal channels, as well as informative meetings and talks on trends and best practices, in order to install a "Hybrid Work Culture" in the organization that facilitates good performance and contributes to the well-being and commitment of our employees.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

 **Customer Centric**

● **GOAL**

During 2021 we intensified our work to promote a customer-centric culture (in a context where the Company went from 4 unregulated clients in 2014 to 304 in 2021). The challenge is to involve everyone in the organization in an approach where every action, project or initiative is done seeking to add value to our customers.

● **"CUSTOMER CENTRIC BOARD"**

In order to move in the aforementioned direction, the " Customer Centric Board" was created, integrated by people from the commercial area, change management and training areas. This work resulted in two new initiatives:

Internal Customer Day: a day for employees that included customer testimonials, presentations of our Strategic Agenda and talks on the successful experiences of other companies.

Gamification Championship: this initiative involved an innovative training campaign that got employees from different areas to "read" Colbún's customer-focused strategy manual almost three times through a question and answer game and the delivery of informative microcapsules.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Diversity and Inclusion

GRI: 405-1
 NCG 461: 5.1.2, 5.1.5, 5.4




● GOAL

In Colbun we want an organizational culture that promotes Diversity, Equality and Inclusion, ensuring that our employees and contractors develop in caring and respectful work spaces, promoting inclusive environments, equal opportunities, diversity and, above all, each individual feels that he/she can be who he/she really is.

● REGULATORY FRAMEWORK

In our Code of Ethics, in the Internal Regulations (RIOHS) and in every relevant communication instance, the Company has reaffirmed that it does not tolerate acts of discrimination that promote stereotypes or intolerance based on ethnicity, social status, disability, gender, sexual orientation or political preference.

 [View details in Annex Chapter 4](#)

● OUTSTANDING INITIATIVE

In 2021 we continued developing the program "Gatherings for a respectful and inclusive way of living", (initiative launched in November 2020) and culminated with more than 95% participation (908 people). The purpose is to reflect on the impact of the way we relate to each other and the criteria that should exist in this regard in Colbun.

WORKFORCE BY NATIONALITY IN CHILE (NCG 5.1.2)	N° OF PEOPLE
Chile	976
Venezuela	9
Brasil	5

Disability



Within the context of the action plan that Colbun launched in 2019 to address its gaps in the inclusion of people with disabilities, in 2021 we developed the following initiatives:

- Development Diversity, Equity and Inclusion Policy, basic principles, a document to be published in 2022.
- Basis for a Diversity Committee.
- Development of Inclusive Protocols:
 - Inclusive Recruitment and Selection Protocol.
 - Acquired Disability Protocol
- Support in the National Disability Registry for Colbun employees. As of December 2021, the Company has 9 employees certified by Compin. Although during the year a worker was certified and a person with a disability was hired, 2 people left the Company, which led to a difference of one person to comply with the 1% established by the Inclusion Law of 2017.
- Survey of suitable accommodations for disabled people in Colbun.
- Participation in Inclusive Fair and search for new recruitment sources.
- Inclusive publications in professional search ads.
- Accompanying people with disabilities entering the Company. This involves monitoring and support for 6 to 12 months to the person and his or her work team.

PERSONNEL WITH DISABILITIES BY POSITION AND GENDER IN CHILE (NCG 5.1.5)

POSITION	DISABILITIES	
	WOMEN	MEN
Senior Management		
Management (including assistant management)		
Leadership		1
Operator		1
Salesforce		
Administrative		
Auxiliary		
Other career positions	2	1
Other technical positions		4
TOTAL	2	7

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Gender Equality

GRI: 405-1
● ● ● ●

● VISION

Women have historically been severely underrepresented in the electrical sector, as in many others. Our commitment at Colbun is to make progress so that this situation changes as soon as possible.

● GOAL

For nearly 5 years we have been implementing a Gender Equality Plan that addresses various initiatives, where we are committed to increasing the total women workforce to 25% by 2025, taking as a baseline the 18% of 2018. In order to meet this goal in the coming years, close to 40% of the workforce must be female.

● 2021 RESULTS

The number of women as a total percentage of the workforce reached 20.3% last year, in line with the 20.2% target proposed for 2021. In addition, 36% of new hires were women, slightly above the target of 33% set for the year.

● BOARD OF DIRECTORS

At Board level, Colbun is among the IPSA companies with the most women directors for several years, accounting for three out of a total of nine.

WORKFORCE BY POSITION AND GENDER IN CHILE AS OF DEC 2021 (NGC 461 5.1.1)

	MALE	FEMALE	TOTAL
Directors (Senior and Executive Management)	67	13	80
Professionals (Managers, Executives, Professionals and Sales Force)	337	135	472
Other positions (Operators and Other Technicians)	381	13	394
Administrative staff (including assistants)	18	44	62
Total	803	205	1,008

Note: Workforce as of December 31, 2021

WORKFORCE BY POSITION AND GENDER IN CHILE AS OF DEC 2021 (NGC 461 5.1.1)

	MALE	FEMALE	TOTAL
Directors (Senior and Executive Management)	5	1	6
Professionals (Managers, Executives, Professionals and Sales Force)	45	15	60
Other positions (Operators and Other Technicians)	3	7	10
Administrative staff (including assistants)	36	1	37
Total	89	24	113

BOARDS DIVERSITY (NGC 461 3.2.XIII.C)

AGE	WOMEN	MEN
More than 70 years		
61 - 70 years	2	1
51 - 60 years	1	3
41 - 50 years		2
30 - 40 years		
Less than 30 years		
TOTAL	3	6





- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



INITIATIVES

Women on shortlists

In 2021, 45% of the hiring processes had women on the shortlist and in 86% of these cases they were hired.

Design of a program to incorporate women in male-dominated areas.

In 2021, a special recruitment program was designed so that in May 2022 a group of six career women will enter areas traditionally composed of a majority of men.

Wage Gap (GRI: 405-2)

In 2021, progress was made in:

- a)** formalization of internal gap review methodology at a disaggregated level (grades, seniority, length of service, experience);
- b)** descriptive analysis of the salary gap every six months;
- c)** salary adjustment proposals to reduce certain gaps;
- d)** safeguarding a single entry salary for inexperienced professionals.

GENDER WAGE GAP BY POSITION CHILE *
(NCG 461 5.4.2)

POSITION	MEAN WAGE GAP	MEDIAN WAGE GAP	FEMALE WORKFORCE	MALE WORKFORCE
Senior Management	75%	87%	2	10
Management	82%	82%	2	26
Deputy Management	82%	76%	9	31
Heads and Supervisors)	94%	99%	17	107
Operators	N.A.	N.A.	0	33
Sales Force	Not reported	Not reported	5	1
Administrative	132%	136%	35	10
Assistant	97%	99%	9	8
Senior Professionals	82%	92%	11	62
Professionals	88%	88%	79	132
Junior Professionals	95%	103%	23	35
Other Technicians	77%	83%	13	348

GENDER WAG GAP BY POSITION PERU *
(NCG 461 5.4.2)

POSITION	MEAN WAGE GAP	MEDIAN WAGE GAP	FEMALE WORKFORCE	MALE WORKFORCE
Senior Management	N.A.	N.A.	0	1
Management	Not reported	Not reported	1	4
Deputy Management	Not reported	Not reported	1	1
Heads and Supervisors)	115%	122%	2	14
Operators	N.A.	N.A.	0	0
Sales Force	N.A.	N.A.	0	0
Administrative	115%	122%	7	2
Assistant	N/A	N/A	0	1
Senior Professionals	Not reported	Not reported	1	6
Professionals	100%	96%	5	11
Junior Professionals	83%	75%	6	15
Other Technicians	Not reported	Not reported	1	34

(*Notes: For mean and median calculations, the gross hourly wage is considered. "Not reported" in those cases where the universe of people involves only one worker.

Labor Relations and Human Rights Associated with Labor Management

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



• COVERAGE

The total number of employees with collective bargaining agreements reached 415, which represents 41.17% of the workforce as of December 2021. Unionization rate reached 59%, which compares with the countrywide rate of 20% (a new union was created in 2021, but has not yet entered into its first collective bargaining agreement). There are six unions at Colbun.

• COLLECTIVE BARGAINING

In the course of 2021, negotiations were held with the Santa María Power Plant Workers Union, involving 64 employees - 60.38% of its workforce - reaching a satisfactory agreement for both parties for the next three years.



Other Human Rights Matters

• CHILD LABOR OR FORCED LABOR

In specific Human Rights matters, it is explicit Company policy to reject both practices. The recruitment and selection processes include rigorous criteria, which along with validating that technical competencies are met, also ensure compliance with legal requirements, being the legal age for work one of them.

• WORKING HOURS

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



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Remunerations and Career Development

GRI: 102-36, 201-2
● ● ● ●



Competitive Remuneration

GRI: 102-36, 202-1

● METHODOLOGY

To ensure competitive remuneration, we systematically compare our salaries with those of the industry, seeking to compensate each employee based on his or her skills and experience, with a sense of internal and external equity. The company uses an internationally validated remuneration scale (HAY scale). Consultants specialized in remuneration provide market income studies, benefit studies or similar and remuneration training, but do not participate in the determination of remunerations.

● INDEMNITIES AND RETIREMENT BENEFITS

Termination indemnities are similar in their application to all employees of the Company, using the criterion of a gross monthly remuneration for each year of service, with no limit on the number of years or remunerations. As for retirement benefits, they only apply to those who are affiliated to collective bargaining agreements.

● MINIMUM WAGE

Colbun has established that none of the employees and employees hired by the Company have a gross remuneration of less than \$697,000.

RATIO BETWEEN THE STARTING SALARY (INCLUDING BONUS, COLLATION AND MOBILIZATION) AND THE LOCAL MINIMUM SALARY

LOCATIONS WITH RELEVANT OPERATIONS	MEN	WOMEN
Metropolitan Region	2,59	2,07
V Region	2,38	3,12
VII Region	2,11	3,43
VIII Region	2,63	3,07
Total Company	2,11	2,07



Management Remuneration

GRI: 102-35, 102-36

The policies and structures of the fixed and variable component of the remuneration of senior executives are reviewed and validated annually by the Directors' Committee for subsequent ratification by the Board of Directors.

The variable remuneration of the CEO, senior executives and all employees is calculated based on factors related to short and long-term performance: financial results, business development, socio-environmental management, operational management, commercial management and safety management.

SPENDING ON REMUNERATION OF MAIN CORPORATE EXECUTIVES IN CHILE (102-35)

USD	2018	2019	2020	2021
REMUNERATIONS OF EXECUTIVE OFFICERS	5,167,211	5,087,413	5,638,427	4,631,188
Fixed	2,750,434	2,998,796	3,209,824	2,802,99
Variable	2,416,777	2,088,617	2,428,602	1,828,989
Executive Severance Payments	91,615	0	0	0

Notes: Payment of performance bonuses (variable) is made in February of each year with respect to the performance of the immediately preceding year / Severance payments are fixed and are agreed upon in advance in employment contracts / Variable remuneration for 2018 in Chile includes the Retention Bonus

SPENDING ON REMUNERATIONS OF MAIN CORPORATE EXECUTIVES - FENIX (102-35)

USD	2018	2019	2020	2021
REMUNERATIONS OF EXECUTIVE OFFICERS	1,304,400	1,235,174	1,182,655	1,226,223
Fixed	984,658	1,044,716	915,194	886,336
Variable	319,742	190,458	267,461	339,887
Executive Severance Payments	188,268			

Performance Evaluation

GRI: 404-3



• SCOPE

The Performance Evaluation Process is carried out for all personnel on indefinite contracts.



View details of performance evaluation by position and gender in Annex Chapter 4.

• CRITERIA

Targets directly linked to the progress of the Strategic Agenda and its enablers, such as socio-environmental management, worker safety, financial results, digital transformation, growth plan and efficiency in the operation of Power Plants, were considered in 2021.



View Chapter 2



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Training and Development

Colbún-8 TR, 404-1, 404-2, EU14
 NCG 461: 5.8.ii, 5.8.iii, 5.8.iv



GOAL

The Company is committed to train and internal promotion as mechanisms to boost excellence in people management.


Trainings

GRI: 404-1, 404-2, EU14
 NCG 461: 5.8



CHILE

- 35,646 hours of training were carried out, covering 88% of the employees (89% women and 86% men).
- A significant balance was achieved in terms of training hours, resulting in an average of 34 hours for women and 35.7 hours for men.
- In 2021, skills development activities were enhanced, such as Agility and Leadership, in line with the internal culture that we seek to promote.
- Specifically, in agility, workshops were given at all levels, covering 20% of the organization.
- In addition, contents on Safety and Occupational Health were promoted, which represented 16% of the total training hours.

 Details of courses and training topics in Annexes Chapter 4.



PERÚ

- In Peru, total training reached 6,051 hours, with an average of 53.55 total hours (39.4 hours for women and 57.4 hours for men).
- This year' focus was on skills development programs in operations and maintenance, technical skills focused on commercial management, leadership skills for managers and heads of the company, and updating in new IT tools.

TRAINING INDICATORS BY GENDER IN CHILE (404-1, NCG 461 5.8)

WOMEN	
N° OF WOMEN IN WORKFORCE	205
NO. OF WOMEN TRAINED	184
% OF WOMEN TRAINED	89.80%
TOTAL HOURS OF TRAINING	6,968
AVERAGE HOURS OF TRAINING PER WOMAN	34

MEN	
NO. OF MEN IN WORKFORCE	803
NO. OF MEN TRAINED	698
% OF MEN TRAINED	86.90%
TOTAL HOURS OF TRAINING	28,678
AVERAGE HOURS OF TRAINING PER MAN	35.7

AVERAGE TOTAL HOURS OF TRAINING PER EMPLOYEE	35.36
AVERAGE INVESTMENT IN TRAINING PER EMPLOYEE	US\$ 858.2

TRAINING INDICATORS BY GENDER IN PERU (404-1, NCG 461 5.8)

WOMEN	
N° OF FEMALE EMPLOYEES IN WORKFORCE	24
N° FEMALE EMPLOYEES TRAINED	16
% FEMALE EMPLOYEES TRAINED	67%
TOTAL HOURS OF TRAINING	947
AVERAGE HOURS OF TRAINING PER FEMALE	39.4

MEN	
N° OF MALE EMPLOYEES IN WORKFORCE	89
N° MALE EMPLOYEES TRAINED	73
% MALE EMPLOYEES TRAINED	82%
TOTAL HOURS OF TRAINING	5,105
AVERAGE HOURS OF TRAINING PER MALE	57.4

AVERAGE TOTAL HOURS OF TRAINING PER EMPLOYEE	53.55
AVERAGE INVESTMENT IN TRAINING PER EMPLOYEE	US\$ 647.5

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements


Internal Mobility

Colbún-8.TR



Of the 136 selection processes in 2021 in Colbun, 56 (41.2%) were filled by employees of the Company, of which 39% were women. Of this 39% (22 internal movements), 68% corresponds to promotion-type movements (vertical) and 32% to lateral mobility-type movements (horizontal).

In Fenix, there were 21 selection processes in 2021, of which 3 were filled by internal workers. That internal mobility resulted in 2 direct promotions (one woman and one man), and one vacancy filled by internal competition (one man).

 *Details of internal mobility by gender in Annexes Chapter 4*



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Organizational Climatel

Colbún-10



GOAL

An annual Organizational Climate study is conducted to identify strengths and weaknesses in job satisfaction. Based on this measurement, we focus action plans, intervention and accompaniment.

2021 Results

CHILE

Scope

In the 2021 version of the Great Place to Work® survey, we invited 955 people to participate and obtained 888 responses, a 93% response rate.

Results

The level of satisfaction reached 85% in Area Vision and 82% in Corporate Vision, with an average of 83.4%, two points lower than in 2020, but above the average of the last five years. Although the Company has decided not to be part of the ranking carried out by this consulting firm, the score obtained leaves us among the best companies to work for in Chile.

PERÚ

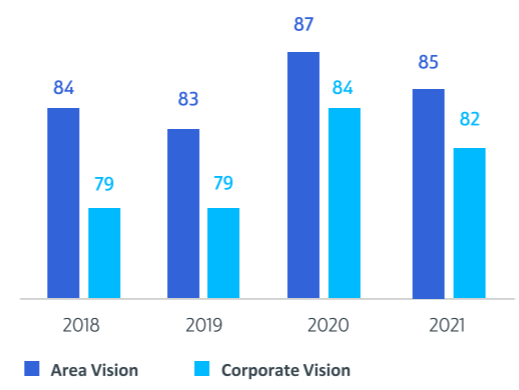
Scope

For Fenix, a total of 130 people were invited to participate with a response rate of 97% (126).

Results

An overall acceptance rate of 91% was achieved, two points higher than in 2020. All dimensions scored above 89%, and are considered strengths: Credibility (90%), Pride (93%) and Camaraderie (94%). Among the challenges is to focus the work in the Operations and Maintenance areas to continue with the improvement.

RESULTS OF THE ORGANIZATIONAL ORGANIZATIONAL CLIMATE SURVEY



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Benefits to employees

GRI: 401-2
● ● ● ● ●



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 power plants.
- Interfered days
- Flextime program in Santiago offices.

● EDUCATION

Every year, an Academic Excellence award is given to distinguish the good school and university performance of employees' children. During 2021, given the pandemic scenario in 2020, the "Covid Experience" category was added, extending the recognition not only to children with an average higher than 6.5, but also to those who obtained an average between 6.0 and 6.4. A total of 384 young people were awarded, including 374 schoolchildren and 10 university students.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes




08 Financial Statements

Communication Channels with Employees

GRI: 102-43



The Company's main internal communication channels are described below.

COMMUNICATION CHANNEL	STAKEHOLDERS INVOLVED	DESCRIPTION	PERIODICITY
 Intranet	Employees	It is Colbun's main internal communication channel. It contains the most relevant news, birthdays, photo galleries, internal contests, among others. But it is also the gateway to numerous management tools, such as travel management system, people management, digital contract administration, etc..	Permanent
 Emailing	Employees	Internal e-mails informing about organizational changes, relevant news, contests, births and deaths, etc.	Permanent
 Digital Display	Employees	There are 34 television screens in total: 9 at the Head Office and 25 at the Headquarters. The screens are intended to be a dynamic showcase for the different internal and external activities of the Company, strengthening and streamlining communication.	Permanent
 Periodical Meetings	Employees	During the year, a series of periodic meetings are established to inform employees and promote alignment within the Company. These include the CEO's Extended Meeting, quarterly management meetings with the Executive Role, sustainability weeks and visits by the General Manager to the Power Plants.	



- 01** Who We Are

- 02** What and How We Do: Our Strategy

- 03** Economic and Operational Performance

- 04** Social Performance

- 05** Environmental Performance and Climate Change

- 06** General Information

- 07** Annexes

- 08** Financial Statements

4.2 Contractors and Suppliers

GRI: 102-9, 103-2, 103-3



Objectives, Policies, Management Model

Why is it important?

Colbun's success largely depends on the performance of contractors and suppliers, who are an extension of our operations and play a fundamental role in ensuring, promoting and increasing the business sustainability.

OUR OBJECTIVES

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 comply with the Company's Code of Ethics.

4 TIMELY PAYMENT

Respect for our commitments, paying all our contractors and suppliers in a fair and timely manner.

APPLICABLE POLICIES AND PROCEDURES

Participation in the supply chain requires a commitment to respect and comply with our policies and procedures, including our Code of Ethics, Human Rights and Company Policy, Occupational Health and Safety, Environment and Quality Policy, and Special Regulations for Contractors and Subcontractors (REECS).

 [Access these documents on the website](#)

Supplier and Contractor Management



Colbun has a supplier and contractor management model to achieve the goals described above, a model based on three principles:



Excellence



Management



Collaborative Work Innovation Management

 [View more details of the Management Model](#)



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Suppliers and Providers in Figures 2021

GRI: 102-9, 204-1

Chile

3,071 Suppliers worked with Colbun in 2021 (if we exclude fuel, energy and tolls suppliers, the amount is 2,536).

535 Suppliers of fuel, energy and transmission had the Company in 2021.

US\$1,893 Millions was the amount of purchases from suppliers in 2021, 164% increase compared to 2020, which is mainly explained by the development of the Horizonte wind farm project.

9 Suppliers accounted for 80% of procurement expenses (excluding fuel, energy and tolls).

EVOLUTION NUMBER OF SUPPLIERS COLBUN CHILE

	2018	2019	2020	2021
National	2,494	2,458	2,342	2,326
International	186	181	205	210
Total	2,680	2,639	2,547	2,536

EVOLUTION OF PURCHASES FROM SUPPLIERS COLBUN CHILE (IN THOUSANDS OF USD\$)

	2018	2019	2020	2021
National	198,433	168,991	193,345	588,342
International	26,133	38,627	104,790	570,149
Total	224,566	207,619	298,135	1,158,491

70.2% Of Colbun's suppliers in Chile are SMEs.

40.4% Of Colbun's suppliers in Chile are located in regions¹.

Note: Excluding suppliers of fuel, energy and transmission tolls.

(1) Both figures exclude purchases of energy, power, tolls and generation fuels.

Perú

643 Suppliers to Fenix Peru in 2021 (if we exclude fuel, energy and tolls suppliers, the total is 552).

91 Fuel, energy and transmission suppliers had Fenix.

US\$139,5 Millions was the amount of purchases from suppliers in 2021.

72 Suppliers accounted for 80% of purchasing expenses (excluding fuel, energy and tolls).

EVOLUTION NUMBER OF SUPPLIERS COLBUN IN PERU

	2018	2019	2020	2021
National	489	530	440	495
International	73	47	60	57

EVOLUTION OF PURCHASES FROM SUPPLIERS COLBUN PERU (IN THOUSANDS OF USD\$)

	2018	2019	2020	2021
National	15.8	18.2	19.3	13.0
International	1.9	3.4	23.8	1.7

US\$14,7 Millions of US\$ was the amount purchased from Fenix's total suppliers in 2021².

88.4% Of Fenix's purchases were made from suppliers located in Perú².

Note: Excluding fuel, energy and transmission tolls suppliers.

(2) Excludes purchases of energy, power, tolls and generation fuels.



Critical Suppliers

GRI: 204-1



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

RATING

Colbun identifies 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, or those who, due to the nature of their work, may cause a serious environmental incident.

QUANTIFICATION

Of the total of 3,071 suppliers in Chile, Colbun identified 67 critical suppliers, which represent 2.1% of the total suppliers and 58.79% of the purchasing volume. These are mainly in the financial, engineering, fuel supply and waste treatment sectors.

There are 30 suppliers identified as critical in the case of Fenix, representing 4.6% of the total number of suppliers and 58.8% of the Company's purchases in 2021.

EMPLOYEES OF CONTRACTOR COMPANIES YEAR 2021



Chile Perú

*Employees of supplier companies 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.

Suppliers Geographic Distribution

GRI: 204-1



SUPPLIERS DISTRIBUTION IN CHIE

	Number of Suppliers	Spending on Suppliers by Region (thousands of USD)	Number of Suppliers	Spending on Suppliers by Region (thousands of USD)
	2020	2020	2021	2021
Atacama	24	2,487	42	1,918
Antofagasta	23	983	37	416
Valparaiso	219	12,550	193	11,469
Metropolitana	1,380	151,192	1,386	549,396
Lib. Bdo Ohiggins	44	604	51	873
Maule	116	4,522	109	3,334
BioBio	406	18,119	375	17,511
De los Rios	65	983	20	272
Los Lagos	30	562	86	892
Other Regions	35	1,343	27	2,261
Total	2,342	193,345	2,326	588,342

SUPPLIERS DISTRIBUTION IN PERU

	Number of Suppliers	Spending on Suppliers by Region (thousands of USD)	Number of Suppliers	Spending on Suppliers by Region (thousands of USD)
	2020	2020	2021	2021
Lima Metropolitana	429	19,240	471	12,774
Chilca-Salinas	8	39	12	76
OtrOtharas	3	76	12	191
Totsl Suppliers	440	19,355	495	13,041
Total International Suppliers	60	23,794	57	1,715

Note: The location of suppliers reflects the RUT (commercial ID) where they pay their duties, taxes and commercial patents. Excludes purchases of energy, power, tolls and generation fuels.

Note: Excluding purchases of energy, power, tolls and generation fuels.

- 01** Who We Are

- 02** What and How We Do: Our Strategy

- 03** Economic and Operational Performance

- 04** Social Performance

- 05** Environmental Performance and Climate Change

- 06** General Information

- 07** Annexes

- 08** Financial Statements

Risks and Controls




REGULATION FRAMEWORK

• CODE OF ETHICS

Our document contains the principles, values and practices that should guide the daily actions and decision making of our employees, contractors and suppliers. It is applicable to all contractors and suppliers in Chile and Peru, and is part of all our contracts, with dissemination in the Supplier Portal and in annual meetings held with contractors and suppliers.

• REECS

Another regulation applicable to our suppliers is the Special Regulation for Contractors and Subcontractors (REECS), which is reviewed and updated annually.

 [View Supplier Portal access](#)

• SOURCING PROCESS: MAIN RISKS AND CONTROLS



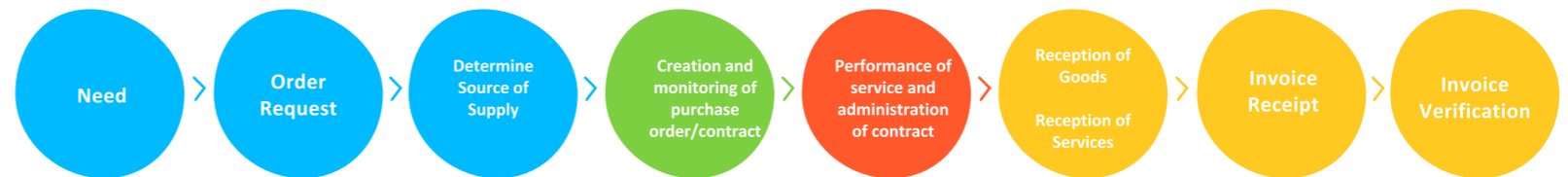
Risks

• OPERATIONAL AND SUSTAINABILITY RISKS

- Timeliness of the need
- Quality of service or supply
- Unqualified supplier
- Poor labor practices of the supplier
- Non-compliance with social laws
- Workplace accident
- Cost overruns
- Untimely supply
- Errors in payment
- Payment made in advance and service not rendered
- Foreign tax overcharges

• ENVIRONMENTAL AND SOCIAL RISKS

- Environmental incident
- Social incident affecting employee contractors or the community



Controls

• EVALUATION OF SUPPLY SERVICE

- Timeliness and deadlines
- Technical, economic and sustainability evaluation
- Authorizations and Releases
- Award Reports
- Additional tax form

• HOMOLOGATION AND EVALUATION PROCEDURE

- Economic Risk, Activity, Country, Supplier Qualification, Labor, Financial and Sustainability
- Supplier registration
- Contract administration **CONTRACT**

• CLAUSES AND STATEMENTS IN CONTRACTS, ORDERS AND BIDDINGS

- Code of ethics
- Code of conduct
- REECS
- Contract models
- Human Rights
- Crime Prevention

• SUSTAINABILITY MANAGEMENT

- Surveys and self-evaluations
- Human Rights and social action
- Safety and Health
- Quality and Environment Audit

Exchange of Good Practices

GRI: 202-2, 203-2, 308-1, 308-2, 414-1, 414-2



MATTERS INVOLVED

Colbun promotes the exchange of good practices with our contractors and suppliers, on:

- Safety standards,
- Quality standards,
- Environmental and social standards



WORK AND SAFETY PRACTICES

In all our bidding and awarding processes with collaborating companies, we have incorporated labor and occupational safety standards, as well as compliance with Colbun's Code of Ethics.

These guidelines are included in the Special Regulations for Contractors and Subcontractors (REECS) and in the Code of Ethics. Furthermore, the accident rate of our contractors is part of the goals that affect the performance evaluation of the entire Company.



ENVIRONMENTAL PRACTICES

Environmental standards are also established in the contracts, through the REECS guidelines. Compliance with the requirements indicated in the Environmental Qualification Resolution (RCA) of the service being contracted is reviewed 100%. If faults are detected, Colbun communicates directly with the contractors, requesting an explanation and their due regularization. Serious or repeated misconduct may result in early termination of the contract or service.

2021 Milestones and Initiatives




NEW CODE OF CONDUCT FOR SUPPLIERS AND CONTRACTORS

In July 2021, the Company launched this new document which has as its main purpose to guide the conduct that Colbun expects from its contractors and suppliers in four areas: People, Human Rights and Working Conditions; Occupational Health and Safety; Environment and Communities; and Business Integrity and Regulatory Compliance.



PROTOCOL IN RE-NEWABLE PROJECT CONSTRUCTION

As part of the development of its renewable energy projects, Colbun implemented a protocol that seeks to ensure timely and full payment to local suppliers and SMEs by contractors that use its services in these projects.

 [View details of protocol](#)



MINIMUM WAGE

As from January 2020, a minimum salary of \$500,000 taxable and liquid at the same time was established for permanent service contract employees.



PROMPT PAYMENT AND PROPYME SEAL

The Company has established a 7-day payment term for suppliers once the invoice has been received. In addition, Colbun has had the ProPyme Seal for ten years, a certificate awarded to companies that are able to verify (through external auditors) that they pay their suppliers' invoices within a period of no more than 30 days.



LIQUIDITY FOR SUPPLIERS

In 2021, the Company established an alliance with Cumplo, a technological platform designed for the early payment of digital invoices for those suppliers who are interested in this alternative. This alternative is in addition to the agreement that has existed since 2018 with Bolsa de Productos that allows suppliers to sell their invoices at very competitive rates and conditions.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Socio - Environmental Practices Evaluation

GRI: 308-1, 308-2, 412-3, 414-1, 414-2
 NCG 461: 7.2



EVALUATION CRITERIA (CHILE AND PERU):

When selecting new national suppliers, 100% are evaluated based on social criteria (social laws, politically exposed persons, etc.). In 2021, this number reached 808 suppliers in Chile and 5 in Peru.

In addition, all new suppliers participating in a bidding process to work in our facilities and projects are evaluated under environmental criteria. In 2021 that number reached 176 in Chile.



and 14 in Peru.

SUBCONTRACTORS

In 2021, services were contracted with 244 supplier companies subject to the Subcontracting Law in Chile, to which the REECS regulation is applied to evaluate their social impacts (labor practices and human rights). Among them, we identified 151 contractors with the potential to generate significant social impacts, because they are labor intensive (e.g., compliance with salary payments and social security contributions), or because of occupational safety issues (potential for serious and fatal accidents, for example). None of them had significant social impacts.



MONITORING TOOLS

The following are some of the tools that Colbun uses to monitor the social and environmental performance of its contractors:

- **Reputation and Risk Survey (annual)**
 Considers specific questions regarding their working conditions, related to occupational safety and health, child and forced labor, freedom of association, etc. No relevant risks were identified through this tool.

Monitoring platform

- Clever is a platform that allows accreditation of contractor companies' personnel and obtains indicators related to environmental and social aspects. It also evaluates, for example, accidentality rates or claims submitted to the labor inspectorate.

Certifications

- Submission of certifications of compliance with labor and social security obligations, delivered by the respective Labor Inspectorate.

- **Audits** conducted on-site.
- **Administrators**
 Colbun's Contract Administrator, supported by the Environmental area, follows up on the commitments included in the terms of reference of contracts with potential environmental impact. Prior to the commencement of the service, the companies must prepare a matrix with the risks associated to each activity, which is reviewed by the Environmental and Occupational Health and Safety (MASSO) managers. For more complex services, an on-site risk preventionist is required.

In the case of critical fuel transportation suppliers, in addition to all the previous points, they must comply with high standards required in the fuel transportation industry at the national level.



SUPPLIER EVALUATION PROCESS IN CHILE AND PERU 2021

(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	3.071	67	643	30
No. of suppliers evaluated in relation to environmental impacts.	244	15	146	16
N° of suppliers identified as having significant negative environmental impacts:				
a) Potencial	a) 71	a) 13	a) 26	a) 9
b) Real	b) 0	b) 0	b) 0	b) 0
N° of suppliers identified as having significant negative environmental impacts -potential and actual- with which agreements have been reached:				
a) improvements have been agreed upon as a result of an assessment	a) 0	a) 0	a) 0	a) 0
b) the relationship has been terminated as a result of the evaluation	b) 0	b) 0	b) 0	b) 0
Description of significant negative environmental impacts - potential and actual - identified in the supply chain.	High environmental risk: fuel transportation spills; handling of oils and lubricants in plant maintenance; waste disposal and chemical product spills.			
Measures to prevent risks of significant environmental impacts.	1) The Environmental Protection Standards include a series of environmental compliance guidelines, which are subject to audit by the Environmental area. 2) 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.			

Environmental Assessment (308-2)

	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	3.071	67	643	30
No. of suppliers evaluated in relation to environmental impacts.	247	18	60	12
N° of suppliers identified as having significant negative environmental impacts:				
a) Potencial	a) 151	a) 9	a) 18	a) 5
b) Real	b) 0	b) 0	b) 0	b) 0
N° of suppliers identified as having significant negative environmental impacts -potential and actual- with which agreements have been reached:				
a) improvements have been agreed upon as a result of an assessment	a) 3	a) 0	a) 0	a) 0
b) the relationship has been terminated as a result of the evaluation	b) 1	b) 0	b) 0	b) 0
Description of significant negative environmental impacts - potential and actual - identified in the supply chain.	1) High safety risk: serious and fatal accidents due to work with energized equipment, work at heights, heavy machinery, work in confined spaces, among other plant maintenance activities. 2) High social risk: intensive in local labor.			
Measures to prevent risks of significant environmental impacts.	1) The contractor company must send the certifications of compliance with labor and social security obligations, delivered by the respective Labor Inspectorate. 2) The contract administrator is responsible for monitoring collective bargaining dates. 3) All contracts include clauses regarding the Code of Ethics and the Regulations for Contractors and Subcontractors. 4) Annual ESG survey of contractors to raise perception and risks.			

Social Assessment (414-2)


Note:

- All service companies operating at the 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.
- Although there were no suppliers with significant actual impact, subsequent training was provided to those suppliers that had a minor environmental incident.

3. All suppliers under the Subcontracting Law are socially evaluated. They must attach a monthly certificate of compliance with the payment of labor contributions and are subject to internal audits. Additionally, in Chile, Puerto Coronel, Electrogas and Gas Andes are included. Other mechanisms used to socially evaluate these suppliers are: Equifax (244 suppliers registered in Chile, which are reviewed for delinquencies, tax situations, etc.) and the annual ESG Survey (80 interviewed in 2021 in Chile and xx in Peru).

4. All contractor personnel associated with our facilities must submit 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 2021 there were no contractor with significant environmental or social impacts in Chile or Peru, however, 3 contractors in Chile were requested to improve plans in the timely payment of social laws and commercial debts. Only one of them did not follow the guidelines and improvements, so it was eliminated from Colbun's portfolio.

6. Every month, the Sustainable Management team reviews 2 or 3 contractors from each plant at random, to confirm whether the information on social and environmental aspects is available and updated in the Clever platform.

 See Annexes Chapter 5 for more details of the NCG 461 requirement on Supplier Evaluation.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

4.3

Safety and Health Management

GRI: 403-1, 403-2, 403-3, 403-4, 403-7, 403-8, 403-9, 403-10, 403-5, 403-6, 412-1, EU21, EU18
 NCG 461: 5.6



• **MAIN GOAL**

To ensure that our employees and contractors carry out their normal work in compliance with the company's OHS standards and procedures at all times, which will prevent the occurrence of accidents.

• **SPECIFIC GOALS**

- Commitment and management of "zero accidents".
- Maintaining a healthy and fit working population.
- To ensure that surrounding communities feel safe from the operation of our plants.

2.7 Was Colbun's Accident Frequency Index (consolidated Chile and Peru) in 2021.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Occupational Health and Safety Management

GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8

● POLICY AND PRINCIPLES

The Safety, Occupational Health, Environment and Quality Policy is available on our [website](#) and details the basic principles promoted by the Company regarding Occupational Health and Safety.

● CULTURE AND MANAGEMENT SYSTEM

The Company has made safety a central axis in its management, with the focus on developing its own culture that transforms it into a benchmark, seeking that each worker and contractor is a passionate leader in safety.

To this end, the company has an Integrated Management System (IMS- SGI) to support Occupational Health and Safety (OHS- SSO) management.

For further details see Annex Chapter 5

● INTEGRATED MANAGEMENT SYSTEM COVERAGE

The coverage of the Safety, Occupational Health and Environment System (SGI) in Chile reached 100% of our employees (1,008 people) and contractors (1,506 people). This system also has ISO 45001:2018 and OHSAS 18.001 certifications in force, issued by an external certification company, both for our head office and headquarters, which cover 100% of our employees and 100% of our contractors.

In Peru, 100% of our employees (105 people) and contractors (128 people) at Fenix power plant and Magdalena offices are covered by an occupational health and safety management system, which has been verified by an internal auditor. Colbun's Safety, Occupational Health and Environment Management System (SGI) is currently being implemented for this power plant.

By the end of 2021, the SGI (certified by a third party) covers 86% of our own employees and 84% of our contractors.

● STRATEGY

The Company has an Occupational Health and Safety Strategic Plan generated in 2017, which includes the following axes:

1. Safety Leadership Development
2. OHS goals
3. Safety Communication
4. Procedures and Regulation
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.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



Relevant events Chile
GRI: 403-10

FATAL ACCIDENT


Despite all the safety measures implemented in recent years, Colbun had to mourn the death in 2021 of Fabián Sepúlveda, Electrical Maintainer of the Santa María Power Plant, in an accident that occurred in that facility. This tragic situation caused a deep impact on Colbún, especially among all his coworkers, and reminded us that there is nothing more important and valuable in our daily work than protecting the lives and integrity of our employees and contractors.

As soon as this event occurred, the Company adopted the necessary measures to accompany and support family, as well as his immediate work group. In addition, days of reflection were held and an investigation was carried out by the respective Joint Health and Safety Committee, which resulted in an action plan to minimize this type of accident as much as possible.

NEW SAFETY CONSULTANCY

A collaborative work began with DEKRA, an international safety expert firm associated with ACHS, our strategic partner for Occupational Health and Safety management. With DEKRA we implemented in 2021 the LDI Methodologies in generation management and Safe Align in 4 generation facilities.

Both methodologies aim to increase the culture through effective and visible leadership at all levels of the organization.

 For the safety indicators required by NCG 461, see annexes to Chapter 5.



Occupational Safety Indicators

FATALITIES AND INJURIES DUE TO WORK-RELATED ACCIDENTS, LOSS OF TIME, OF OWN EMPLOYEES(403-9)

Location	Total N° own employees 2021	Total hours worked 2021	Fatalities resulting from an occupational accident injury					Recordable work-related injuries, with lost time (LTIFR)				
			Rate			N° of People		Rate			N° of People	
			2018	2019	2020	2021	2021	2018	2019	2020	2021	2021
Chile	1,008	2,395,602	0	0	0	0.41	1	0.43	0.43	0	1.67	4
Peru	105	268,956	0	0	0	0	0	3.58	2.7	0	0	0
Global	1,114	2,664,558	0	0	0	0.38	1	0.39	0.77	0.37	1.5	4

Notes:

- During 2021 we had to regret the death of 1 of Colbun's own employees, who suffered a work-related accident. Another worker of the power plant died from a heart attack (not work-related).
- Regarding lost time injuries, during the period 2018-2021 there were no injuries to our own employees due to occupational accidents with major consequences in Chile or Peru. There were also no fatalities or injuries due to vehicular accidents of the Company's own employees in Chile or Peru.
- As for recordable work-related lost-time injuries in Chile, in addition to huenco Complex, who suffered a crushing, a contusion and a sprain, respectively.
- The data covers 100% of our employees.

FATALITIES AND INJURIES DUE TO WORK-RELATED ACCIDENTS, LOSS OF TIME, OF CONTRACTORS (403-9)

Location	Total N° own employees 2021	Total hours worked 2021	Fatalities resulting from an occupational accident					Recordable work-related injuries, with lost time (LTIFR)				
			Rate			N° of People		Rate			N° of People	
			2018	2019	2020	2021	2021	2018	2019	2020	2021	2021
Chile	1,506	2,436,939	0	0	0	0	0	1.32	1.81	2.67	3.69	9
Peru	128	167,211	0	0	0	0	0	0	0	0	0	0
Global	1,634	2,604,150	0	0	0	0	0	1.19	1.62	2.42	3.46	9

Notes:

- In the case of our contractors, in the reporting period (2018-2021) there were no fatalities resulting from an occupational accident injury, nor were there any injuries from occupational accidents with major consequences, nor from vehicular accidents in Chile or Peru.
- In terms of recordable occupational injuries, with lost time, there were a total of 9 people injured: 2 in the Biobío Complex, 2 in the Neuquén Complex and 5 in the corporate offices in Chile (which include contractors of the Projects under Construction,
- IT contractors, and other managers who go to the field). The most frequent types of injuries were blows, falls from the same level and entrapment. The data covers 100% of our contractors.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements



Training Campaigns and Courses 2021

GRI: 403-5

• PERIODIC TRAINING COURSES

The annual training program includes several courses on occupational health and safety that are periodically given: safe driving, handling and use of fire extinguishers, first aid, protection against UV radiation, handling of hazardous substances, boiler operation, and occupational health protocols.

• TARGETED TRAINING COURSES:

The main targeted training courses conducted in 2021 were.

• **Electrical Hazards Course:** based on the NFPA 70E standard, developed under the e-learning modality, in order to make it more massive in the organization. A total of 128 employees were trained in this course.

• **Behavioral Awareness Workshop:** also developed in the e-learning modality and given by the Chilean Safety Association, 167 employees were trained.

• SAFETY CAMPAIGNS

The "If you see it, tell me about it" campaign was deployed to encourage the identification of safe behaviors to reinforce them and unsafe behaviors to correct them in a positive way.

• CONTRACTOR COLLABORATORS

In 2021, a total of 4,993 workers from contractor companies received Colbun's OHS induction at our various facilities. In the case of the 1,925 workers of permanent contractors (located at our facilities), they also received other types of training on COVID-19, Zero Fatality Standards (ECFs) and emergency plans.

• CULTURE AND MANAGEMENT SYSTEM

The Company has made safety a central pillar in its management, focused on developing its own culture that transforms it into a benchmark, seeking to make each worker and contractor a passionate leader in safety.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Occupational Health and Healthy Living

GRI: 403-6



Occupational Health Management

● EPIDEMIOLOGICAL SURVEILLANCE

Employees' exposure is monitored in their jobs, identifying risk agents present (doses, concentrations and exposure times) that allow us to quantify their magnitude in order to propose control measures.

● OCCUPATIONAL HEALTH PROTOCOLS

The health protocols seek to minimize risks to employees and allow monitoring of individual health status. Noise is the main health risk identified at Colbun's power plants. To reduce potential risks, health protocols have been implemented:

- 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).

These protocols are part of the hygiene plan, which includes, among other actions, qualitative evaluations and preliminary studies at all plants.

● OCCUPATIONAL HEALTH SURVEILLANCE

To ensure that employees have the necessary physical aptitudes to carry out their work, occupational examinations are systematically carried out and employees with any degree of alteration in their health evaluation are followed up. This encourages the worker to consult through his or her health plan and to seek appropriate medical treatment.

The information gathered is reported to the Health Committee, integrated by three members of the Organization and People Management and three members of the Occupational Health and Safety Management. Not having occupational diseases (EP) has been Colbun's focus.

● OTHER PROGRAMS

Other important activities coordinated with Bienestar were the influenza vaccination (490 employees) and the ACHS "Vive Más" (Live Longer) program, which addresses nutrition and physical activity. We started in 2021 with 164 employees who voluntarily enrolled.

We should also mention the Visual Health, Actívale and Cuídate programs (get active and take care of yourself), all focused on health and healthy living, which were attended by a large number of employees (more than 800).

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

 **2021 Results and Highlights**



Chile

● **GENERAL MEASURES**

Following the disruptions generated by COVID-19, in 2021 we resumed preventive health exams for our employees. In addition, a preventive screening program was implemented at the head office. Given its success, it will be extended in 2022 and the feasibility of replicating it at headquarters will be evaluated. The results of all examinations are private and only the employee has access to them.

In terms of occupational illnesses or diseases, no cases were recorded during 2021.

ABSENTEE RATE COLBUN CHILE (COLBUN 13.S0)

	2018	2019	2020	2021
Man	1.82	2	1.72	2.41
Woman	2.8	2.65	1.81	2.73
Total	2	2.12	1.74	2.47

Note: Days of absenteeism (No. of days) / Average workforce (No. of persons)

● **COVID - 19**

Our Focus

Our priority in the COVID-19 pandemic was to take care of the health of employees and contractors while keeping our facilities operational.

Actions taken by COVID-19

- 1** Weekly Emergency Committee meetings were held to verify compliance with the measures implemented and to evaluate new ones.
- 2** We implemented a hybrid work model for those positions applicable due to the nature of their functions.
- 3** Safety protocols continued to be implemented at the power plants to prevent contagion.
- 4** Mass vaccination of Colbun employees and contractors was encouraged.
- 5** Communication campaigns and webinars were promoted to inform employees of new recommendations and instructions.
- 6** Permanent updating, in line with MINSAL guidelines, of protocols and action plans with special attention to Covid-19 risk groups.
- 7** Active case search campaigns (BAC) were carried out by means of mass PCR and antigen sampling.

2021 Results

All of the above helped to contain the spread of the virus. During the past year, a total of 49 of our own employees and 69 contractors were infected with COVID 19. In January 2021, we had to regret the death of a contractor from this disease, who was infected off-site.

Indirect effects of COVID-19

Teleworking implied promoting training for employees, with the support of the ACHS and other external consultants, to prevent accidents and occupational illnesses at home.

In order to protect the mental health of our employees, talks were given on Emotional Management and Resilience.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements



Perú

● **GENERAL MEASURES**

During 2021, no occupational illnesses occurred in Fenix. A medical examination was performed on 100% of the employees, allowing us to have information to establish actions for the occupational health surveillance plan to be carried out in 2022. Due to the health condition, actions will continue to be implemented for surveillance and control against COVID -19.

● **COVID-19:**

Our Focus

The measures implemented to control COVID-19 aimed at protecting employees and providing continuity of the power plant's operation, as it is considered an essential service.

As a result of all the preventive management, the number of infected employees was 33 (own personnel and contractors).

● **HEALTH HIGHLIGHTS IN 2021**

- The use of the Zyght platform for occupational health and safety issues was strengthened throughout the company, achieving compliance with the program. We will continue with the actions for the digitalization of the HSE Plan through Zyght.
- The Contingency Plan was updated in accordance with corporate standards.
- 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.

ABSENTEE RATE COLBUN FENIX PERÚ (COLBUN 13.S0)

	2018	2019	2020	2021
Hombre	0.43	0.4	1.07	0.85
Mujer	1.45	0.75	0.05	0.71
Total	0.65	0.47	0.79	0.81

Note: Days of absenteeism (No. of days) / Average workforce (No. of persons)





- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Safety in Our Facilities

EU21

● EMERGENCY PLANS

Colbun updated in 2020 the emergency plans of each of the facilities 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 goals and scope of this procedure include:

- Control the emergency with the means available and defined in Colbun S.A.
- Minimize possible losses, both human and material.
- Control or mitigate possible socio-environmental 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.

● TECHNOLOGICAL SURVEILLANCE

The installation of the technological surveillance system (SVT) continued in 2021, adding Santa María and Nehuenco Thermoelectric Complexes and the Company's headquarters (these facilities are in addition to the Angostura Power Plant and the Mulchén Substation, which already had this system). We also began the development of the SVT projects at the Colbun Complex and the Aconcagua power plants.

In 2021, we did not record any events associated with social stability.

- 01** Who We Are

- 02** What and How We Do: Our Strategy

- 03** Economic and Operational Performance

- 04** Social Performance

- 05** Environmental Performance and Climate Change

- 06** General Information

- 07** Annexes

- 08** Financial Statements



Safety Management in Communities

GRI: 413-1, 413-2
EU21

All Colbun's power plants have an emergency plan for fires, earthquakes and natural disasters. Periodic emergency drills are carried out at our facilities, with the participation of entities such as firefighters and government emergency offices, and a matrix is updated on the risks that our operations could generate in the surrounding communities.


The following are some of the measures being implemented to improve the safety of the community in relation to our facilities.

● COLBÚN COMPLEX

Reservoir Law Protocol: In 2016 Colbun participated in an agreement with the DGA, the Meteorological Directorate, ONEMI and other companies in the sector to adopt preventive measures to avoid or mitigate the risks of possible flooding of Maule River.

Discharges: When Colbun reservoir must discharge water, the company coordinates with ONEMI and informs local and regional authorities in advance.

Colbun's Power Plant Tailrace Canal: A safety dissemination campaign was conducted during 2021 summer to promote self-care in the communes of Colbun and Yervas Buenas. 2022 campaign incorporated the Fire Department and involved an agreement with the Municipality of San Clemente to close access to the San Clemente Canal.

 [Here, more details](#)

● ANGOSTURA POWER PLANT

Flood protocol: At this power plant there is a communication protocol with the authorities and other stakeholders to notify the opening of floodgates upon a significant increase in river flow.

Winter campaign: Every year a winter dissemination campaign is carried out, which includes a meeting with regional media, as well as the delivery of brochures and radio broadcasts to reinforce information in the event of possible river flooding due to weather conditions.

Additional safety measures: In addition to the signage that was installed in the Biobío River several years ago to warn of changes in flow that could occur in its bed, in 2021 progress was made in the installation of a siren system that is expected to be completed in 2022. In addition, during the summer period a restriction was established so as not to increase the river's flow during daylight hours, as well as a communications campaign for responsible behavior by river users.

Angostura Park: Due to COVID-19, different protocols were adopted in Angostura Park to allow tourists to enter.

● ACONCAGUA COMPLEX

Safety signage: Since 2015, there have been permanent signs and sirens indicating the occurrence of flow increases due to sudden discharges in different areas of the basin.

International Road Campaign: Although this is a public road and is not part of our facilities (although it is used by Colbun personnel), the Company conducted a road safety campaign with neighbors to avoid traffic accidents.

 [View campaign information](#)



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

4.4

Community Engagement



Principles and Management Model

GRI: 103-2; 103-3, 413-1
NCG 461: 3.7.i

OUR GOAL

Colbun's community management seeks to develop an associative work with the communities surrounding 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.

The following diagram explains the principles of this vision.



COMMUNITY RELATIONSHIP AXES

The community relationship is implemented in three main areas, grouping together different programs and action plans.



[View more details about the Community Management Model](#)





Building Trust: Dialogue with the Community and Society

GRI: 102-17, 102-21, 102-43, 203-2, 413-1, 413-2, EU19, 203-1




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.

In addition, multiple communication channels are maintained during the operation, which include the following:

- Community WhatsApp
- Community surveys
- Public accounts and community dialogues
- Local radio programs
- Whistleblower Line and Contact Line

 *More details on communication channels in Chapter 2.*

WHO IS RESPONSIBLE?

This is a joint work of the Engineering and Projects Management, Operations Management, Environment Management and Public Affairs Management.

WHEN DO WE DO IT?

Prior to submitting the environmental impact study or statement for its assessment to the environmental agencies, meetings are usually held with the authorities and the communities. This approach is maintained during the construction and operation of the plant, including our subsidiary Fenix in Peru.

POTENTIAL POSITIVE IMPACTS ON LOCAL COMMUNITIES

Construction	Operation
Demand for local labor.	Demand for local and regional services and products.
Demand for local and regional services and products.	Rate reductions for communities with generation plants.
Social investment in the community.	Social investment in the community.
Strengthening of trade union activity.	Strengthening of trade union activity.
Archaeological findings.	Tourism activities (hydroelectricity).
Rent for concession of onerous use (solar and wind).	Water storage and irrigation infrastructure (hydroelectricity).
	River flood control.
	Rent for concession of onerous use (solar and wind).
	River flood control.

POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

Construction	Operation
Noise nuisance.	Potential alteration of terrestrial and aquatic ecosystems (hydroelectric plants), including river flow and regime.
Particulate matter (dust).	Potential impact on communities' access to water (hydro).
Transitory demographic increase.	Alteration of the landscape.
Potential alteration of the landscape.	Potential impact on communities' terrestrial connectivity.
Potential resettlement of communities.	Potential increase in the perception of security risk (hydroelectric power plants).
Potential overload of infrastructure and services.	Potential hazardous and non-hazardous effluents and waste (thermoelectric plants).
Potential alteration of ecosystems.	Atmospheric emissions and discharges (thermoelectric power plants).
	Water consumption (thermal power plants).
	Noise (thermoelectric, wind).

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Citizen Participation and Early Consultation

EU19

● OUR GOAL

Colbun promotes in its projects processes of citizen participation and preliminary local meetings prior to the formal initiation of the environmental assessment.

● DEVELOPMENTS IN 2021

We held dialog instances with neighbors and local authorities regarding the development of the Junquillos Wind Farm Project (Mulchén Commune, Bío bío Region), which resulted in a voluntary early citizen participation process (PACA) in January 2021. (PACA) process in January 2022, prior to its entry into the Environmental Assessment System.

● OTHER PROJECTS

In the case of the Horizonte Wind Project, after holding voluntary citizen participation meetings in 2019 and a formal citizen participation process in 2020, periodic meetings were held in 2021 with local authorities and communities prior to construction of the project starting in November.

There were also meetings with the new local authorities linked to the Diego de Almagro Sur Photovoltaic Project (Diego de Almagro Sur Commune, Atacama Region), and the Machicura Photovoltaic Project (Colbun Commune, Maule Region).

Participatory Design and Community Infrastructure

GRI: 203-1

● RURAL DRINKING WATER SYSTEMS

During 2021, Colbun provided support - through water rights and/or equipment - to the Rural Drinking Water Systems (RWS) of seven communities in four regions.

This program contributes to SDG No. 6 on "Ensure availability and sustainable management of water and sanitation for all", in its indicator 6.b..



[Watch video about Rural Drinking Water Systems](#)

● LOCAL FOOTPRINT ALLIANCE

Along with the NGO Huella Local, in 2021 we continued to develop social infrastructure projects in the Bio-Bío and Los Lagos regions. This is a public-private alliance, where Colbun generally finances the design or basic studies for community projects, a necessary step for these projects to apply for public financing. In 2021, Colbun worked with municipal teams from Santa Bárbara, Quilaco, Quilleco, Antuco and Cochamó.

It should be noted that all these initiatives consider a participatory process with the respective stakeholders.

This joint work contributes to strengthening SDG No. 17 on "Partnerships to Achieve the Goals".



[Read more about partnership with Huella Local](#)

● TERRITORIAL SOCIAL ROUNDTABLES

In 2021 Colbun continued to make progress in strengthening the model of territorial social roundtables, which allow us to generate spaces for dialogue with different stakeholders in favor of local development.

In 2021, the San Pedro-Colbun Social Roundtable was established in Quillota, and the foundations were laid to establish the same figure in the Camino Internacional sector, in San Esteban and Los Andes. These are in addition to the Roundtable for Artisanal Fishing "Pesca Futuro" and the Roundtable for the Development of the Southern Sector, in Coronel; the Chapo Lake Tourism Roundtable, in Puerto Montt; and participation in the Charrúa Associative Roundtable, in Cabrero.

● FENIX PARTICIPATORY ENVIRONMENTAL MONITORING

In 2021, the Fenix subsidiary strengthened its Participatory Socio-Environmental Monitoring Program (PMSAP), an initiative aimed at verifying virtually that the results obtained from monitoring comply with the commitments made by Fenix in its Environmental Impact Assessment (EIA).

As part of this work, the Participatory Socio-Environmental Monitoring Committee was formed and its board organized a lagoon cleanup campaign, a topic of common interest for the district.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Generating Opportunities: Suppliers and Local Employment

GRI: 203-1, 203-2, 204-1



OUR GOAL

At Colbún we promote the purchase of goods and services from local suppliers, to the extent that they meet the technical and commercial conditions required for a reliable commercial operation.

PERFORMANCE 2021

Last year we worked with 297 local suppliers in Chile, purchasing US\$ 8.7 million. On the other hand, Fenix, US\$76 thousand was invested in the purchase of goods and services from local suppliers.

PURCHASES IN COMMUNITIES WITH COLBUN-CHILE INFLUENCE

Commune	N° of Suppliers	Expense in USD\$
Diego de Almagro	17	489,285
Total Atacama Region	17	489,285
Los Andes	48	1,793,819
Quillota	27	2,789,840
San Esteban	5	6,325
Total Valparaiso Region	80	4,589,984
Curacavi	24	483,825
Til Til	2	134,384
Total Metropolitan Region	26	618,209
Codegua	10	22,816
Mostazal	6	119,151
Total Bdo. O'Higgins Region	16	141,966
Colbún	37	1,528,152
San Clemente	1	333
Total Maule Region	38	1,528,485
Antuco	3	9,125
Cabrero	17	146,362
Coronel	47	726,284
Quilaco	3	16,832
Quilleco	1	2,828
Santa Bárbara	24	240,665
Total Biobío Region	95	1,142,096
Los Lagos	1	6,206
Panguipulli	3	40,447
Total Los Ríos Region	4	46,653
Cochamó	8	114,338
Total Los Lagos Region	8	114,338
Total	297	8,748,080

Note: Fuel, energy and transmission tolls are not included.

PURCHASES IN COMMUNITIES WITH COLBUN-PERU INFLUENCE

Commune	N° of Suppliers	Expense in USD\$
Chilca-Salinas	12	76,000

LOCAL LABOR RECRUITMENT

Region	Province	Commune	Total
II - Antofagasta	Antofagasta	Taltal	2
III - Atacama	Chañaral	Diego De Almagro	1
RM - Metropolitana	Melipilla	Curacaví	23
V - Valparaíso	Los Andes	Los Andes	74
		San Esteban	17
		Quillota	19
		Quillota	19
VI - O'Higgins	Cachapoal	Codegua	1
VII - Maule	Linares	Colbún	14
		Talca	2
		San Clemente	2
		San Clemente	2
VIII - Bio Bio	Biobío	Antuco	1
		Cabrero	5
		Quilaco	2
		Quilleco	5
		Santa Bárbara	4
		Santa Bárbara	4
	Concepción	Coronel	23
		Coronel	23
X - Los Lagos	Llanquihue	Cochamó	2
		Puerto Montt	6
XIV - Los Ríos	Valdivia	Los Lagos	1
		Panguipulli	3
Total			205

36.7% Is the percentage of local labor in plants and projects (Base: 559 employees, excluding Head Office).



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Generating Future: Community Development Programs

GRI: Colbún-3.S0, 203-1, 203-2




PRINCIPLES AND POLICY

Colbun conducts its community investments under the principles established in its Community and Society Manual, which seeks to ensure that these investments are consistent with the Community Engagement Strategy.

The Company also has a Donations Policy approved by the Board of Directors, which aims to establish principles of good corporate governance in donations.

For community investment principles, see page 30 of the Community and Society Manual.

 See Colbun's Donation Policy

SOCIAL INVESTMENT FOCUSES

Disbursements associated with community projects or programs in plants and projects, centralized corporate donations to non-profit foundations and administrative expenses of the Public Affairs area will be considered as 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 areas of productive development and employability.
- 3 Energy for Education:** support through scholarships, courses, infrastructure and interventions in schools in the communities where Colbun operates.

4.5

Millions of dollars was Colbun's social investment in 2021 (Chile and Peru).



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



Community Investment

GRI: 413-1, 415-1
Colbún 3.S0



● EMPHASIS ON LOCAL REACTIVATION

Following the impact of COVID-19, a relevant focus in the community work of 2021 was to support the economic reactivation of local entrepreneurs.

Many of these projects are carried out through the Colbun Entrepreneurship Center, which has two locations and has worked for ten years promoting entrepreneurship in the Biobío Region.

These supports sought to contribute to SDG No. 8, aimed at "Promoting inclusive and sustainable economic growth, employment and decent work for all".



OUTSTANDING COMMUNITY PROJECTS CHILE

● **Tu Pedido Coronel**
A digital delivery platform developed by the Colbun Entrepreneurship Center, aimed at bringing the gastronomic offer to the community of Coronel and thus support local entrepreneurs. (Your Order Coronel)

Access the [platform](#)

● **Gente Dulce**
This is a free e-commerce platform created by the Colbun Entrepreneurship Center in the Biobío Region, with the aim of being a virtual showcase for entrepreneurs in the municipalities of Coronel, Santa Bárbara and Quilaco. Access the [platform](#)

● **Competitive Funds for Artisans (Maule)**
In partnership with the Corporación Regional de Desarrollo Productivo del Maule, competitive funds were implemented for the reactivation of artisans in the commune of Colbun, with a focus on digital marketing tools and online sales.


● **Entrepreneurial Energy**
Campaign to promote entrepreneurs in Biobío, Los Andes, San Esteban and Quillota, through digital networks, print media and radio broadcasting, as well as the creation of a website to showcase their offerings.

● **Competitive Funds for Entrepreneurs**
In collaboration with the Simon de Cyrene Foundation, the San Pedro (Quillota) and Camino Internacional (San Esteban and Los Andes) Neighborhood Associations, and the Municipality of Quillota, competitive funds were awarded to nearly 80 entrepreneurs from both areas to support their businesses.

● **Impulsa tu Negocio Project (Boost your business)**
In collaboration with the Municipality of Quillota, BanAmor Foundation, La Semilla Foundation and Marca Consciente, this project provided digital tools and competitive funds to entrepreneurs in the commune, as well as enabling a portal for the promotion of local products and services. Access the [platform](#)

● **"Yo puedo, mujer emprendedora" (I can, entrepreneurial woman) program.**
Special women's entrepreneurship program in the commune of Coronel that integrated training, workshops and counseling benefiting local entrepreneurs.

● **Radio program "Voces con Energía" (Voices with Energy).**
A space for local entrepreneurs from Quillota, Los Andes, San Esteban, Santa Bárbara, Quilaco, Cochamó and Coronel to promote their products and services to the community.

 See details of Colbún's nearly 40 social projects in 2021 in appendix Chapter 5

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

REACTIVATION OF BEACH RESORTS

● **Focus**

A traditional focus of Colbun's community work has been the promotion of tourism, through the operation and construction of tourism infrastructure in the Company's hydroelectric reservoirs

● **Reopening**

After having been closed due to the pandemic in the summer 2020-2021, in December 2021 the Angostura del Biobío and Balneario Machicura resorts reopened, receiving more than 94 visits this season. Lago Chapo was added to these centers, where the Company has also built tourist infrastructure.

To learn more about these initiatives, [see](#)

● **Tourism ventures**

Through the "Incuba tu Energía" program, Colbun's Entrepreneurship Center was awarded competitive funds to support the reopening of tourism businesses in Santa Bárbara, Antuo and Quilaco. A version was also developed in Puerto Montt, through the Chapo Lake Tourism Board.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



OUTSTANDING COMMUNITY PROJECTS PERU

● Entrepreneur Ignite

Enciende Emprendedor: a program aimed at strengthening the management and leadership skills of entrepreneurs in Chilca and thus contributing to the economic reactivation of their businesses. The initiative has a gender component, Embajadoras Power, which seeks the empowerment and leadership of women entrepreneurs in the district.

● Tourism Reactivation

This project seeks to reactivate the Salinas-Chilca tourist destination through capacity building and the injection of seed capital, as well as the improvement of infrastructure and advertising promotion, all on the basis of collaborative work.

● Pandemic Support

As in 2020, both Colbun Chile and the Fenix subsidiary in Peru continued to support their corresponding communities in containing the advances of the COVID-19 pandemic. This included the delivery of medical equipment, mobilization of health personnel and the donation of health tests, among others.

● Seawater that Transforms Lives

The construction of Fenix Power Plant also included the development of a seawater desalination and purification plant with a capacity of 2,000 m3 of potable water per day. Most of this water is delivered free of charge to the district municipality of Chilca for the benefit of 8,000 inhabitants. In 2021, 347,678 m3 of potable water were delivered to the population.

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

Las Salinas Polyclinic -operated and built by Fenix- attends the healthcare needs in the towns of Las Salinas and Chilca. During the pandemic, it carried out virtual consultations with home delivery of medicines and face-to-face care, applying all safety protocols. In 2021, a mental health clinic was implemented to attend to the mental health of the district's residents.

This project contributes to SDG No. 3 on "Ensure healthy lives and promote well-being for all at all ages".



● Heroes against Hunger

Our subsidiary Fenix, in partnership with Banco de Alimentos Perú, provided four tons of food to soup kitchens in the district of Chilca, benefiting more than 600 people. In addition, the project also included capacity building for the leaders of these establishments.

● Hydroponic Orchards

Fenix installed hydroponic orchards in the soup kitchens of Chilca, providing financial savings and healthy food through crops that grow in water. This initiative is one of the commitments undertaken as part of the Blue Certificate of the National Water Authority (ANA).

These two projects contribute to SDG No. 2 on "End hunger".





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Community Investment in Chile

Pilar	Subcategory	Community investment 2021		Direct Beneficiaries 2021	
		USD\$	% del total	Amount of	% del total
Generating Confidence	Energy for Participation	297,773	8%	73,751	21%
Generating Future	Energy for Education	555,030	15%	5,103	1%
	Energy for Entrepreneurs	929,387	26%	3,303	1%
	Energy for Quality of Life - Sports, Environment and Leveraging Funds	587,441	16%	102,851	29%
	Quality of Life - Public Space and Green Areas	435,322	12%	24,700	7%
	Quality of Life - Tourism Development	383,269	11%	112,007	31%
	Quality of Life - Health	120,174	3%	36,351	10%
Other	Others	302,649	8%	805	0%
TOTAL		3,611,044	100%	358,871	100%

Notes:

* "Other" refers mainly to administrative expenses and donations to charitable institutions. It should be noted that, in accordance with the law, Colbun does not make political contributions in Chile or Peru (GRI 415-1 standard).

Community Investment in Peru

Pilar	Community Investment 2021		Direct Beneficiaries 2021		
	USD\$	% del total	Amount of	% del total	
Energy for Education	14,428	1.6%	602	1.9%	
Energy for Economic Development	76,454	8.2%	825	2.6%	
Energy for Health	325,823	35%	22,481	69.8%	
Energy for Safety	20,589	2.2%	150	0.5%	
Watr for Chilca	475,220	51.1%	8,000	24.8%	
Energy for Participation and Environmental Protection	17,523	1.9%	140	0.4%	
TOTAL		930,037	100%	32,198	100%



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



Main Socio-environmental Challenges

GRI: 413-2, Colbún-4.S0



The following complex and challenging situations arose in 2021:

● ACONCAGUA RIVER POWER PLANTS

Description

The drought affecting south-central Chile has hit hard the Valparaíso Region and the Aconcagua River Basin, where Colbun operates six run-of-river hydroelectric power plants. Some communities near these plants, particularly in areas near the Colorado River, have been severely affected by the drought, and the Company has planned various measures to deal with the situation, such as support for local RPAs, the construction of additional infrastructure and a change in the way water flows are managed.

Measures Undertaken

Colbun has met on multiple occasions with local communities to address water issues. The role of hydroelectric power plants and the legal framework that regulates water use have been explained, emphasizing that the Company operates all its works in accordance with current legislation and that a change in the allocation of flows must be approved by the respective authority (the DGA) and the Oversight Board, because it could affect the water rights of downstream owners.

Nonetheless, to promote joint solutions to address this problem, in 2020, an agreement was reached

with the Board of Surveillance of the First Section of the Aconcagua River and representatives of the Rio Colorado Neighborhood and Irrigation Board, to provide a voluntary flow of 50 liters per second (l/s) downstream of the Colbun Rio Colorado intake-mouth.

The operation of the APR in that area has also been supported, together with the promotion of efficient irrigation among the residents of Camino Internacional, through training and the delivery of drip irrigation systems. Even so, as the drought worsens, the water problem continues to be present.

● CANUTILLAR POWER PLANT, COCHAMO COMMUNE, LOS LAGOS REGION

Description

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.

Measures Undertaken

Following a request from the Chapo Lake Neighbors Board at the end of 2018, the Company proposed to the National Electric Coordinator to adapt the operating conditions of the Canutillar power plant to the new hydrological conditions of the south-central zone, in order to increase the permanent operating level of Chapo.

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 committee implemented a work program 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 develop a 430-hectare property owned by Colbun on the lakeshore for conservation, which will help add value to the area.

Despite the new elevation conditions, at the end of 2021 an investment company that owns a two-hectare piece of land on the lake shore filed a lawsuit for environmental damage in the Valdivia environmental court.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

SANTA MARIA POWER PLANT CORONEL, BIOBIO REGION

Description

Over the last two decades, the commune of Coronel has experienced significant industrial development, which has meant employment opportunities, but there have also been socio-environmental conflicts, where part of the population holds the industries responsible for pollution episodes. In this context, groups of neighbors have sponsored legal actions or complaints against the Santa María Thermal Power Plant, which began operations in 2012, with no rulings or sanctions for its environmental performance.

In this context, two cases have stood out. One corresponds to an investigation of almost six years by the Public Prosecutor's Office for a complaint of alleged pollution, which concluded in 2018 when the Prosecutor's Office decided not to pursue this case in the case of Colbun, as there was no background information to support the allegations.

The second case corresponds to a sanctioning process which although it was archived by the Environmental Superintendence, the Supreme Court ordered its reopening. This process ended at the end of 2021 with a minor infraction to Colbun due to differences between the project equipment and what was established in the Environmental Qualification Resolution of the project. From Colbun's point of view, what is relevant is that the SMA's resolution included the SEA's pronouncement, which indicated that the differences in the equipment did not merit being submitted for 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"

Measures Undertaken

We at Colbun 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 Maria power plant through various technologies designed to mitigate and reduce impacts. 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.

SAN PEDRO HYDROELECTRIC POWER PLANT PROJECT, COMMUNES OF LOS LAGOS AND PANGUIPULLI, LOS RIOS REGION

Description

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.

The presentation of this EIA triggered opposition to the project from some local stakeholders, including environmental groups, kayakers, and local politicians. A second Icsara was issued at the end of 2021, setting May 2022 as the deadline for responding to these observations.

Measures Undertaken

In the last two years, Colbun carried out multiple additional studies and reports to respond to the observations presented in the first Icsara regarding the San Pedro Hydroelectric Power Plant modification project. At present, the Company is evaluating the new observations presented by the authority.

CARENA POWER PLANT CURACAVÍ COMMUNE, METROPOLITAN REGION

Description

During November 2020, an accident occurred in the Las Mercedes Canal, more specifically a collapse of the Patagüillas Tunnel, which is part of the infrastructure that allows transporting water for hydroelectric generation in the Carena Power Plant and then to irrigate the fields in the communes of Curacaví and María Pinto. As a consequence of the tunnel collapse, water transport was suspended for almost twenty (20) days, affecting farmers in the area and, to a lesser extent, electricity generation.

Measures Undertaken

The tunnel has been repaired and a process of discussion is underway with the farmers in the area to settle the case. In addition, during the period when the canal was cut, water trucks were contracted for small farmers and fodder delivery.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements




Community and Human Rights

GRI: 406-1, 411-1, 412-1, 103-2



Based on the reviews conducted by Colbun, during the year 2021 there were no cases of Human Rights violations of indigenous peoples, and we did not receive any cases of discrimination or infringement of community rights in the Ethics Line, neither in Chile nor in Peru.

However, in 2021, an Invalidation against the RCA of the Company's Diego de Almagro FV Project was filed before the Environmental Assessment Service (SEA) of the Third Region, presented by the Colla-Diaguita Indigenous Community, claiming archaeological and anthropological impacts, which was rejected by the SEA. The case is under review before the Environmental Court of Antofagasta.

 *More details in annexes to Chapter 4*



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change**
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Chapter 05

• • • •

Environmental Performance and Climate Change

- 5.1 Environmental Management and Footprint
- 5.2 Climate Change
- 5.3 Water Resources and Drought
- 5.4 Waste Management
- 5.5 Local Atmospheric Emissions
- 5.6 Biodiversity







5.1

Environmental Management and Footprint

GRI: 103-2, 103-3
 NCG 461: 8.1.3

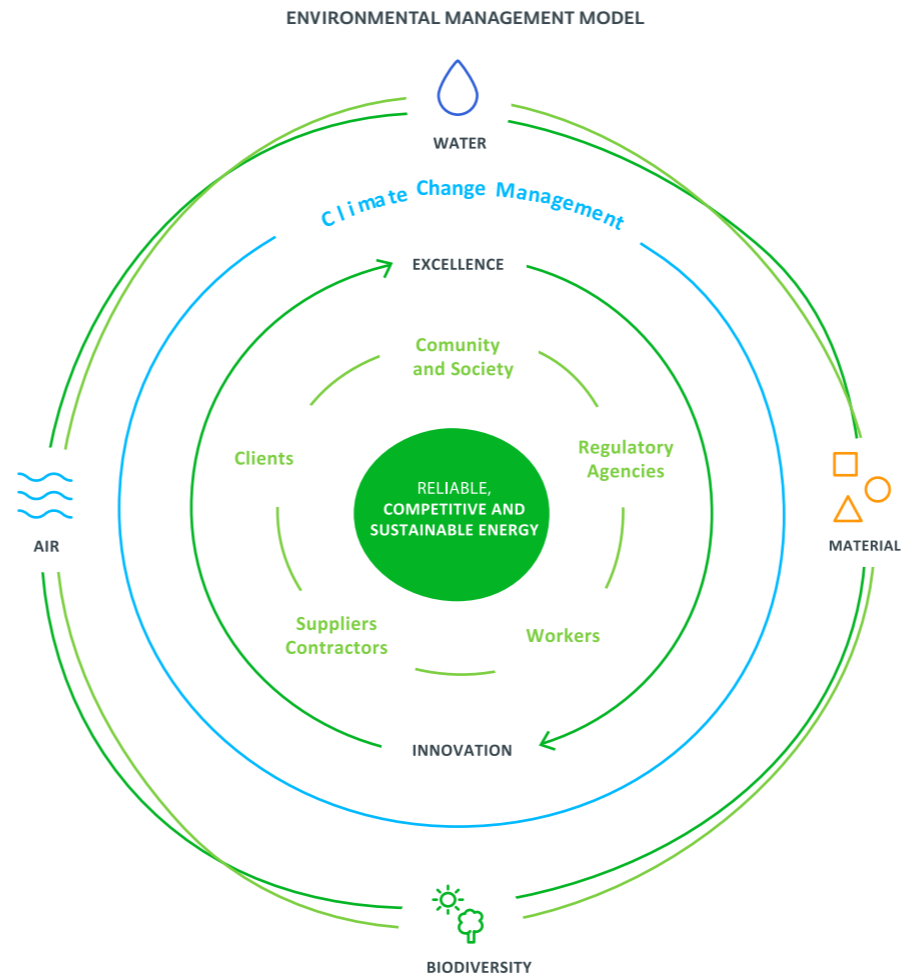
Management Model

● **OBJECTIVE**

Colbun counts with an environmental management model that seeks to guide its actions in this area and is based on four axes..    

● **CERTIFICATION**

Colbun has certified its environmental management system under ISO 14001, ensuring that the company has environmental goals and objectives, policies and procedures consistent with those goals, defined responsibilities, training programs, documentation and a follow-up and monitoring system.



AIR

We seek to minimize the effects of our fossil-fuel-fired power plants, both on local air quality and by reducing our carbon footprint.



WATER

We measure our water footprint and have developed a number of operational and non-operational water consumption reduction initiatives.



MATERIALS

A circularity approach is incorporated in the raw materials required for our activities and in the waste they produce



BIODIVERSITY

We promote biodiversity care through the protection or conservation of ecosystems with environmental value found in our territories.




- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Environmental Footprint



The Company is managing its Environmental Footprint, with goals, indicators and action plans in three areas:



CARBON FOOTPRINT
Objectives and Targets

- To be a carbon neutral company by 2050.
- Reduce net CO₂ emission factor by 30% by 2025 and 40% by 2030⁽¹⁾ in Chile*.

 [Watch video to learn more about what the Carbon Footprint is](#)




WATER FOOTPRINT
Objectives and Targets

- Reduce freshwater use per energy generated by 40% by 2025 and 45% by 2030*.
- Reduce freshwater use in non-operational activities by 40% by 2025.



WASTE FOOTPRINT
Objectives and Targets

- Reach 98% recovery of ashes from Santa Maria Power Plant by 2025 (representing 98%-99% of Colbun's waste).
- Decrease the generation of waste other than ashes and increase its valorization.

 [View Environmental Footprint Management details](#)

(1) Net Emission Factor (ton CO₂e/MWh) = (Emissions generated - Emissions offset)/Energy Produced.

** Carbon Footprint and Operational Water Footprint targets consider a P80 hydrological scenario, equivalent to the average hydroelectric energy of the last 10 years.*

5.2 Climate Change

GRI: 103-2, 103-3, 201-2, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7
NCG 461: 3.1.ii, 3.6.i, 3.6.ii.a, 4.2



Management Model

● OBJECTIVE

For two decades, Colbun has been implementing initiatives and actions related to its carbon footprint and climate change.

In March 2021, the Board of Directors approved an update of this Strategy, reflected in the Environmental Footprint, setting the goal of being a carbon neutral company by 2050.

● ASSOCIATED RISK MANAGEMENT

Among the risks monitored and evaluated by the Company's Corporate Risk area are those associated with changes in weather patterns. These have been evaluated along with the Climate Change area, considering eventual regulatory modifications related to this challenge. More specifically, a quantification has been performed of how the lower availability of water for hydroelectricity could impact generation levels and costs.

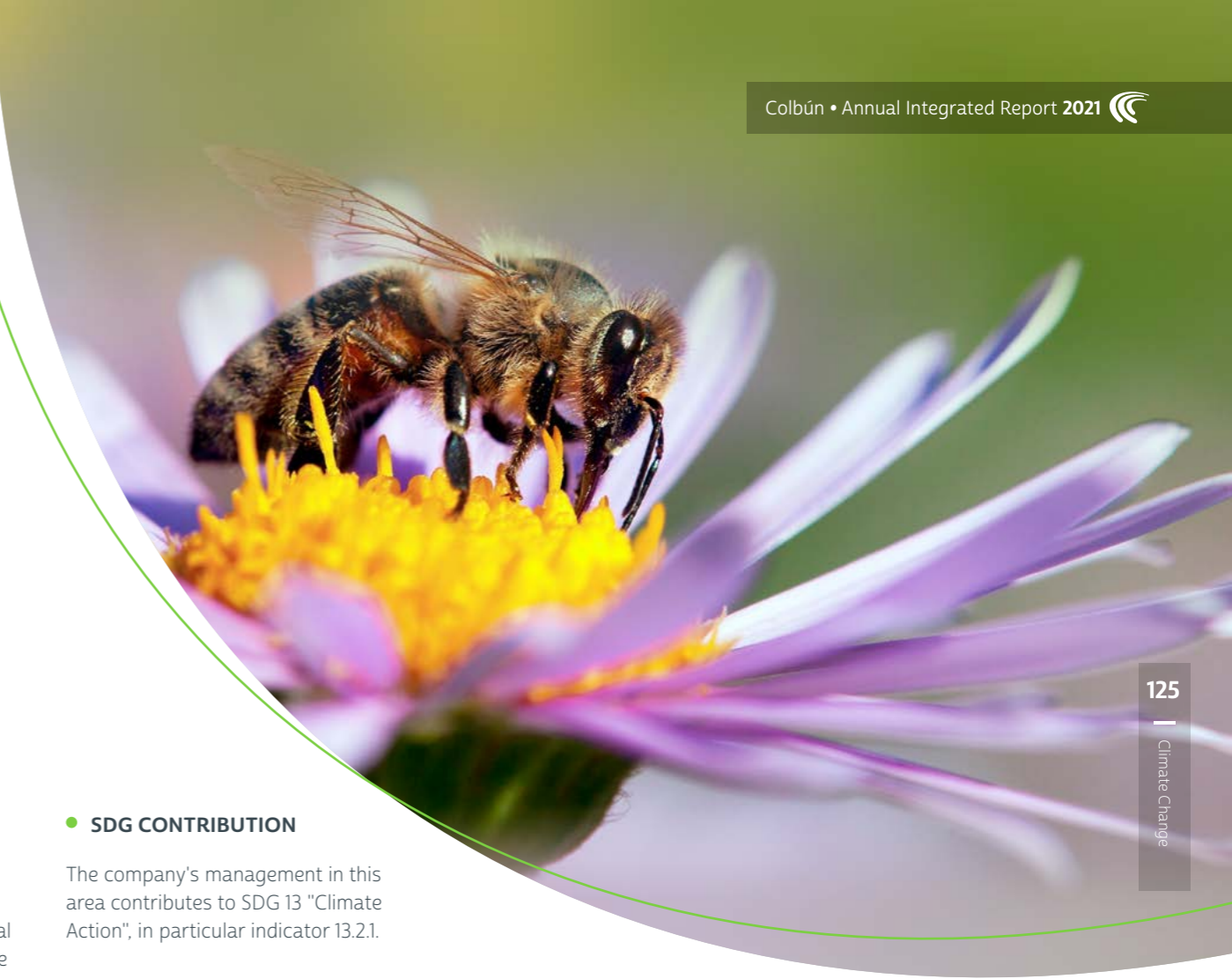
For more information on the Governance of Climate Change Risk Management, see [page 181](#).

● TCFD ALIGNMENT

During 2020 and 2021 Colbun has worked to deepen the analysis of our risks related to Climate Change, considering the international recommendations provided by the Task Force on Climate-related Financial Disclosure, TCFD, and reduce the implementation gaps in 2022.

● SDG CONTRIBUTION

The company's management in this area contributes to SDG 13 "Climate Action", in particular indicator 13.2.1.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Climate Change Strategy



OUR FOCUS

We seek to manage the risks associated with Climate Change while identifying opportunities to strengthen the Company's competitive position.

HOW WILL WE ACHIEVE OUR GOALS AND CARBON NEUTRALITY?

- Developing our ambitious Renewable Energy Plan (Solar and Wind).
- We reaffirm the commitments made in the June 2019 Decarbonization Agreement, promoting an energy transition that considers the security of the electricity system, its operating costs of the Electricity System and environmental impacts.
- Using cost-efficient market instruments (carbon credits or functional equivalents).
- Developing energy efficiency programs in the Company's operations and for our customers.
- Implementing offset initiatives through nature-based solutions.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Our Carbon Footprint



On an annual basis, since 2001 Colbun has been measuring and verifying its carbon footprint in Scope 1, 2 and 3, both in its operations in Chile and Peru, including corporate offices.



Performance Chile

SCOPE 1

Considers direct Greenhouse Gas (GHG) emissions, including fossil fuel consumption for the Company's generation units and vehicles, SF6 leaks in electrical equipment and methane emissions in reservoirs. In 2021 direct emissions increased by 14% compared to 2020, due to the drought and the resulting need for increased operation of thermal units, which was also a constant for the Electric System as a whole. The 2021 operation of thermal units accounted for 99.9% of Colbun's carbon footprint.

SCOPE 2

Concerning indirect emissions from energy consumption and distribution, at certain times our plants need to consume electricity from the grid (when they are out of service or undergoing maintenance processes). In 2021, our Scope 2 emissions increased by 9%, also influenced by the effect of the drought.

SCOPE 3

Regarding other indirect emissions, which include transportation of workers, travel, fuel transportation and solid waste generation, there was an increase of 56% compared to 2020, as a result of an increase in fuel transportation due to higher thermal generation, as well as an increase in transportation of workers, travel and waste generation due to an increase in general activity compared to the previous year.

Corporate offices located in Santiago neutralized their carbon footprint with our own carbon credits last year, as has been the case since 2012.

TOTAL GHG EMISSION - COLBUN IN CHILE (UNIT tonCO₂e)
(305-1, 305-2, 305-3)

	2018	2019	2020	2021
Scope 1	3,693,729	3,373,899	3,509,147	3,988,633
Scope 2	8,954	10,234	7,932	8,680
Scope 3	28,490	27,289	22,445	35,063
TOTAL	3,731,173	3,411,422	3,539,524	4,032,376

Note 1: This table considers the GHG emissions of all Colbun's power plants in Chile, plus Head Office. Regarding Colbun Transmisión S.A., whose sale was finalized on October 1, 2021, only emissions from vehicles owned by the Company are considered.

Note 2: For Scope 2, emissions from energy consumed from the National Interconnected Electrical System (SEIN) are considered.

Performance Perú

Quantification of Fenix emissions in 2021 included diesel and natural gas consumption, Company vehicles and SF6 leaks in electrical equipment (Scope 1), in addition to emissions generated by energy consumption used in the power plant (Scope 2), and by the generation of GHGs from the decomposition of solid waste generated at the plant and business trips (Scope 3). The increase in emissions was due to increased generation at the power plant.

TOTAL GHG EMISSION - COLBUN PERU (UNIT: tonCO₂e)
(305-1, 305-2, 305-3)

	2018	2019	2020	2021
Scope 1	1,727,088	1,500,126	1,011,242	1,230,933
Scope 2	268	312	1,505	810
Scope 3	603	1,104	1,108	1,443
TOTAL	1,727,959	1,501,542	1,013,855	1,233,186

Note: For Scope 2, emissions from energy consumed by the National Interconnected Electricity System (SEIN) are considered.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

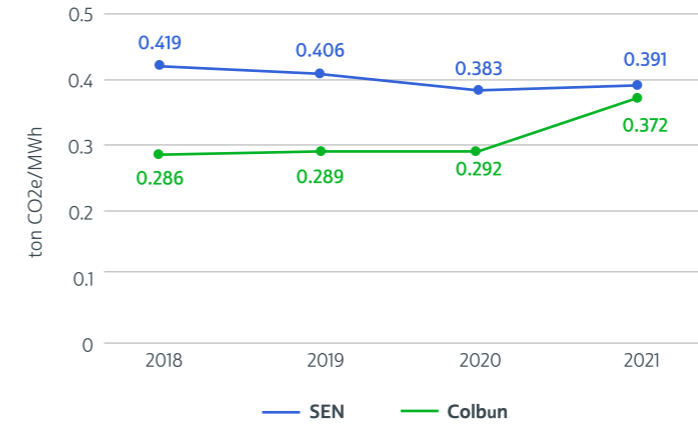
08 Financial Statements

CO₂ Emission Factor



2021 PERFORMANCE

GHG emission factor of the National Electric System (SEN) for 2021 was 0.391 ton CO₂e/ MWh, while Colbun's was 5% lower, reaching 0.372 ton CO₂e/ MWh in Chile, although 27% higher than in 2020 due to the deepening of the drought and the consequent higher generation based on fossil fuels. Commissioning of the Company's renewable projects will contribute to the reduction of the emission factor.

EVOLUTION OF COLBÚN'S EMISSION FACTOR IN CHILE V/S SEN

CO₂ emission factor of the SEN 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'S GREENHOUSE GAS EMISSION FACTOR -CHILE (305-4)

Emissions from Fuel consumption	2018	2019	2020	2021
Diesel (ton CO ₂ e)	60,109	54,644	57,743	234,000
Coal (ton CO ₂ e)	2,193,464	1,646,739	1,901,532	2,175,243
Natural Gas (ton CO ₂ e)	1,436,476	1,668,957	1,547,129	1,576,128
Gross Generation (GWh)	12,880	11,647	11,991	10,705
Emission Factor (ton CO₂/MWh)	0.286	0.289	0.292	0.372

COLBUN'S GREENHOUSE GAS EMISSION FACTOR -PERU (305-4)

Emissions from Fuel consumption	2018	2019	2020	2021
Diesel (ton CO ₂ e)	7,983	1,059	5,913	1,096
Natural Gas (ton CO ₂ e)	1,719,040	1,499,049	1,005,329	1,229,826
Gross Generation (GWh)	3,914	3,767	2,861	3,427
Emission Factor (ton CO₂/MWh)	0.441	0.398	0.353	0.359



Emission Reduction Certified Power Plants



● OUR FOCUS

As part of its Climate Change Strategy, Colbun has defined that all eligible projects must be registered under recognized carbon credit market standards. Colbun has five hydroelectric power plants and one solar photovoltaic plant accredited to issue carbon credits either under the Verified Carbon Standard (VCS) or as part of the Clean Development Mechanism (CDM).

● 2021 PERFORMANCE

Colbun's accredited power plants contributed an estimated emissions reduction of 259,614 tons CO₂e during 2021. This figure represents a 16% decrease compared to 2020, which is explained by the lower energy generation in hydroelectric plants due to lower hydrology.



To learn more about accredited emission reduction centers, click here.

REDUCTION OF CO₂ EMISSIONS AT COLBUN'S MDL AND VCS POWER PLANTS (305-5)

POWER PLANT	START-UP OF OPERATIONS	ACCREDITATION DATE	2018	2019	2020	2021
Chacabuquito	2002	2007	57,087	45,148	53,777	55,269
Hornitos	2008	2008	87,927	80,447	60,674	67,988
Quilleco	2007	2008	156,826	167,680	130,429	96,185
San Clemente	2010	2011	8,194	5,773	5,029	5,253
La Mina	2017	2017	45,254	39,048	47,449	23,166
Ovejería	2018	2019	6,508	12,761	12,359	11,753
Total CO₂ emission reductions			361,796	350,857	309,717	259,614



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Best Practices on Climate Change



INTERNAL CARBON PRICE

We allocate a price to carbon emissions when evaluating our projects.

CDP (EX CARBON DISCLOSURE PROJECT)

Each year, Colbun reports its climate change performance to the CDP, a leading international non-governmental reporting organization. In 2021, our Company achieved the B Management category in its report to the CDP.

Huella Chile Seal: For the fourth consecutive year in 2021, 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 is in addition to the awards in the Quantification and Reduction categories.

● to their business.

OTHER INITIATIVES

We are monitoring and evaluating initiatives such as Science Based Target (SBT) in the context of evaluating the goals and commitments assumed on the road to carbon neutrality. At present, this type of initiative does not consider the contribution of offsetting 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.

PARTNERSHIP ACTION

CLG: The company is a member of the Climate Change Corporate Leaders Group(CLG Chile), which promotes policies and actions for a transition to a less emission-intensive economy.

OTHER COMMITTEES: Colbun actively participates in the Climate Change Executive Committee of Acción Empresas, in the group Líderes ODS 13 "Acción por el Clima" of the Global Compact and in the Climate Change Committee of Generadoras de Chile.

PROGRAMS: Between 2020 and 2021, we participated in the "Impacta Positivo" and "Futuro Sostenible" programs of Accion

- 1** Empresas, whose objectives are: Encourage companies to manage their emissions and contribute to Chile's commitment to carbon neutrality by 2050;
- 2** Foster companies to assume the risks and opportunities that climate change brings

New Green Tax Regulation

EU5

Law 21,210, which modernized tax legislation, included environmental management instruments known as Green Taxes, which are levied on emissions of particulate matter (PM), nitrogen oxides (NOx), sulfur dioxide (SO2) and carbon dioxide (CO2).

Taxpayers subject to the green tax may offset all or part of their taxable emissions by implementing emission reduction projects.

GREEN TAXES PAID BY COLBUN IN CHILE (EU5)

ATMOSPHERIC EMISSIONS	2018 (TONS)	2019 (TONS)	2020 (TONS)	2021 (TONS)
CO ₂	4,127,828	3,710,980	3,979,192	4,284,805
NO _x	4,138	3,124.60	3,732	4,447
MP	106	100	79.05	107
SO ₂	1,810	1470	1,343	1,816
Taxes paid (USD)	23,255,492	20.766.997	22,462,018	*

As of the closing date of this Report, the amount of the green tax has not been issued by the SII.(Servicio de Impuestos Internos - Internal Revenue Service)

5.3

Water Resources and Drought

GRI: 103-2, 103-3, 302-4, 303-1, 303-3



● GENERAL CONTEXT

Chile is facing a "mega-drought", characterized by a persistent decrease in precipitation in most of the basins in the central-southern part of the country. 2021 was especially critical, ranking among the driest years in history.

● OUR APPROACH

The Company is striving for a more efficient use of water, establishing goals to reduce the use of fresh water for thermal generation and administrative uses of the facilities.

Water Use in Hydroelectric Generation (operational use)

303-3



ROLE OF HYDROELECTRIC POWER PLANTS

The Company is striving for a more efficient use of water, establishing goals to reduce the use of fresh water for thermal generation and administrative uses of the facilities.




GENERATION

In 2021, dry hydrological conditions persisted in most of the basins where several of our facilities are located. More specifically, Colbun Complex, Angostura Power Plant, and Rucue-Quilleco power plants decreased their generation by -34%, -29% and -21%, respectively, as compared to 2020. In addition, interaction and coordination efforts with irrigators and other stakeholders in these basins, also affected by the drought, had to be redoubled.



WATER AND HYDROPOWER

Hydroelectricity captures water from watercourses, turbines it and then returns it to the source in the same conditions without consuming it. This makes hydroelectricity a 100% renewable energy source.

 *To learn more about how a hydroelectric power plant operates, watch video*



30.2% decreased Colbun's hydroelectric 30.2% generation by 2021

TOTAL WATER WITHDRAWN, TURBINED AND RETURBINED FOR HYDROELECTRIC GENERATION, AND RETURNED TO THE SOURCE IN CHILE (NON-CONSUMPTIVE USE) UNIT: MILLIONS OF M³/YEAR

POWER PLANT	WATER SOURCE	2018	2019	2020	2021
Colbun Complex	Collected and Turbined	5,078	3,776	4,629	3,098
	Returbined	6,618	4,523	6,023	3,612
Canutillar Power Plant	Collected and Turbined	1,708	1,165	2,002	1,018
Carena Power Plant	Collected and Turbined	258	132	131	169
Rucúe-Quilleco Power Plant	Collected and Turbined	1,853	2,011	1,635	1,316
	Returbined	1,786	1,943	1,511	1,114
Aconcagua Complex	Collected and Turbined	999	834	908	915
	Returbined	79	71	32	49
Angostura Power Plant	Collected and Turbined	10,396	9,805	7,859	5,581
Total water collected and returned to the source		20,293	17,722	17,164	12,097
Total Returbined water (serial power plants)		8,483	6,536	7,566	4,775
Total turbined and returbined water		28,776	24,258	24,730	16,872



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Energy Efficiency: Water Reuse in Hydroelectric Power Plants

303-3



● OUR APPROACH

In order to promote energy efficiency and the sustainable use of this resource, several of Colbun's power plants are built in "hydraulic series", allowing the same water to be reused before it is returned to the natural source, maximizing the generation of energy with the same resource.

● 2021 PERFORMANCE

Machicura and San Ignacio power plants stand out in this process, contributing 21% of the total generation of the Colbun Complex in 2021, as well as Quilleco power plant, which contributed 27% of the generation of the Rucúe-Quilleco series of power plants for the same year.

A 40% of the flows that Colbun captures from the watercourses and uses for its operation are reused in more than one of the Company's power plants.

Turbined Water Prior to Irrigation Delivery



Along with hydroelectric generation, Colbun Reservoir plays an important role as a water storage site for irrigators. In addition, in some of Colbun's hydroelectric facilities, water is returned through different agricultural irrigation systems. This restitution is done respecting the water rights that each irrigation system has. The following stand out:

● MACHICURA RESERVOIR POWER PLANT

A portion turbined water from this power plant is delivered to the Maule Sur 1, 2 and 3, San Clemente and Duao Zapata irrigation canals, among others.

● CHIBURGO RUN -OF-RIVER POWER PLANT

Generates water from the Colbun reservoir, which is subsequently delivered to the Maule Sur irrigation canal.

● SAN CLEMENTE RUN-OF-RIVER POWER PLANT

By using the slope created along the Sanatorio creek, it generates energy with water that is then used for irrigation.

ENERGY GENERATED WITH WATER USED FOR IRRIGATION (UNIT OF MEASUREMENT: GWh)

Power Plant	2018	2019	2020	2021
Machicura	351	263	322	221
San Ignacio	147	87	133	63
Chiburgo	66	67	70	60
San Clemente	16	13	11	12
TOTAL	580	430	535	356

DESCRIPTION

Power plants that utilize water flows prior to irrigation delivery

In 2021, the power generation of Machicura, San Ignacio, Chiburgo and San Clemente power plants, which use water that is then used for irrigation, dropped 33% due to the drought.

Water Use in Thermolectric Generation (Operational Use)

Colbun uses seawater and fresh water in the cooling processes of its thermolectric power plants.

GRI: 303-1, 303-5



USE OF SEA WATER (303-1)

In Chile, Santa María Thermolectric Power Plant uses seawater for its cooling processes, returning it to the same source after use.

SEAWATER COLLECTED AND RETURNED TO THE SOURCE IN CHILE (UNIT OF MEASUREMENT: M³/YEAR) (303-1)

WATER SOURCE	2018	2019	2020	2021
Sea water collected	343,196,782	267,179,782	346,197,079	327,847,030
Sea water returned to the source	s/i	266,839,525	345,670,699	327,316,425
SEA WATER CONSUMPTION	-	340,257	526,380	530,605



USE OF FRESH WATER

Calculation of fresh water used by Colbun considers the water captured from the basin where the power plant is located, from which the water discharged or returned to it after internal processes is subtracted. In Chile, total fresh water withdrawal increased 3% during the year 2021, due to a higher generation of diesel power plants because of the drought. But net water consumption decreased 9% compared to 2020, which is due to the increase in the discharge of treated water, which doubled compared to the previous year.

EXTRACTION, DISCHARGE AND CONSUMPTION OF FRESH WATER IN CHILE (CONSUMPTIVE) (UNIT: M³/YEAR) (303-1) (303-4) (303-5)

FRESH WATER EXTRACTION - CHILE		
WATER SOURCE	2020	2021
Surface water (river/lake)	49,758	26,789
Operational use	0	0
Non-operational use	49,758	26,789
Groundwater	3,920,707	4,063,752
Operational use	3,762,807*	3,944,491**
Non-operational use	157,899	119,261
Municipal Water	26,138	35,205
Operational use	10,871	16,243
Non-operational use	15,267	18,962
TOTAL WATER COLLECTED	3,996,603	4,125,746

TREATED WATER DISCHARGE		
Destination water source	2020	2021
Surface water (river/lake)	423,284	860,178
TOTAL WATER DISCHARGE	423,284	860,178

FRESH WATER CONSUMPTION IN CHILE		
Fuente de agua	2020	2021
Surface water (river/lake)	49,758	26,789
Groundwater	3,521,088**	3,203,574
Municipal Water	26,138	35,205
TOTAL WATER CONSUMPTION	3,573,319	3,265,568

Notes:

* Includes a fraction of groundwater supplied by third parties.

** Total net consumption of fresh water = [total fresh water withdrawn] - [total water discharged]. [total water discharged].

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements



WATER REUSE

The volume of waste water generated by the Nehuenco Reverse Osmosis Plant, which is reused by a receiving industry, reached 232,438 cubic meters in 2021, which implies a decrease of 30% compared to 2020. In 2021 the ROP operated for 7 continuous months. The 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. Furthermore, in this same Complex, a numerical model of the aquifer has been optimized for several years, to anticipate its availability, providing relevant information for the security of supply.



SDG CONTRIBUTION

Contributes to SDG No. 6 on "Clean Water and Sanitation", in particular indicators 6.4.1 and 6.4.2.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Non-Operational Water Use (Offices and Irrigation)

GRI: 303-1, 303-2



2021 RESULTS

As a result of the work done towards the corporate goal of reducing the extraction of fresh water for non-operational use, last year the consumption of non-operational water (i.e., not used in power generation) decreased 33% compared to 2020, reaching 165 thousand cubic meters.

Efficient Water Management



Reduction in non-operational fresh water consumption during 2021 was largely achieved thanks to the development of the following projects focused on efficient water management.



LOS PINOS POWER PLANT

The power plant signed the Blue Certificate Clean Production Agreement (APL), an instrument through which participating companies implement specific resilience actions to address the adverse effects of climate change.



COLBUN POWER PLANT

We completed the project to recover 100% of the water treated at the Wastewater Treatment Plant (WWTP), which will be used to irrigate green areas. It is estimated that 5 to 10 m3 of treated water will be recovered daily, a volume that will contribute directly to the reduction of the plant's water footprint.



LA MINA POWER PLANT

A rainwater harvesting system was installed on the roof of the power plant's powerhouse, allowing it to accumulate between 50 and 90 m3 of water per year. This water will be used for sanitary services, contributing directly to reducing the extraction of fresh water.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



NEHUENCO COMPLEX

The traditional green areas with grass were transformed into low water consumption xerophytic landscaping, together with the installation of technified irrigation. A 60% to 70% reduction in the use of fresh water for irrigation is expected. At the Los Quilos power plant, work also began on changing the green areas.



CANUTILLAR POWER PLANT

An innovative system for the production of water from atmospheric humidity was installed, which partially replaces the consumption of containers and helps reduce the plant's water footprint.



CANDELARIA POWER PLANT

The power plant reuses the water treated at the Wastewater Treatment Plant (WWTP) to irrigate its reforestation areas. This reuse avoids the extraction of fresh water for an annual volume of approximately 1,000 m3, contributing directly to the reduction of its Water Footprint.

Water Use in Perú

GRI: 303-1, 303-3, 303-5



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

• Use of Water



Fenix Power Plant in Peru uses water collected from the ocean for its processes and avoids all consumption of groundwater and inland water. In the case of the cooling system, the seawater collected reached a volume of 293 million cubic meters in 2021.



A portion of the collected water goes through a desalination and potabilization process, which can generate up to 2,500 m³ of potable water daily. A small percentage of this last resource goes to the internal consumption of the power plant, and the majority is delivered to the District Municipality of Chilca, which is in charge of its distribution for the benefit of the local population.



SDG CONTRIBUTION

The contribution of drinking water to the community is a relevant contribution to SDG No. 6 on "Clean Water and Sanitation", in particular indicator 6.1.1.

SEAWATER COLLECTED AND RETURNED TO THE SOURCE IN PERU (UNIT OF MEASUREMENT: M³/YEAR) (303-1)

USE OF WATER	2018	2019	2020	2021
Water used for cooling processes at Fenix Power Plant *	288,407,521	260,220,997	235,755,113	292,997,301
Water supplied to the community **	399,027	414,601	386,777	347,678
Water consumed by the plant's administrative offices ***	4,982	4,896	5,069	4,615
Water consumed for firefighting system and irrigation of green areas ****	18,157	17,188	12,787	15,720
Total seawater collected	288,829,687	260,657,683	236,159,747	293,365,315
Total seawater returned to source	288,407,521	260,220,997	235,755,114	292,997,301
SEAWATER CONSUMPTION	422,166	436,686	404,633	368,014

* Seawater used for cooling is returned to its source (includes industrial effluent).

** Corresponds to desalinated and potabilized water delivered to the District Municipality of Chilca.

*** Corresponds to desalinated and potabilized water for internal use of the Fenix plant operation.

**** Corresponds to desalinated water for the fire-fighting system, for testing exercises of the same system, and for irrigation of green areas.

• Water Reuse in Peru

Fenix Power Plant has a system for treating and reusing 80% of domestic wastewater, thus recycling 3,692 cubic meters of gray water in 2021 to supply part of the plant's green area irrigation requirements.

SEAWATER REUSED IN PERU (UNIT OF MEASUREMENT: M³/YEAR) (303-3)

REUSED WATER	2018	2019	2020	2021
Water consumed by the plant's administrative offices	4,982	4,896	5,069	4,615
Graywater reused for irrigation	3,985	3,916	4,055	3,692
% water reused	80%	80%	80%	80%

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

5.4 Waste Management

GRI: 306-1, 306-2, 306-3, 306-4, 306-5

Ash

More than 98% of the Company's waste generation comes from the ashes (fly ash and slag) of Santa María Thermoelectric Power Plant. In 2021, 61% of this ash was valorized and the rest was sent to a specially authorized disposal site owned by the Company. A total of 97.7% of the recovered ash was used by cement companies and the remaining 2.3% was used in an innovative process implemented by the plant that allows the slag to be recirculated in the combustion process. Colbun will continue to work on initiatives such as these to increase the percentage of valorization, with new applications in the cement industry and others in the sector.

Other wastes

- **NON HAZARDOUS WASTE**

Non-hazardous waste other than ashes corresponds to waste assimilated to domestic waste and includes organic waste, bags, plastics and others, as well as industrial waste. This increased in 2021 mainly due to the emptying of pits and chambers to carry out work at the sewage treatment plant, together with the generation of debris from projects at power plants, decommissioned items and removal of sludge in septic tanks, among others.

In addition, in 2021, approximately 230 tons of non-hazardous waste associated with the construction of renewable projects were generated, which did not exist in previous years.

- **HAZARDOUS WASTE**

Hazardous waste generated by our facilities corresponds to solids contaminated with fuels, used industrial oils, fluorescent tubes, paint containers, solvent containers, electronics, batteries. The generation of hazardous waste at plants decreased by 70% in 2021.





Initiatives

GRI: 306-1, 306-2

● CANDELARIA POWER PLANT

Improvements were made to its oily water separator to reduce the generation of oil-contaminated water.

● ACONCAGUA COMPLEX

A composting project was initiated at this complex and the project is being evaluated for replication at Nehuenco.

● SUSTAINABLE SUPPLY

A commitment was made to source materials from FSC or PEFC certified forests (stationery, wood, packaging or similar).

● CLEAN PRODUCTION AGREEMENTS

The Colbun and Nehuenco Complexes signed the Clean Production Agreement (APL) "Transition to the Circular Economy", an initiative of Chile's Sustainability and Climate Change Agency and Acción Empresas.

● FACE MASK PILOT PROJECT

A pilot project for the recycling of face masks was launched in the Biobío Region along with the Technological Development Unit of the Universidad de Concepción.

● TRAZAPP

An online traceability tool for wastes other than ashes was implemented and is currently in the white phase.



SDG CONTRIBUTION

These initiatives contribute to SDG No. 12 on Responsible Consumption and Production, in particular 12.5, which states "By 2030, significantly reduce waste generation through prevention, reduction, recycling and reuse".

TOTAL WEIGHT OF WASTE GENERATED - CHILE (IN TONS)

Waste composition	GENERATED WASTE				WASTE FOR DISPOSAL				VALORIZED WASTE			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Power Plants												
Non - hazardous waste - Ash	102,962	74,793	84,760	87,114	53,979	27,017	36,249	34,153	48,983	47,776	48,511	52,961
Non - hazardous waste - Other	490	352	568	1,077	461	311	563	986	29	41	5	91
Hazardous waste	270	262	422	176	270	262	422	124	0	0	0	52
Projects												
Non - hazardous waste - Other	N/A	N/A	N/A	231	N/A	N/A	N/A	92	N/A	N/A	N/A	138
TOTAL WASTE	103,722	75,407	85,750	88,598	54,710	27,590	37,234	35,355	49,012	47,817	48,516	53,243

TOTAL WEIGHT OF WASTE GENERATED - PERU (IN TONS)

Waste composition	GENERATED WASTE				WASTE NOT DESTINED FOR DISPOSAL				VALORIZED WASTE			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Hazardous waste	105	92	59	223	s/i	s/i	2	145	s/i	s/i	58	78
Non - hazardous waste	135	598	433	484	s/i	s/i	11	120	s/i	s/i	423	364
TOTAL WASTE	240	690	493	707	s/i	s/i	12	266	s/i	s/i	480	442

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change


06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

5.5 Local Atmospheric Emissions

GRI: 103-2, 103-3, 305-7


● **WHAT ARE THEY?**

Colbun's local atmospheric emissions come exclusively from the thermal power plants that the company operates. The main gases are particulate matter (PM), nitrogen oxides (NOx) and sulfur dioxide (SO2).

● **HOW ARE THEY REGULATED?**

These emissions are governed by the emission standards for thermoelectric 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.

2021 PERFORMANCE

Last year all of Colbun's power plants complied with the limits established for stack emissions.

Emissions monitoring



● **HOW IS IT DONE?**

Emissions are monitored and tracked through redundant continuous emissions monitoring systems (CEMS) for the Santa María power plant and the two combined cycles of the Nehuenco Complex, with a monitoring rate of around 99%.

● **HOW ARE THE RESULTS VALIDATED?**

CEMS follow rigorous protocols for validating and assuring the quality of the information, which are tested annually before the supervisory authority. For the backup power plants (Nehuenco III, Los Pinos and Candelaria) an abbreviated methodology is used, approved by the supervisory authority.

● **ONLINE ACCESS**

In February 2021, a process of online connection of the CEMS was successfully completed, which also made the historical emissions data of the Santa María and Nehuenco power plants available to the Environmental Superintendency.

● **EMISSIONS VARIATION**

In 2021, the mass emissions of Particulate Matter and Sulfur Dioxide registered an increase compared to 2020, mainly due to the higher number of operating hours of the Santa María power plant, derived from the lower availability of water resources.


The mass emissions of Nitrogen Oxides (NOx) also increased with respect to the previous year, due to the increase in the operating hours of the thermal power plants as a whole, also related to the drought affecting the country.

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Air Quality Monitoring

OPEN AND ONLINE INFORMATION

The air quality monitoring stations around our power plants at Santa María and Nehuenco Complex are connected on-line to the National Air Quality Information System (SINCA) of the Ministry of the Environment. Its data is publicly accessible and in real time.

 [To access to air quality stations, click here.](#)

CONNECTION WITH SMA

As a result of a request from the Environmental Superintendency, all the air quality and meteorological variable monitoring stations -13 in total- of the Santa María, Nehuenco, Candelaria and Los Pinos power plants are connected online with the SMA.

MONITORING STATIONS TRANSFERS

In 2021, the process of technical transfer and supervision of the air quality stations in the municipality of Coronel to the Environment Ministry was completed, ensuring their correct operation and timely delivery of information to the public and supervisory bodies.

ATMOSPHERIC EMISSIONS FROM COLBUN'S FIXED SOURCES IN CHILE (TONS/YEAR)
(305-7, IF-EU-120A.1)

EMISSIONS Type of Gas	PERIOD			
	2018	2019	2020	2021
NOx	4138.4	3132.9	3733	4446
SOx	1810	1470.4	1384	1816
MP	106.1	100	79.1	107
Mercury*	*	*	*	*

* As required by the D.S.13/2011 MMA, it is mandatory to carry out 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 María power plant during the year 2021, indicated an average concentration of Mercury (Hg) of 0.0011 mg/m³N. This value is well below the D.S.13/2011 limit of 0.1 mg/Nm³. The increase in average concentrations, regarding previous years, is mainly due to the characteristics of the bituminous coal used.

ATMOSPHERIC EMISSIONS FROM FIXED SOURCES EMISSIONS FROM COLBUN IN PERU (TON/YEAR)
(305-7, IF-EU-120A.1)

EMISSIONS Type of Gas	PERIOD			
	2018	2019	2020	2021
NOx	1124	1071	812	973

Notes: Data 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 sets a continuous measurement standard.

It should be noted that since the Fenix plant operates with natural gas, PM and SO₂ emissions are not relevant.

LEVEL OF EMISSIONS FROM THE SANTA MARÍA COMPLEX

Year	PM (mg/ Nm ³)	Regulation limit MP (mg/Nm ³)	NOx (mg/ Nm ³)	Regulation limit NOx (mg/Nm ³)	SO ₂ (mg/ Nm ³)	Regulation limit SO ₂
2018	6.8		338		173	
2019	8.2	50	310	500	188	400
2020	7.9		336		131	
2021	9.5		347		178	

EMISSIONS LEVEL OF THE NEHUENCO COMPLEX

Tehnology	Year	PM (mg/ Nm ³)	Regulation limit PM (mg/Nm ³)	NOx (mg/ Nm ³)	Regulation limit NOx (mg/Nm ³)	SO ₂ (mg/ Nm ³)	Regulation limit SO ₂
Natural Gas	2018			22.2			
	2019			22.3			
	2020		N/A	22.7	50	N/A	
	2021			25.6			
Diesel	2018	0.25		80		1.3	
	2019*		30		200		30
	2020*						
	2021	1.04		77.9		1.01	

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

5.6 Biodiversity

GRI: 103-2, 103-3, 304-1, 304-2

● MAIN OBJECTIVE

Colbun designs its projects to minimize their environmental effects, mitigate, repair or compensate them, complying with regulations and minimizing the impact on biodiversity and ecosystems. In addition, the power plants in operation have associated environmental monitoring plans, whose objective is to evaluate the state of the ecosystems surrounding our facilities and protect biodiversity.

(1) Territories with low or no anthropic intervention with unique or scarcely representative species and ecosystems unique or scarcely representative

● ADDITIONAL FOCUS

Furthermore, the Company seeks to go beyond the regulations, through actions that contribute to biodiversity. Thus, within the framework of its Sustainability Policy and in accordance with the Principles of the Global Compact and the Union for the Conservation of Nature IUCN, Colbun has five guidelines in this area:



3 Promote biodiversity conservation through the protection or rehabilitation of areas of environmental value.



1 Address the impact of our projects on biodiversity, using methodologies that allow us to address biodiversity in a comprehensive manner and applying the mitigation hierarchy in all projects located in areas of environmental value¹.



4 Promote sustainable sourcing by procuring materials from sustainably managed forests that are FSC and/or PEFC certified.



2 Promote knowledge of endemic species or species in conservation categories, as well as their habitats in our current and future areas of operation, aligned with the Global Compact Principles and the International Union for Conservation of Nature (IUCN) in a collaborative effort with external partners.



5 Promote knowledge and understanding of biodiversity among all employees of the Company.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Major Biodiversity Projects

GRI: 304-3, 304-4



In recent years, we have been promoting initiatives to add value to the ecosystems and environments where we are present.

Lake Chapo Lakeshore Conservation

THE PROJECT AND ITS PURPOSE:
Colbun has a conservation area called Rincón del Sur, located on the shore of Lake Chapo in the municipality of Puerto Montt, since January 2021. Its objective is the conservation of biodiversity and the protection of existing habitats and ecosystems and to facilitate research and environmental education. The land is of high ecological value due to the presence of native, protected, and endemic species of flora and fauna, as well as minimal human intervention.

CONSERVATION MODE
Rincón del Sur was created under the Royal Right of Conservation, which allows a property to be set aside for conservation in perpetuity. The counterpart of this commitment was the Tierra Austral Foundation, the entity that guarantees the fulfillment of the commitment.

In this way, a biological corridor is assured in lands of the highest ecological quality, which are part of the biosphere reserve, known as temperate rainforest, in lands adjacent to the Alerce Andino National Park and the Llanquihue National Reserve.

SDG CONTRIBUTION
This project contributes to SDG No. 15 on "Life of Terrestrial Ecosystems", which seeks to "Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss".



 [Read more about the Royal Right of Preservation](#)

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements



Bird Watching

● BACKGROUND

The conditions of the Angostura Reservoir -created in 2014 with the Angostura Power Plant- have allowed the natural development of an area where the bird life has established itself, recording more than 100 species, most of them native. Based on this phenomenon, a survey and monitoring of the avifauna was carried out in order to make a complete characterization of the birds in the area.

● BETTER EXPERIENCE AND ESTABLISHMENT OF HABITAT

With expert support, an improvement plan is being established to enhance and maintain this area with the best conditions for existing and new species.

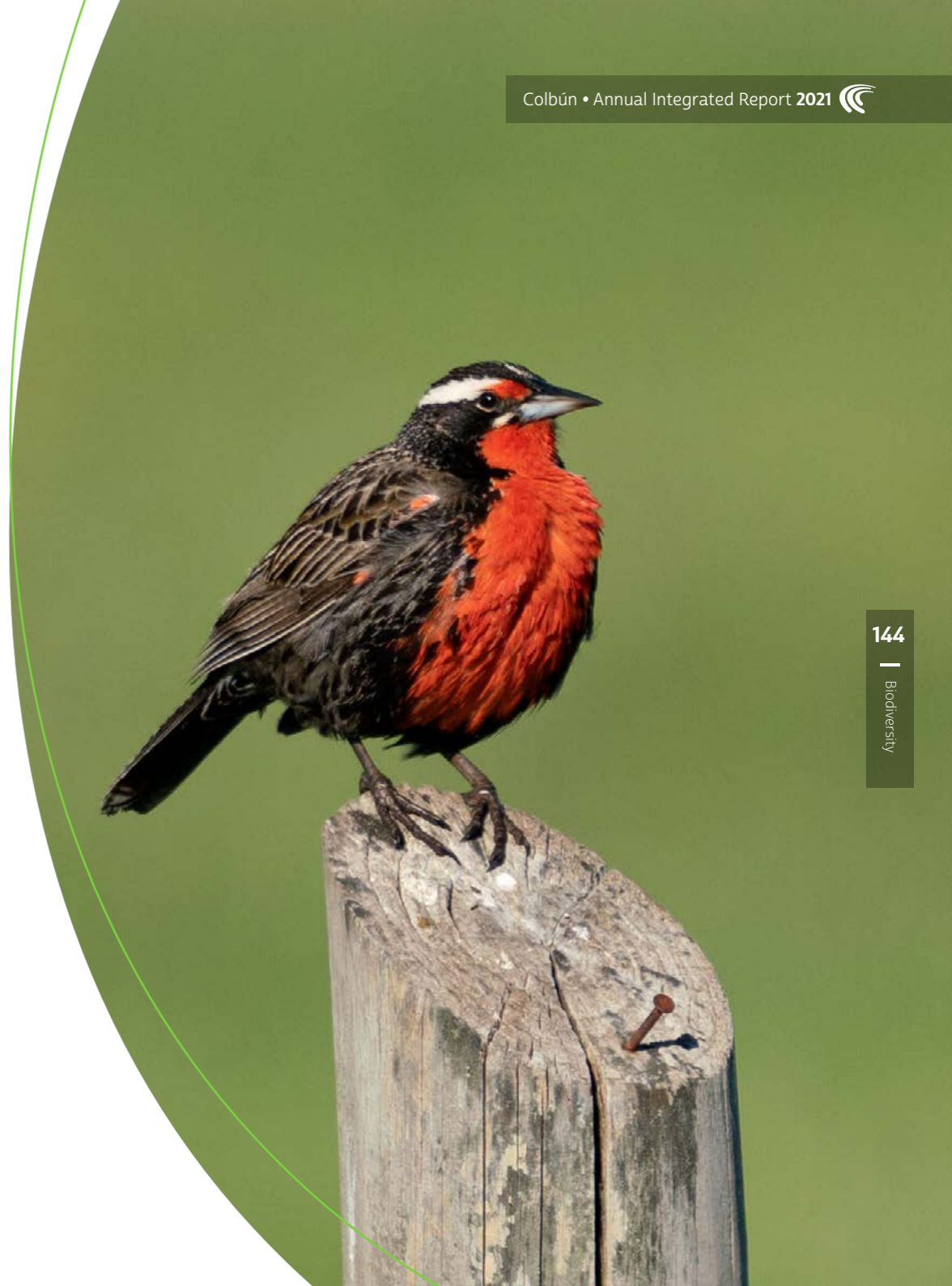
● THE PROJECT

Three initiatives have been promoted to highlight the environmental value of the presence of birds in the reservoir:

- 1 High-definition cameras were installed to allow bird watching from the Angostura Park Visitor Center.
- 2 An educational web site was created, with files and videos of the fauna present. Access the site at www.avesangostura.cl
- 3 We are working on the launching of a publication with the bird species recorded.

● SDG CONTRIBUTION

This project strengthens SDG No. 15 on "Life of Terrestrial Ecosystems", in particular for its indicator 15.1.2.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Community Apiculture

● OBJECTIVE

Three years old, the Community Beekeeping program began with the objective of making native forests and reforestations associated with the facilities where Colbun is present available to local beekeepers to develop community beekeeping and scientific research.

● THE PROJECT

The program has 400 hectares destined to produce differentiated honeys, which has benefited 70 beekeepers from nine communes: Los Andes, San Esteban, Codegua, Coronel, Quilleco, Yumbel, Cabrero, Santa Bárbara and Cochamó.

● BENEFITS

- New sources of income for the Local Community
- Scientific knowledge on monofloral honey
- Bee pollination
- Social linkage
- Improved forest and land conservation

● ACKNOWLEDGMENT

The program was recognized by the "Good practices for a more sustainable electric future" contest organized by Generadoras de Chile, as well as highlighted by Global Compact Network Chile (GCN).





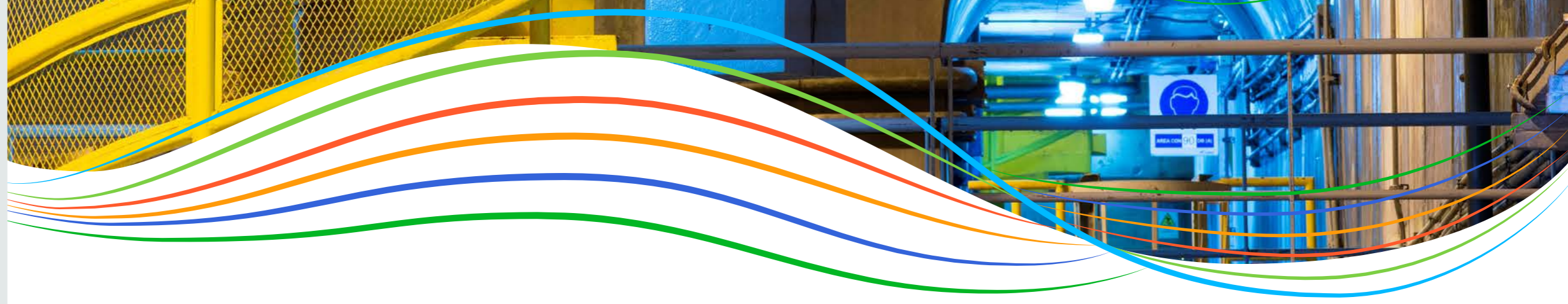
- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information**
- 07 Annexes
- 08 Financial Statements



Chapter 06

General Information

- 6.1 Scope of the Annual Integrated Report
- 6.2 Methodology
- 6.3 Materiality Assessment Methodology
- 6.4 Summary of Colbun's Management Approaches and Strategy for Material Topics
- 6.5 Integrated Report Validation
- 6.6 Reporting Standard Indicators



- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

6.1 Annual Integrated Report Scope

GRI: 102-10, 102-49

● ● ● ● ●

This document reports 2021 Colbun S.A.'s performance and its subsidiaries in Chile and Peru, including all activities related to the Company's business cycle, from development and construction of projects to the sale of energy, including its generation and commercialization.

No indicators of Electrogas are presented in this document, since it is an affiliated company of Colbun S.A. It also does not include Transquillota, an affiliated company in which the Company sold its participation last year.

The most significant change for the year 2021 involves the inclusion in the Company's installed capacity figures of the solar parks Diego de Almagro Sur (230 MW) and Machicura (9 MW), which as of December 2021 were in the final stage of commissioning and injecting energy into the system.





6.2

Methodology

102-48, 102-50, 102-51, 102-52, 102-54



This Annual Report has also been prepared in accordance with the Comprehensive option of the GRI Standards (Global Reporting Initiative), as well as an advance on the information requirements established by the new General Rule 461 of the Financial Market Commission, which includes the SASB (Sustainability Accounting Standards Board) and TCFD

(Task Force on Climate-Related Financial Disclosures) standards. The principles proposed by the World Economic Forum (WEF) were also taken into account. In addition, the Annual Report constitutes a Communication on Progress (CoP) for the United Nations Global Compact and links Colbun's performance to the Sustainable Development Goals (SDGs).

We maintain our commitment to report annually on our environmental, social, corporate governance and economic performance.

There were no relevant changes in methodology regarding what was reported in the Annual Report 2020.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

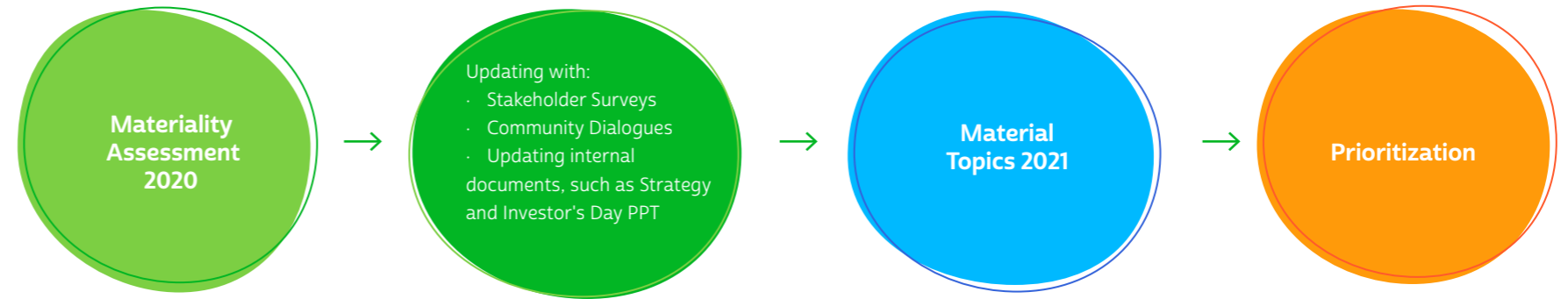
06 General Information

07 Annexes

08 Financial Statements

6.3 Materiality Assessment Methodology

102-32, 102-44, 102-46, 102-47



The following is a detail of the development process of this Annual Report, following the "materiality assessment" process proposed by the methodology of the GRI Standards.

Materiality is the process through which relevant topics are determined for the Annual Report, either because they show the economic, environmental and social effects of the organization, or because they significantly influence the decisions of stakeholders.

To identify the materiality of the 2021 Annual Report, and establish an order of priority for both the Company and stakeholders, the

Materiality Assessment conducted by an external company in late 2020 and early 2021 was taken as a basis, which included the review of numerous internal and external documentation of the Company, stakeholder surveys, press analysis, benchmarking of other companies, Colbun working documents, interviews with Colbun managers, among others. This baseline was updated in 2021 on the basis of: a) surveys conducted with different stakeholders (workers, investors, communities, customers and suppliers); information gathered in community dialogue meetings with the community; c) the updating of internal Colbun documents, such as the Company's 2021-2030 Strategic Agenda, Investor Day presentation, etc.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Relevant Information for the Energy Industry and Colbun

GRI: 102-46

The following information was analyzed to identify the characteristics, estimates and main challenges of the energy sector and Colbun, information that provides the basis for the material issues:



INFORMATION SOURCES FOR MATERIALITY ASSESSMENT 2021

Internal Sources

- Colbun Strategic Agenda 2021-2030
- Corporate Risk Matrix 2021
- Colbun's Dow Jones Sustainability Index Results
- GPTW 2021 Survey
- Investor's Day 2021 Presentation
- Quarterly Management Presentations and Goals 2021
- Colbun's Gender Equality Plan

External Sources

- Benchmark: reports and annual integrated reports of national and international energy companies
- Sustainability Accounting Standards Board (SASB) sectorial materiality map for the electricity industry (Electric Utilities & Power Generators / Renewable Resources & Alternative Energy).
- Press analysis: news associated with Colbun
- Stakeholder surveys in Chile and Peru 2021:
 - Customers (Chile: 105 companies; Peru: 26 companies)
 - Investors (Chile+Peru: 31)
 - Suppliers and Providers (Chile: 80 companies, Peru: 42 companies)
 - Relevant local stakeholders (Chile: 88, Peru: 21)
 - Community Thermometers (Chile: 390, Peru: 96)
- Complaints entered in the Complaints Channel of the web platform (Chile and Peru)
- Inquiries received from Investors

Relevant Issues Identification

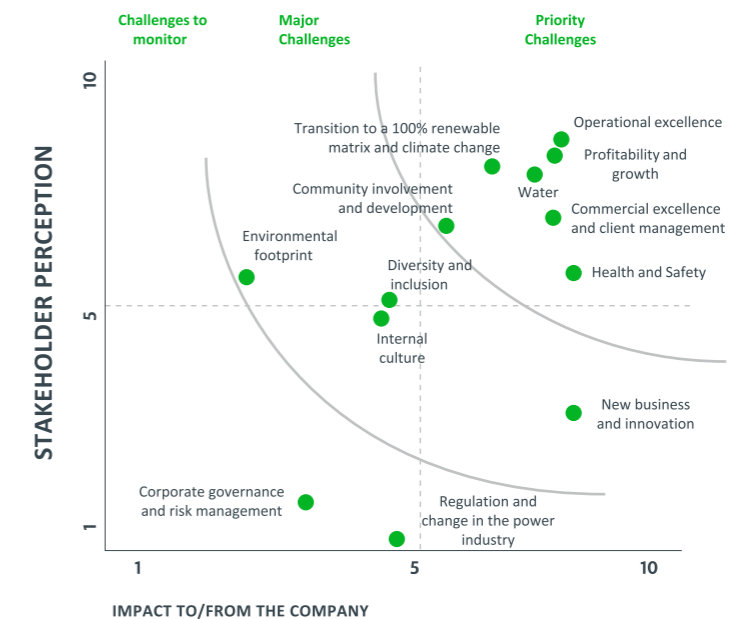
GRI: 102-32, 102-44, 102-47

Colbun's material issues matrix comprises 13 major macro-issues, addressing 67 material issues for the Company and its stakeholders. The most relevant change in 2021 consisted of separating the Water component from the Environmental Footprint, to reflect the relevance that this issue has acquired for the Company and the community in a context of drought.

● PRIORITIZING MATERIAL ASPECTS

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 Report for their review and comments.

On the "X" axis, the level of impact that the subject matter may have on the Company or the impact that the Company has on the subject matter was established. On the "Y" axis, the level of relevance that stakeholders gave to each of the 13 topics was established.





Material Issues Description

103-1, 102-44, 102-47



Each material issue and its scope, i.e. the specific issues involved in the 13 general issues, are presented below. The internal and/or external stakeholders for which they are relevant are also presented. At the end of each chapter of this Report it is possible to find these same material topics, together with a description of the risks involved and Colbun's strategy to manage them, including their link with the Sustainable Development Goals.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

MATERIAL ISSUE	STAKEHOLDERS	SCOPE
Profitability and growth	Investors, contractors, employees, clients, and communities	<ul style="list-style-type: none"> - Strategic Agenda - Internationalization - Diversification of revenues and risks - Profitability and EBITDA - Stock fluctuation - Economic performance - Competitive construction costs - Energy pricing - Cost efficiency
Operational Excellence	Clients, contractors, communities, employees	<ul style="list-style-type: none"> - Security of Supply - Operational efficiency - Choice of excellence contractors - Automation and digitalization - Quality, availability and reliability - Sustainable operation
Commercial Excellence and Client Management	Investors, clients, contractors	<ul style="list-style-type: none"> - Interaction with the client - Experience and satisfaction - Client portfolio - Expand service base - Asset management according to client needs - Value-added services and customer energy efficiency
Corporate Governance and risk management	Investors	<ul style="list-style-type: none"> - Corporate governance and ethical conduct - Board structure - Transparency - Integrity and DPM - Conflict of interest - Risk management - Cybersecurity
Environmental Footprint	Communities, contractors, investors	<ul style="list-style-type: none"> - Emissions - Water and water scarcity - Waste - Biodiversity - Noise
Water management	Communities, investors, clients	<ul style="list-style-type: none"> - Water scarcity for hydroelectric power generation - Shared use of water in watersheds - Water consumption for thermoelectric generation - Reservoir/lake levels
Regulation and change in the power industry	Clients	<ul style="list-style-type: none"> - Electrical market regulation - Regulatory management - Flexibility, distribution and water code - Electrical industry changes (decarbonization, portability, etc.)

MATERIAL ISSUE	STAKEHOLDERS	SCOPE
New businesses and innovation	Investors and clients	<ul style="list-style-type: none"> - New market opportunities - Research and Development - Waste to Energy - Desalination - Storage - Green Hydrogen
Health and Safety	Workers, contractors, clients and community	<ul style="list-style-type: none"> - Safety of employees and contractors - Physical and mental health of employees and contractors - Community safety - Health care COVID
Internal Culture	Workers, contractors and community	<ul style="list-style-type: none"> - Way of doing business - Change management in the face of new challenges - Collaboration and horizontal organization - Human capital - Labor practices - Labor climate - Human Rights - Teleworking - Working conditions of permanent contractors
Diversity and Inclusion	Investors and workers,	<ul style="list-style-type: none"> - Behaviors that leverage an inclusive culture - Gender and pay equality - Inclusion of people with disabilities
Community involvement and development	Communities and Investors	<ul style="list-style-type: none"> - Socio-environmental and human rights impacts in localities. - Community engagement. - Community investment (education, infrastructure and local tourism). - Local entrepreneurship and job opportunities. - Contributions and support for the COVID health contingency.
Transition to a 100% renewable matrix and climate change	Clients, investors, contractors, community and employee	<ul style="list-style-type: none"> - Other power sources (VRE, green hydrogen). - Decarbonization process - Climate change impacts and opportunities

6.4

Colbun's Management Summary Approaches and Strategy for Material Topics



Summary Chapter 1: Significant Issues, Related Risks and Management



Chapter 1 addresses a topic that was considered relevant for Colbun and its stakeholders in the Materiality Analysis: **Corporate Governance and Risk Management.**

Material Issue	Why is it a relevant issue?	Reated Risk	How we manage it and how it links to our Strategic Agenda	Associated SDGs
Corporate Governance and risk management	<p>Reputational problems arising from poor corporate governance can affect business development and value creation, damaging trust and the company's relationship with its environment. Good governance is key to risk management and the creation of opportunities that add value.</p> <p>Ethics, transparency and adequate controls are issues that Colbun addresses to ensure excellent behavior in all areas of the Company.</p>	<ul style="list-style-type: none"> - Reputational damage - Legal non-compliance - Loss of confidence 	<p>Colbun has a Corporate Governance Framework that includes a series of documentation 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.</p> <p>In addition to the responsibility of each area of the Company, an independent Internal Audit unit monitors gaps and compliance with standards, defining action plans. The Board of Directors and Senior Management participate in the Sustainability Committee, Risk Committee and internal discussions. The Board of Directors is also part of the Directors' Committee and the Ethics and Audit Committee.</p> <p>There is a also Whistleblower Channel where direct or anonymous complaints are received, related to compliance with the rules of ethical conduct, conflicts of interest and any possible regulatory non-compliance. Finally, the enablers of Colbun's Strategic Agenda consider several ESG indicators that have been incorporated as corporate goals for the entire Company.</p>	



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Summary Chapter 2: Significant Issues, Related Risks and Management

Chapter 2 addresses three topics that were considered relevant for Colbun and its stakeholders in the Materiality Analysis: **Profitability and Growth, New Business and Innovation, Commercial Excellence and Customer Management.**

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Material Issue	Why is it a relevant issue?	Reated Risk	How we manage it and how it links to our Strategic Agenda	Associated SDGs
Profitability and Growth*	The energy transition involves multiple challenges for the electricity sector, which faces a more competitive scenario, lower margins, the entry of new stakeholders, a process towards decarbonization and the risks and opportunities associated with climate change. This process also involves regulatory changes, some of which may have significant impacts on the operation of the electricity system, and thus on Colbun. Profitability and growth is key to the Company's value generation, which is also relevant for all its stakeholders.	<ul style="list-style-type: none"> - Dry hydrology - Fuel supply - Credit quality - Regulatory risks 	<p>Colbun's Strategic Agenda places special emphasis on the optimization of existing assets in order to manage the challenging scenario of the electricity sector. For this purpose, the Company has been developing an efficiency and productivity plan for several years, which includes measures such as automation of operations, digital tools for predictive maintenance and better management of service contracts, among others.</p> <p>The Company has indicators (KPIs) to measure its operational management, as well as goals that are set annually, all part of the performance evaluation.</p> <p>In the extreme drought scenario faced by the center-south zone of the country in 2021, Colbun had to redouble its operational efforts to achieve a secure energy supply and cover its contractual commitments. This implied contracting additional natural gas supply, reinforcing the diesel supply chain, and postponing maintenance.</p> <p>In Peru, results improved as a result of a recovery in energy demand and regulatory changes that made it possible to recognize the real value of generating with natural gas. Regarding its growth, Colbun has an investment plan in renewable energies, which considers doubling its size by 2030, developing 4,000 MW of solar and wind energy mainly. As of December 2021, the Company had 1,000 MW of renewable energy projects under construction.</p>	
New Business and Innovation	<p>Innovations in power generation have been a major force in the energy transition. Solar and wind energy have experienced significant cost reductions, generating new challenges in the electricity sector.</p> <p>To deal with the variability and intermittency of these renewable energies, the industry and Colbun must develop new investments and products, which in turn requires regulatory definitions that encourage such investments. This is the case, for example, with energy storage and complementary services.</p>	<ul style="list-style-type: none"> - New competitors - Technological obsolescence - Loss of competitiveness 	<p>Colbun's Strategic Agenda assigns a relevant role to new businesses, particularly energy storage, where the Company expects to play a relevant role in the future, for which there are indicators, goals and teams dedicated to its development.</p> <p>Innovation is also one of the enablers of this Strategic Agenda, and its role is transversal to the Company to enhance the current operation; support the growth strategy in renewables; seek solutions that give added value to customers, and development of new adjacent businesses. Additionally, the incorporation of value-added services through Efizity has allowed us to expand the value proposition to customers using innovations in energy management.</p>	
Commercial Excellence and Customer Management	Achieving excellent commercial performance and a high degree of customer satisfaction is increasingly relevant in the electric power industry, where the so-called customers, i.e., large and medium-sized energy consumers who freely negotiate their energy supply contracts and conditions, have emerged strongly in recent years. This liberalization process, together with technological changes, is giving an increasingly important role to customers within the electricity system.	<ul style="list-style-type: none"> - Evolution in number of customers - Future trading volumes and prices - Evolution of operating margins and returns 	<p>The Commercial Strategy is a central part of Colbun's Strategic Agenda. The Company has focused on growth in unregulated customers, establishing metrics and corporate goals associated with its performance in this area, and strengthening its internal management teams to achieve this goal.</p> <p>As part of this effort, a new Marketing Management has been created, the Commercial Management has been restructured, customer service channels have been strengthened and a robust offer of energy solutions has been launched to increase the value proposition to our customers. In addition, internal campaigns have been carried out to align the entire company with the importance of putting customers at the center of the business.</p>	



Summary Chapter 3: Significant Issues, Related Risks and Management



Chapter 3 addresses three topics that were considered relevant to Colbun and its stakeholders in the Materiality Analysis: **Regulation and Change in the Power Industry, Profitability and Growth, and Operational Excellence.**

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Material Issue	Why is it a relevant issue?	Reated Risk	How we manage it and how it links to our Strategic Agenda	Associated SDGs
Change in the Power Industry	The massive entry of variable source renewable energies, together with the retirement of coal-fired power plants, congestion in the transmission systems, and the persistent drought, imply enormous challenges to maintain security standards and continuity of electricity supply. In order to face these changes and challenges, incentives and regulatory modifications are necessary to adequately accompany the energy transition.	Regulatory chages	Colbun is an active participant in trade associations related to the industry, through which it presents its vision on regulatory changes. Additionally, when the authority has created working groups with industry representatives, Colbun has participated in every occasion it has been invited to. We have also actively participated in the public consultation processes opened on the occasion of regulatory and normative changes. Finally, the Company has a Regulatory Committee that monitors and follows up on regulatory changes.	
Profitability and Growth	Power transition involves multiple challenges for the electrical sector, which faces a more competitive scenario, lower margins, the entry of new players, a process towards decarbonization and the risks and opportunities associated with Climate Change. This process also involves regulatory changes, some of which may have significant impacts on the operation of the electricity system, and thus on Colbun. Profitability and growth is key to the Company's value generation, which is also relevant for all its stakeholders.	- Dry hydrology - Fuel supply - Credit quality - Regulatory risks	Colbun's Strategic Agenda places special emphasis on the optimization of existing assets in order to manage the challenging scenario of the electricity sector. For this purpose, the Company has been developing an efficiency and productivity plan for several years, which includes measures such as automation of operations, digital tools for predictive maintenance and better management of service contracts, among others. The Company has indicators (KPIs) to measure its operational management, as well as goals that are set annually, all of which are part of the performance evaluation. In the extreme drought scenario faced by the center-south zone of the country in 2021, Colbun had to redouble its operational efforts to achieve a secure energy supply and cover its contractual commitments. This implied contracting additional natural gas supply, reinforcing the diesel supply chain, and postponing maintenance. In Peru, results improved as a result of a recovery in energy demand and regulatory changes that made it possible to recognize the real value of generating with natural gas. Regarding its growth, Colbun has an investment plan in renewable energies, which considers doubling its size by 2030, developing 4,000 MW of solar and wind energy mainly. As of December 2021, the Company had 1,000 MW of renewable energy projects under construction.	
Operational Excellence*	Operational excellence is of vital importance for Colbun. It is essential for the company to be able to provide the best service through a safe energy supply and to be considered a professional, serious company that integrates environmental variables into its operations. However, this operational excellence is doubly important in times of drought, because it forces us to redouble our efforts to guarantee a safe and efficient energy supply. All of the above generates customer loyalty, long-term relationships with contractors and a good relationship with the communities.	- Loss of client confidence	Colbun's Strategic Agenda places special emphasis on the optimization of existing assets in order to manage the challenging scenario of the electrical sector. One of the central elements of this plan is comprised of different maintenance actions and tools to increase the operational performance of our facilities. The Company has indicators (KPIs) to measure its operational management, as well as goals that are set annually, all of which are part of the performance evaluation. In the extreme drought scenario faced by the central-southern part of the country in 2021, Colbun had to redouble its operational efforts to achieve a secure energy supply and cover its contractual commitments. This implied contracting additional natural gas supply, reinforcing the diesel supply chain, and postponing maintenance.	

*Operational excellence is also addressed in Chapter 2, through Colbun's Strategic Agenda.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Summary Chapter 4: Significant Issues, Related Risks and Management

Chapter 4 addresses four topics that were considered relevant to Colbún and its stakeholders in the Materiality Analysis:

Health and Safety, Internal Culture, Diversity and Inclusion, and Community Involvement and Development.

Material Issue	Why is it a relevant issue?	Reated Risk	How we manage it and how it links to our Strategic Agenda	Associated SDGs
Health and Safety	For Colbún, the health and safety of its workers, contractors and the community surrounding its operations is essential. There is no situation that justifies putting their integrity at risk. In 2021 we had to mourn the death of a worker due to an occupational accident for the first time in more than a decade.	<ul style="list-style-type: none"> - Potential accidents - Potential occupational diseases - Damage to public health in the communities in which we operate - Damage to facilities - Damage to public infrastructure - Impact on operations 	<p>Colbún has a Safety, Occupational Health, Environment and Quality Policy that provides the governance framework for this area.</p> <p>At the Strategic Agenda level, Colbún has KPIs and corporate goals linked to accident performance, focusing always on promoting a culture of excellence in safety. 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. As a result of the fatal accident we had, an internal investigation was carried out and an action plan was drawn up to help ensure that this type of accident does not happen again.</p> <p>At the community level, the Company monitors the safety of its facilities, implements signage and measures to prevent accidents, and works on education campaigns. In addition, in 2021, the focus associated with the COVID-19 pandemic continued, with different actions to contain the effects of the pandemic.</p>	
Internal Culture	Offering quality employment in a good work environment that promotes professional and personal development is a very important way to promote the performance of workers and contractors and constitutes 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.	<ul style="list-style-type: none"> - Labor and union conflicts - Work stoppage - Loss of technicians and workers - Inability to attract new talent - Operational rigidity - Loss of competitiveness 	<p>A Work Climate survey is conducted annually to identify progress and gaps that may exist in terms of professional development and internal climate. To manage these gaps, specific programs are implemented with the respective areas. In addition, in order to enhance communication and dialogue with our employees, in 2021 we continued to carry out various instances of reflection associated with the moment the country is going through (social outbreak, pandemic and constituent process).</p> <p>Another relevant focus of the year was given by the implementation of a hybrid work system, where it was established that workers who could do it (according to their roles) combine face-to-face with teleworking from home.</p>	
Diversity and Inclusion	Diversity and inclusion is not only an ethical imperative, but also contributes to better team performance, with a positive effect on results. At Colbún, we assume our responsibility in this area and work to become a diverse and inclusive company that fosters a culture of respect where everyone has a place.	<ul style="list-style-type: none"> - 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. 	<p>Colbún has a Diversity and Inclusion Policy that promotes the incorporation of people with disabilities in the workplace. In addition, some of the goals set in terms of Gender are part of the Company's corporate goal, and in that sense it is an enabler of our Strategic Agenda.</p> <p>This allows us to create incentives to guide the Company in favor of an inclusive and diverse outlook and diverse outlook, which translates into concrete action plans. These include internal awareness-raising talks, proactive inclusion of women in shortlists to fill positions, measures to support joint parental responsibility, etc.</p>	
Community Involvement and Development	Achieving a constructive and collaborative relationship with the communities where the Company's projects and operations are located is very important for Colbún, as well as contributing to local development. This requires a work of mutual knowledge, good operational and environmental performance, and seeking opportunities so that Colbún's presence is also a possibility of growth for the community.	<ul style="list-style-type: none"> - Community opposition - Conflicts with local authorities - Damage or shutdown of our facilities - Local frustration due to unfulfilled expectations 	<p>The Company has a Community Affairs Policy and a Communities Manual, which sets the main guidelines for establishing a relationship with communities, and includes a Community Involvement 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.</p> <p>There are numerous listening channels to raise concerns or risks in community relations, such as annual surveys, consultation lines, WhatsApp groups, working groups and local discussions. In addition, there is the Sustainability Policy and the Donations Policy.</p> <p>Through the Public Affairs teams and in conjunction with the Engineering and Projects Management and the Generation Management, the Company manages its community relations on a permanent basis and in the field.</p> <p>Furthermore, as part of the skills of the Strategic Agenda, the perception of the communities is part of Colbún's corporate goals.</p>	

Summary Chapter 5: Significant Issues, Related Risks and Management



Chapter 5 addresses three topics that were considered relevant for Colbun and its stakeholders in the Materiality Analysis: **Environmental Footprint, Water Management and Transition to a 100% renewable matrix and Climate Change.**

Material Issue	Why is it a relevant issue?	Reated Risk	How we manage it and how it links to our Strategic Agenda	Associated SDGs
Environmental Footprint	<p>The construction of energy projects and operation of power plants has environmental impacts that must be assessed, mitigated and compensated.</p> <p>Issues related to local emissions, waste management, biodiversity, and environmental standards are of high importance for the operation of our facilities.</p> <p>For this reason, the management of excellence of our Environmental Footprint is very relevant for the Company and its stakeholders.</p>	<ul style="list-style-type: none"> - Regulatory non-compliance - Conflicts with communities - Regulatory changes - Environmental incidents - Reputational damage 	<p>Colbun has a Safety, Occupational Health, Environment and Quality Policy applicable to all its operations. The Environmental Management is responsible for supervising environmental management, for which it works together with the environmental and occupational health and safety managers at each plant and project.</p> <p>Colbun has defined specific controls, such as on-site inspections, which seek to identify, in a preventive manner, substandard actions and conditions, defining the necessary control measures (mitigation or elimination).</p> <p>A formal procedure establishes the stages and methodologies associated with the management of environmental incidents. The classification of an incident is governed by clear and specific guidelines regarding the level or degree of impact on some environmental component. In 2021 there were no relevant environmental incidents in the Company.</p> <p>At the Strategic Agenda level, environmental management is a very relevant enabler for the Company's sustainable management and is expressed in different corporate goals.</p>	
Water Management	<p>Nearly half of Colbun's installed capacity is hydroelectric power. Although it does not use water, its availability is very relevant for generating energy. In some of its thermoelectric operations, Colbun also uses water on a consumptive basis for the plant cooling process.</p>	<ul style="list-style-type: none"> - Availability of water for power plant operation - Local water conflicts - Reputational damage 	<p>The Environmental Footprint includes the management of the company's Water Footprint, for which short, medium and long term indicators and goals have been established. This management considers both the company's operational and non-operational water.</p> <p>In addition, one of the axes of Colbun's Strategic Agenda is the optimization of assets, which implies, among other aspects, maximizing efforts to be even more efficient in the use of water for power generation.</p> <p>Water issues are supervised by the Sustainability Committee and the Managers' Committee, and are managed by the Water Resources Management, the Generation Management and the Environment Management.</p>	
Transition to a 100% renewable matrix and Climate Change*	<p>The effects of climate change, public preferences and lower costs have driven the widespread of renewable energies and a very relevant transition of the energy matrix. For a company like Colbun, this change represents an opportunity and a challenge, not only in individual terms as a company, but also because of the security and resilience challenges that come with the high penetration of variable source renewable energies.</p>	<ul style="list-style-type: none"> - Regulatory changes - Increased competition - Market price evolution - Safe operation of the system - Increase in green taxes - Hydrology 	<p>Colbun has a Climate Change Strategy, which includes medium and long-term indicators and goals, as well as an action plan to achieve these goals. This action plan includes the development of a pipeline of renewable energy projects with targets and deadlines; the promotion of cost-efficient market instruments; and the development of energy efficiency programs in our operations. All of this will help us manage the opportunities and risks of climate change and the energy transition.</p>	

*The Transition to a 100% Renewable Matrix and Climate Change are also addressed in Chapter 2, through our Strategic Agenda.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

6.5 Integrated Report Validation

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 Standard. This verification process also included a detailed review of the materiality survey and allowed us to identify opportunities for improvement.

Colbun's Carbon Footprint was verified by the consulting firm Deloitte. The financial information related to the Annual Report requirements of the Financial Market Commission is audited by EY.

Here are verification letters from PwC and Deloitte.



REPORT OF INDEPENDENT PROFESSIONALS
(A free translation from the original in Spanish)

Santiago, April 13, 2022

Messrs. Shareholders and Directors
Colbún S.A.

We have reviewed the sustainability information of Colbún S.A., for the year ended on December 31, 2021 included in their 2021 Annual Integrated Report. Colbún S.A. 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 in order 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:

- Work planning according to relevance and volume of the sustainability information presented in the 2021 Annual Integrated Report draft;
- Understanding of the materiality process conducted 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 different executives responsible for the sustainability information in the 2021 Annual Integrated Report;
- Review, based on selective testing, that the sustainability data included in the 2021 Annual Integrated Report is consistent with the documentary evidence reviewed and/or comes 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, 2021 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 established by the AICPA.

PwC Chile, Av. Andrés Bello 2711 - piso 5, Las Condes - Santiago, Chile
RUT: 81.513.400-1 | Teléfono: (56 2) 2940 0000 | www.pwc.cl

(Free translation from the original in Independent Spanish)



Santiago, April 13, 2022
Colbún S.A.
2

The information reviewed is detailed in pages 161 to 168 of Colbún S.A.'s 2021 Annual 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, 2021, included in their 2021 Annual Integrated Report, in order for it to be in accordance with the "comprehensive" option of the sustainability reporting standards of the Global Reporting Initiative.

DocuSigned by:
Gonzalo Piederer Herrera *PinewaterhouseCoopers*
12305B69BAF4485...



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Deloitte.

Independent Audit Report

Santiago, April, 2022

Colbún S.A.

Present.

Independent Audit Report on Greenhouse Gas Emissions Inventory – 2021- in 11 generating plants and offices located in Chile and a generating plant located in Peru of the Colbún.

Scope

Colbún has requested from Deloitte the verification of the Greenhouse Gas Emissions Inventory – 2021 in 12 facilities mentioned in table 1.

Table 1. Facilities considered in the calculation 2021.

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, 2021.

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 2021.

Table 2. Total Emissions according to scope, year 2021.

Alcance 1 (tonCO ₂ e)	Alcance 2 (tonCO ₂ e)	Alcance 3 (tonCO ₂ e)	Total (tonCO ₂ e)
5.219.566	9.490	36.506	5.265.561

Standards and Assurance Process

Our review of the Greenhouse Gas Emissions Inventory, period 2021, was conducted in accordance with the GHG Protocol standard guidelines and ISAE 3410, Assurance Engagements on Greenhouse Gas statements. It should be noted 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 responsables of Colbún, representing the areas related to the calculation of the carbon footprint for each facilities.
- Collecting the consolidated information and calculation tools for each assets (folders with information and evidence of the data that was considered in the calculations), starting in January 2022.
- 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 Emissions Inventory.

Conclusions

- There is no evidence to suggest that the Greenhouse Gas Emissions Inventory for Colbún 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 Colbún and Deloitte

- The preparation of the Greenhouse Gas Emissions Inventory – 2021, as well as its contents, are the responsibility of Colbún, 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 Colbún, 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 Colbún for the 2021 period.

Sincerely,

Christian Durán

Partner



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Statement of Responsibility



In compliance with the provisions of General Rule No. 283 of the Financial Market Commission, we, the undersigned, declare under oath that all the information contained in this Annual Integrated Report is a true and fair representation of the truth, for which we assume the corresponding legal responsibility.

Hernan Rodríguez Wilson
Chairman
7.051.490-7

Bernardo Larraín Matte
Vice-chairman
7.025.583-9

Juan Carlos Altmann Martín
Director
11.807.905-1

Marcela Angulo González
Independent Director
7.804.559-0

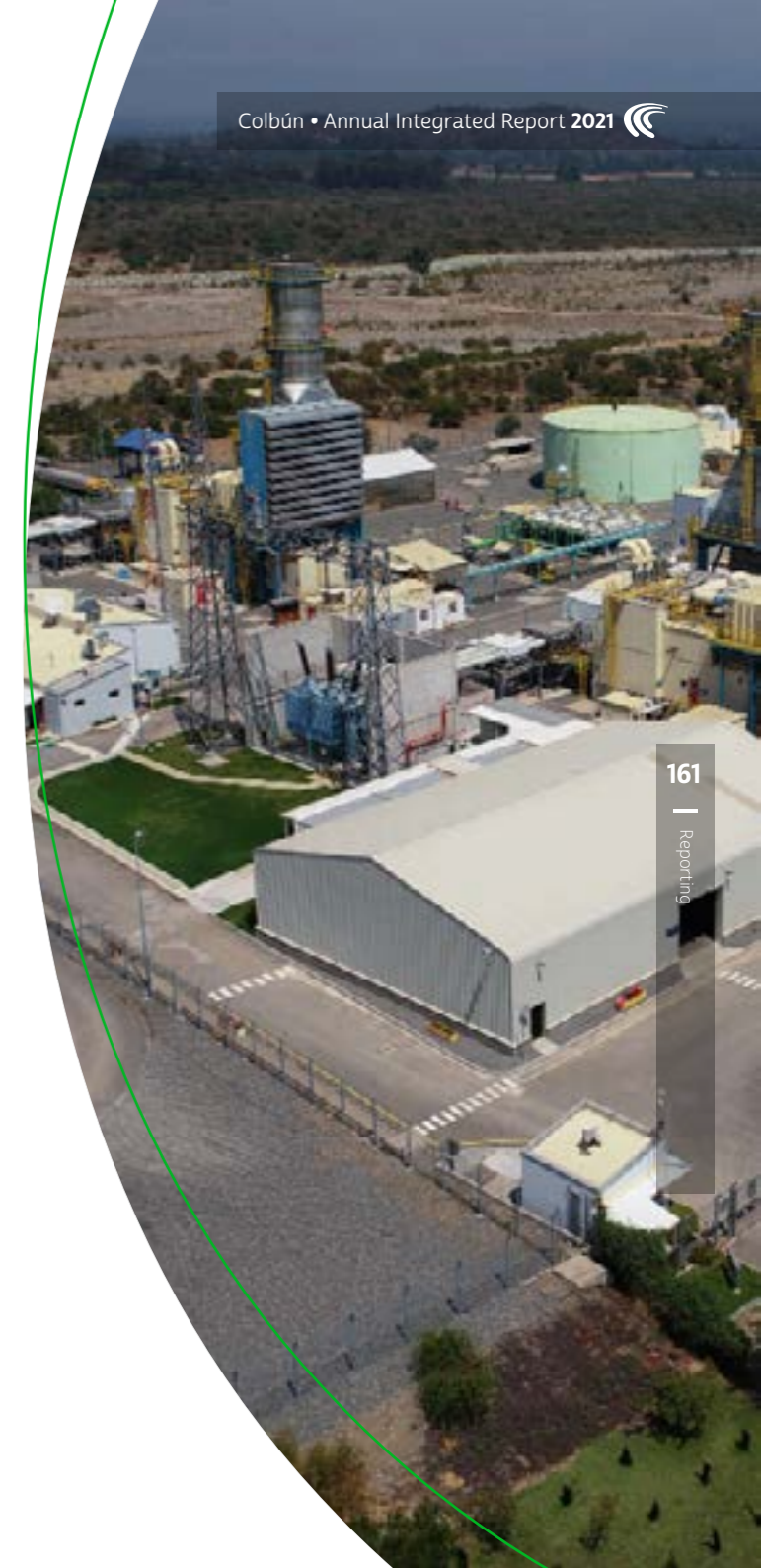
Vivianne Blanlot Soza
Director
6.964.638-7

María Emilia Correa Pérez
Independent Director
21.667.056-6

Rodrigo Donoso Munita
Director
15.363.942-6

Andrés Lehuedé Bromley
Director
7.617.723-6

Bernardo Matte Larraín
Director
6.598.728-7



6.6 Reporting Standard Indicators

GRI: 102-55
● ● ● ●



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

GRI STANDAR INDEX- MATERIA ISSUES- MANAGEMENT APPROACH

GRI DISCLOSURE STANDARD	REPORTING REQUIREMENT
103-1	Explanation of the material topic and its Boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach

GRI STANDAR INDEX- MATERIA ISSUES- MANAGEMENT APPROACH

MATERIAL ISSUE	SECTION OF AIR - CHAPTER /SECTION	PAGE 2021
Profitability and Growth	2.2 Strategic Agenda and Value Creation Model	29
	2.9 Sustainability Management	52-55
	3.3 Consolidated Financial Management	68
	6.3 Materiality Assessment Methodology	149
Operational Excellence	4.2 Contractors and Suppliers	94
	3.5 Energy Management and Commercialization/ Availability and Reliability of Power Plants	72, 76
	6.3 Materiality Assessment Methodology	149
Commercial Excellence and Customer Management	2.5 Commercial Strategy and Customer Experience	35
	6.3 Materiality Assessment Methodology	149
Corporate Governance and Risk Management	1.7 Risk Management	21
	1.7 Risk Management: Cybersecurity and Information Security Risk Management	26
	6.3 Materiality Assessment Methodology	149
Environmental Footprint	5.1 Environmental Management and Footprint	120, 121
	5.3 Water Resources and Drought	137
	5.6 Biodiversity	139
	6.3 Materiality Assessment Methodology	148
Water Management	5.1 Environmental Management and Footprint	123,124
	5.3 Water Resources and Drought	131-137
	6.3 Materiality Assessment Methodology	149
Regulation and Change in the Power Industry	3.1 General Context and the Electrical Industry	61-63
	3.2 Evolution of the Regulatory Framework	64-67
	6.3 Materiality Assessment Methodology	149
New Business and Innovation	2.1 Our Purpose and Values	32-34
	2.6 Other Growth Opportunities	46,47
	2.7 Innovation Management	48,49
	2.8 Digital Transformation	50,51
	6.3 Materiality Assessment Methodology	149
Health and Safety	4.3 Safety and Health Management	101-109
	6.3 Materiality Assessment Methodology	9
Internal Culture	4.5 Community and Human Rights	81
	6.3 Materiality Assessment Methodology	220-226* 149
Diversity and Inclusion	4.1 Our Workers	83-85
	6.3 Materiality Assessment Methodology	149
Community Involvement and Development	4.4 Community Relations	110-121
	6.3 Materiality Assessment Methodology	149
Transition to a 100% Renewable Matrix and Climate Change	2.4 Growth in Renewable Energies	32-34
	5.2 Climate Change	125-130
	6.3 Materiality Assessment Methodology	149



INDEX OF GLOBAL REPORTING INITIATIVE (GRI) INDICATORS

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
GENERAL CONTENTS					
1. Organizational Profile	102-1	Organizational profile	1.1 About Colbun: Figures and Milestones 2021 1.2 Estructura y Propiedad Societaria	9 12	
	102-2	Activities, brands, products, and services	1.1 About Colbun: Figures and Milestones 2021	9	
	102-3	Location of headquarters	Back cover	169	
	102-4	Location of operations	1.3 Our Facilities	13	
	102-5	Ownership and legal form	1.1 About Colbun: Figures and Milestones 2021 1.2 Ownership and Corporate Structure	9 12	
	102-6	Markets served	1.1 About Colbun: Figures and Milestones 2021/Our Copany in Figures	9.10	
	102-7	Scale of the organization	1.1 About Colbun: Figures and Milestones 2021/Our Copany in Figures	9.10	
	102-8	Information on employees and other workers	4.1 Our Workers/Workforce	79.80	
	102-9	Supply chain	4.2 Contractors and Suppliers/Suppliers and providers in figure 2021	94.95	
	102-10	Significant changes to the organization and its supply chain	6.1 Scope of the Annual Integrated Report	147	
2. Strategy	102-11	Precautionary Principle or approach	HUMAN RIGHTS	219*	
	102-12	External initiatives	Annexes Chapter 2: Partnerships and collaborations we are involved in	194	
	102-13	Membership of associations	Annexes Chapter 2: Partnerships and collaborations we are involved in	194	
3. Ethics and Integrity	102-14	atement from senior decision-maker	Leter from the Chairman	4	
	102-15	Key impacts, risks, and opportunities	1.7 Risk Management: Risk Associated	22	
4. Governance	102-16	Values, principles, standards, and norms of behavior	1.7 Risk Management: Corporate Governance Risk Management	23	
	102-17	Mechanisms for advice and concerns about ethics	4.4 Community involvement/ Building trust	111	
4. Governance	102-18	Governance structure	1.4 Structure, Strategy and Corporate Governance Framework 1.5 Board of Directors: Board of Directors Advisory Committee and Sustainability Agenda	14 15	
	102-19	Delegating authority	1.5 Board of Directors: About the Board of Directors	16	
	102-20	Executive-level responsibility for economic, environmental, and social topics	1.5 Board of Directors: About the Board of Directors	16	
	102-21	Consulting stakeholders on economic, environmental, and social topics	1.5 Board of Directors: About the Board of Directors 4.4 Community involvement/ Building trust	16 111	
	102-22	Composition of the highest governance body and its committees	1.5 Board of Directors	15	
	102-23	Chair of the highest governance body	1.5 Board of Directors	15	
	102-24	Nominating and selecting the highest governance body	1.5 Board of Directors	15	
	102-25	Conflicts of interest	1.7 Risk Management: Management of Potential Conflicts of Interest	24	
	102-26	Role of highest governance body in setting purpose, values, and strategy	1.4 Structure, Strategy and Corporate Governance Framework 1.5 Board of Directors: About the Board of Directors	14 16	
	102-27	Collective knowledge of highest governance body	1.5 Board of Directors: About the Board of Directors	16	
102-28	Evaluating the highest governance body's performance	1.5 Board of Directors: About the Board of Directors	16		
102-29	Identifying and managing economic, environmental, and social impacts	1.7 Risk Management: Risk Associated	22		
102-30	Effectiveness of risk management processes	1.7 Risk Management: Risk Associated	22		

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
GENERAL CONTENTS					
4. Governance	102-31	Review of economic, environmental, and social topics	1.7 Risk Management: Risk Associated	22	
	102-32	Highest governance body's role in sustainability reporting	6.3 Materiality Assessment Methodology: Identification of Relevant Issues	149	
	102-33	Communicating critical concerns	1.5 Board of Directors: Board Advisory Committees and Sustainability Agenda	18	
	102-34	Nature and total number of critical concerns	1.7 Risk Management: Complaint Management	24	
	102-35	Remuneration policies	1.5 Board of Directors: Board of Directors' remunerations 4.1 Our Employees / Directors' Remuneration	17 79	
	102-36	Process for determining remuneration	4.1 Our Employees / Directors' Remuneration/ Competitive Remunerations	87	
	102-37	Stakeholders' involvement in remuneration	4.1 Our Employees / Directors' Remuneration	87	
	102-38	Annual total compensation ratio			Confidentiality-
	102-39	Percentage increase in annual total compensation ratio			Confidentiality-
	5. Stakeholders Engagement	102-40	List of stakeholder groups	2.9 Sustainability Management: Stakeholder Identification and Mapping	56
102-41		Collective bargaining agreements	4.1 Our Employees / Labor Relations and Human Rights Associated with Labor Management	86	
102-42		Identifying and selecting stakeholders	Annex Chapter 2: Stakeholder Identification	193	
102-43		Approach to stakeholder engagement	2.9 Sustainability Management: Stakeholder Communication Channels 4.1 Our Employees/ Employees Communication Channels 4.4 Community Involvement / Building Trust	57, 58 93 111	
102-44	Key topics and concerns raised	6.3 Materiality Assessment Methodology: Identification of Relevant Issues/Description of Relevant Issues	149,150, 151		
6. Reporting Practices	102-45	Entities included in the consolidated financial statements	1.2 Ownership and Corporate Structure	12	
	102-46	Defining report content and topic boundaries	6.3 Materiality Assessment Methodology: Relevant Information for the Energy Industry and Colbun	150	
	102-47	List of material topics	6.3 Materiality Assessment Methodology: Identification of Relevant Issues/Description of Material Issues	150, 151	
	102-48	Restatements of information	6.2 Methodology	148	
	102-49	Changes in reporting	6.1 Scope of the Annual Integrated Report	147	
	102-50	Reporting period	6.2 Methodology	148	
	102-51	Date of most recent report	6.2 Methodology	148	
	102-52	Reporting cycle	6.2 Methodology	148	
	102-53	Contact point for questions regarding the report	Back Cover	169	
	102-54	Claims of reporting in accordance with the GRI Standards	6.2 Methodology	148	
	102-55	GRI content index	Reporting Standard Indicators	161	
	102-56	External assurance	6.5 Integrated Report Validation	157	

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

**01** Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ECONOMIC PERFORMANCE					
Economic Performance	201-1	Direct economic value generated and distributed	3.3 Consolidated Financial Management/Consolidated Financial Indicators	68	
	201-2	Financial implications and other risks and opportunities due to climate change	5.2 Climate Change	125	
	201-3	Defined benefit plan obligations and other retirement plans	Annex Chapter 4: Retirement	210*	
	201-4	Financial assistance received from government	3.3 Consolidated Financial Management	68	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1 Our Employees /Competitive Remunerations	87	
	202-2	Proportion of senior management hired from the local community	4.2 Contractors and Suppliers/ Exchange of Good Practices	98	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	4.4 Community Involvement/ Participatory Design and Community Infrastructure/Generating Opportunities 7.4 Annex Chapter 4	111, 112, 113, 114 215*	
	203-2	Significant indirect economic impacts	4.4 Community Involvement/Building Trust/Generating Opportunities/ Generating Future 7.4 Annex Chapter 4	111, 113, 114 199	
Procurement Practices	204-1	Proportion of spending on local suppliers	4.2 Contractors and Suppliers/ Suppliers and Providers in Figures 2021/Critical Suppliers 4.4 Community Involvement/ Generating Opportunities	95,96 113	
	205-1	Operations assessed for risks related to corruption	1.7 Risk Management: Crime Prevention Model	25	
Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	1.7 Risk Management: Crime Prevention Model	25	
	205-3	Confirmed incidents of corruption and actions taken	1.7 Risk Management: Crime Prevention Model	25	
Anti competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.7 Risk Management: Free Market Competition	22	
	207-1	Approach to tax		198	
Approach to tax	207-2	Tax governance, control, and risk management		198	
	207-3	Stakeholder engagement and management of concerns related to tax		198	
	207-4	Country-by-country reporting			
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
Materials	301-1	Materials used by weight or volume	3.5 Energy Management and Commercialization/Efficiency in Thermal Power Plants and Fuel Consumption	77	
	301-2	Recycled input materials used	N.A.		
	301-3	Reclaimed products and their packaging materials	N.A.		
Energy	302-1	Energy consumption within the organization	7.5 Annex /Climate Change	229*	
	302-2	Energy consumption outside of the organization	N.A.		
	302-3	Energy intensity	N.A.		
	302-4	Reduction of energy consumption	5.2 Climate Change/ 5.3 Water Resources and Drought	125 131	
	302-5	Reductions in energy requirements of products and services	N.A.		

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
Water	303-1	Interactions with water as a shared resource	5.3 Water Resources and Drought Water Use in Thermoelectric Generation /Efficient Water Management/ Water Use in Peru 7.5 Annex Chapter 5	219* 131, 133, 135, 137 226*	
	303-2	Management of water discharge-related impacts	5.3 Water Resources and Drought Water Use in Thermoelectric Generation /Efficient Water Management/ Water Use in Peru 7.5 Annex Chapter 5	132, 135 228*	
	303-3	Water withdrawal	5.3 Water Resources and Drought/ Water Use in Hydroelectric Generation /Efficient Water Management/ Water Use in Peru	131, 131,137	
	303-4	Water discharge	5.3 Water Resources and Drought Water Use in Thermoelectric Generation /Water Use in Peru	131, 133, 137	
	303-5	Water consumption	5.3 Water Resources and Drought Water Use in Thermoelectric Generation /Water Use in Peru	131, 133, 137	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.6 Biodiversity 7.5 Annex Chapter 5	142 231*	
	304-2	Significant impacts of activities, products, and services on biodiversity	5.6 Biodiversity 7.5 Annex Chapter 5	142 231*	
	304-3	Habitats protected or restored	5.6 Biodiversity/Major Biodiversity Projects 7.5 Annex Chapter 5	143 232*	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	5.6 Biodiversity/Major Biodiversity Projects 7.5 Annex Chapter 5	143 233*	
Emissions	305-1	Direct (Scope 1) GHG emissions	5.2 Climate Change/Our Carbon Footprint	127	
	305-2	Energy indirect (Scope 2) GHG emissions	5.2 Climate Change/Our Carbon Footprint	127	
	305-3	Other indirect (Scope 3) GHG emissions	5.2 Climate Change/Our Carbon Footprint	127	
	305-4	GHG emissions intensity	5.2 Climate Change/CO ₂ Emission Factor	128	
	305-5	Reduction of GHG emissions	5.2 Climate Change/Emission Reduction Certified Power Plants	129	
	305-6	Emissions of ozone-depleting substances (ODS)	Annex Chapter 5: Emissions of ozone-depleting substances	230*	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.2 Climate Change 5.5 Local Atmospheric Emissions/ Air Quality Monitoring	125 140, 141	



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
Effluents and Waste	306-1	Waste generation and significant waste-related impacts	5.4 Waste Management/ Initiatives	139	
	306-2	Management of significant waste-related impacts	5.4 Waste Management/ Initiatives	139	
	306-3	Waste generated	5.4 Waste Management	138	
	306-4	Waste diverted from disposal	5.4 Waste Management	138	
	306-5	Waste directed to disposal	5.4 Waste Management	138	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	2021 Fines and Penalty Proceedings Details	192	
	308-1	New suppliers that were screened using environmental criteria	4.2 Contractors and Suppliers/ Exchange of Good Practices/Socio - Environmental Practices Evaluation	98, 99	
Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Contractors and Suppliers/Socio - Environmental Practices Evaluation/Supplier evaluation process	99, 100	
	SPECIFIC CONTENTS - SOCIAL PERFORMANCE				
Employment	401-1	New employee hires and employee turnover	4.1 Our Employees/Workforce	79,80	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Our Employees/Benefits to employees	92	
	401-3	Parental leave	Annex Chapter 4: Parental leave	209*	
Labor Management Relations	402-1	Minimum notice periods regarding operational changes	Annex Chapter 4: Minimum notice periods for operational changes/ Communication Channels with Unions	210*, 212*	
	403-1	Occupational health and safety management system	4.3 Safety and Health Management/Occupational Health and Safety Management	102	
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Safety and Health Management/Occupational Health and Safety Management	102	
	403-3	Occupational health services	4.3 Safety and Health Management/Occupational Health and Safety Management	102	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Safety and Health Management/Occupational Health and Safety Management	102	
	403-5	Worker training on occupational health and safety	4.3 Safety and Health Management/Occupational Health and Safety Management/ Campaigns and Courses 2021	102, 104	

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
Occupational Health and Safety	403-6	Promotion of worker health	4.3 Safety and Health Management/ Occupational Health and Safety Management/ Occupational Health and Healthy Living	102, 105	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Safety and Health Management/ Occupational Health and Safety Management	102	
	403-8	Workers covered by an occupational health and safety management system	4.3 Safety and Health Management/ Occupational Health and Safety Management	102	
	403-9	Work-related injuries	4.3 Safety and Health Management/ Occupational Safety Indicators	103	
	403-10	Work-related ill health	4.3 Safety and Health Management/ Relevant events Chile, General measures	103	
	404-1	Average hours of training per year per employee	4.1 Our Employees/Training and Development	89	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1 Our Employees/Training and Development	89	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Our Employees /Performance Evaluation	88	
	405-1	Diversity of governance bodies and employees	4.1 Our Employees /Diversity and Inclusion/Gender Equality	83,84	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Our Employees /Wage gap	85	
Non Discrimination	406-1	Incidents of discrimination and corrective actions taken	4.4 Community Involvement 4.5 Community and Human Rights	121	
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.1 Our Employees/ Labor Relations and Human Rights Associated with Labor Management	86	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Our Employees/ Labor Relations and Human Rights Associated with Labor Management	86	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.1 Our Employees/ Labor Relations and Human Rights Associated with Labor Management	86	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	Annex Chapter 5: Prevention	221*	



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	4.5 Community and Human Rights	121	
	412-1	Operations that have been subject to human rights reviews or impact assessments	4.3 Safety and Health Management/Safety Management in the Communities 4.5 Community and Human Rights	109 121	
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	4.5 Community and Human Rights Annex Chapter 5: Prevention	221*	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.2 Contractors and Suppliers/ Socio - Environmental Practices Evaluation	99	
	413-1	Operations with local community engagement, impact assessments, and development programs	4.3 Safety and Health Management/Safety Management in the Communities 4.4 Community Engagement/ Building Trust/Community Investment in Chile	109 111, 115	
Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	4.3 Safety and Health Management/Safety Management in the Communities 4.4 Community Engagement/ Building Trust/Main Socio-environmental Challenges	109 111, 119	
	414-1	New suppliers that were screened using social criteria	4.2 Contractors and Suppliers/ Exchange of Good Practices/ Socio - Environmental Practices Evaluation	98, 99	
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	4.2 Contractors and Suppliers/ Exchange of Good Practices/ Socio - Environmental Practices Evaluation / Supplier evaluation process	98,99, 100	
Public Policy	415-1	Political contributions	4.4 Community Engagement/ Community Investment in Chile	115	
	416-1	Assessment of the health and safety impacts of product and service categories	N.A.		
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N.A.		

GRI STANDAR	Disclosure Code	Standard	Chapter/Section 2021	Pages 2021	Omissions
SPECIFIC CONTENTS - ENVIRONMENTAL PERFORMANCE					
	417-1	Requirements for product and service information and labeling	N.A.		
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	N.A.		
	417-3	Incidents of non-compliance concerning marketing communications	N.A.		
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.5 Commercial Strategy and Customer Experience: Customer data protection	35	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	2021 Detail of Fines and Sanctioning Procedures	192	



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

GENERAL STANDARD DISCLOSURES FOR THE ELECTRIC UTILITY SECTOR

STANDARD CODING	INDICATOR	CHAPTER/SECTION 2021	PAGE 2021
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	1.1 About Colbun: Figures and Milestones 2021/Our Company in Figures	10
		1.3 Our Facilities	13
		3.5 Energy Management and Commercialization/Generations and Sales in Peru	72-74
EU2	Net energy output broken down by primary energy source and by regulatory regime	3.5 Energy Management and Commercialization/Sales in physical terms (Chile)/Generations and Sales in Peru	72-74
EU3	Number of residential, industrial, institutional and commercial customer accounts	2.5 Commercial Strategy and Customer Experience/ Customer Development in Chile/Customer Experience Satisfaction Results/Customer Development in Peru	35, 37,41,42, 45
		3.5 Energy Management and Commercialization/ Commercialization Model	72
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework	5.2 Climate Change/ New Green Tax Regulation	130
EU6	Management to ensure short- and long-term availability and confidentiality of electricity	1.3 Our Facilities	13
		3.5 Energy Management and Commercialization/ Availability and Reliability of the Power Plants	76
EU8	Research and development	2.7 Innovation Management	48-49
EU10	Planned capacity v/s projected electricity demand	Annex Chapter 3: Growth outlook	197
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	3.5 Energy Management and Commercialization/Efficiency in Thermal Power Plants and Fuel Consumption	77
EU14	Programs and processes that ensure the availability of skilled manpower	4.1 Our Employees/Training	89
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Annex Chapter 4: Retirement	210*
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	4.3 Safety and Health Management/ Training/Campaigns and Courses 2021	104
EU19	Stakeholder participation in decision making processes	4.4 Community Engagement/Building Trust/ Citizen Participation and Early Consultation	112
EU20	Displacement impact management approach.	No displacement	
EU21	Explain the mechanisms for the community to give notice or make inquiries about spills or risk events/Contingency planning measures, disaster programs/emergency management plan and training.	4.3 Safety and Health Management/Safety in Our Facilities/Safety Management in the Communities	108, 109
EU22	Number of people physically or economically displaced and compensation/ type of project		N.A.
EU28	Outage frequency, Number of outages a customer could experience and is measured by the number of outages per customer.		N.A.
EU29	Average power outage duration		N.A.
EU30	Average plant availability factor	3.5 Energy Management and Commercialization/ Availability and Reliability of the Power Plants	76

COLBUN INDICATOR INDEX

STANDARD CODING	INDICATOR	CHAPTER/ SECTION 2021	PAGE 2021
Colbún-3.SO	Social investment by type of initiative	4.4 Community Engagement/ Generating Future/ Community Investment	115-118
Colbún-4.SO	Main socio-environmental conflicts and their treatment	4.4 Community Engagement/Main Socio-environmental Challenges	119,12
Colbun-7. EC	Colbun's vision on the energy agenda and new regulations	3.1 General Context and the Electrical Industry 3.2 Evolution of the Regulatory Framework	32-34
Colbún-8.SO	Labor vacancies filled through in-house competitions	4.1 Our Employees/ Internal Mobility	60 64
		4.1 Our Employees/ Organizational Climate	90, 199-201
Colbun-10.SO	Climate Survey Results / GPTW	4.1 Our Employees/ Organizational Climate	91
Colbun-13.SO	Work absenteeism	4.3 Safety and Health Management /Results and Highlights in 2021/Absentee Rate	106,107



INDEX OF STANDARD INDICATORS NCG N°461 CMF

TOPIC	SUB TOPIC	CHAPTER/ SECTION 2021	PAGE 2021	OMISSION
1. Table of contents				
2. Entity Profile	2.1 Mission, vision, purpose and values	2.1 Our Purpose and Values	28	
	2.2 Historical information	1.1 About Colbun: Figures and Milestones 2021	9,10,11	
3. Corporate Governance	2.3 Ownership	1.2 Ownership and Corporate Structure	12	
	3.1 Governance Framework	1.4 Structure, Strategy and Corporate Governance Framework 1.5 Board of Directors 5.2 Climate Change	14,15,125	
	3.2 Board of Directors	1.4 Structure, Strategy and Corporate Governance Framework 1.5 Board of Directors 4.1 Our Employees 7.1 Annexes Chapter 1/ Appointment and election of the Board of Directors 7.1 Annexes Chapter 1/ Hiring of consultants*	14 15, 16, 17 79 177 178	
	3.3 Board Committee	1.5 Board of Directors: Board of Directors' Advisory Committees and Sustainability Agenda	15 18	
	3.4 Senior Officers	1.6 Management	19	
	3.5 Adherence to national or international codes	1.4 Structure, Strategy and Corporate Governance Framework	14	
	3.6 Risk Management	1.4 Structure, Strategy and Corporate Governance Framework 1.7 Risk Management 2.5 Commercial Strategy and Customer Experience 5.2 Climate Change 7.1 Annexes Chapter 1/Risk Management	14 21, 22, 23, 24, 25, 26 35 125 181	
	3.7. Relations with stakeholders and the general public	1.4 Structure, Strategy and Corporate Governance Framework 1.5 Board of Directors 2.9 Sustainability Management 4.4 Community Engagement 7.1 Annexes Chapter 1/ Appointment and election of the Board of Directors	14 15 52 110 177	
	4.1. Time horizons	2.2 Strategic Agenda and Value Creation Model 2.3 Asset Optimization 2.4 Growth in Renewable Energies	29 30 31	
	4.2. Strategic goals	2.2 Strategic Agenda and Value Creation Model 5.2 Climate Change	29 125	
4.3. Investment plans	2.4 Growth in Renewable Energies	33		
5. People	5.1. Workforce	4.1 Our Employees 7.4 Annex Chapter 4/ Diversity and Inclusion	79, 80 202, 203,204	
	5.2. Labor Formality	4.1 Our Employees 7.4 Annex Chapter 4/Workforce	79 202	
	5.3. Labor adaptability	4.1 Our Employees 7.4 Annex Chapter 4/Workforce	79 202	
	5.4. Salary equity by sex	4.1 Our Employees	79, 80	
	5.5. Workplace and sexual harassment	Human Rights	223*	
	5.6. Occupational safety	4.3 Safety and Health Management 7.4 Annex Chapter 4/ Occupational Health and Safety Management	101 215*	
	5.7. Postnatal leave	7.4 Annex Chapter 4/ Parental leave	209*	
	5.8. Training and benefits	4.1 Our Employees	79	
	5.9. Subcontracting policy	4.2 Contractors and Suppliers	94	

TOIC	SUB TOPIC	CHAPTER/ SECTION 2021	PAGE 2021	OMISSION
6. Business Model	6.1 Industrial sector	2.9 Sustainability Management	52	
	6.2 Business	2.5 Commercial Strategy and Customer Experience	35	
	6.3 Stakeholders	2.9 Sustainability Management	52	
	6.4. Properties and facilities	1.3 Our Facilities	13	
	6.5. Subsidiaries, associates and investments in other companies	1.2 Ownership and Corporate Structure	12	
7. Gestión de proveedores	7.1. Payment to suppliers	4.2 Contractors and Suppliers	94	
	7.2. Supplier evaluation	4.2 Contractors and Suppliers	97	
8. Indicators	8.1. Legal and regulatory compliance	2.5 Commercial Strategy and Customer Experience 5.1 Environmental Management and Footprint	35 123	
	8.2. Sustainability indicators by industry.	See detail in SASB Table		
9. Relevant or essential facts		6.1 Scope of the Annual Integrated Report	147	
10. Shareholder and Board of Directors' comments				
11. Financial statements		8. Financial Statements	246*	

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Sustainability Accounting Standards Board (SASB) Index

Electric Utilities	Category	Metric	Page 2021
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	127
	IF-EU-110a.2	Greenhouse gas emissions associated with power deliveries	140
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	127
	IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	54
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx, (2) SOx, (3) particulate matter, (4) lead, and (5) mercury; percentage of each in or near areas of dense population	140
Gestión del Agua	IF-EU-140a. 1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	141
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	54
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	22, 119, 131, 181, 277
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	138
	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	139
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	244*
	IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kW and (2) 1,000 kWh of electricity delivered per month	244*
	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	N/A
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	N/A
Workforce Health & Safety	IF-EU-320a.1	(1) total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR)	103
	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	103
End Use Efficiency & Demand	IF-EU-420a.2	Percentage of electric load served by smart grid technology	N/A
	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	N/A
	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	N/A
Nuclear Safety & Emergency Management	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A
	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	103
Grid Resiliency	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	**

Código SASB	Parámetro	Página 2021
IF-EU-000.A	Number of (1) residential customers (2) commercial customers (3) industrial customers	37
IF-EU-000.B	Total electricity delivered to (1) residential customers, (2) commercial customers, (3) industrial customers (4) all other retail customers and (5) wholesale customers	245*
IF-EU-000. C	Length of transmission and distribution lines ⁸	N/A
IF-EU-000. D	Total electricity generated, percentage by major energy source, percentage in regulated markets	72-74
IF-EU-000.E	Total wholesale electricity purchased	244*

INDICE DE INDICADORES DEL WORLD ECONOMIC FORUM (WEF)

WEF indicators	WEF Indicator Name	Content Detail	Chapter/Section 2021	Page 2021
Governance	Governance purpose	Ethical environment purpose	2.1 Our Purpose and Values	28
Governance	Quality of the Governance Body	Governance Body Composition	1.4 Structure, Strategy and Corporate Governance Framework	14
Governance	Stakeholder Engagement	Material issues affecting stakeholders	6.3 Materiality Assessment Methodology	149
Governance	Ethical Behavior	Anti-corruption	1.7 Risk Management/Management of potential conflicts of interest	25
Governance	Ethical Behavior	Protected ethical advice and reporting mechanisms	1.7 Risk Management/Crime Prevention Model	21
Gobernanza	Risk and Opportunity Oversight	Integration of risk and opportunity into the business process	1.7 Risk Management/Cybersecurity and Information Security Risk Management	21-23
Planet	Climate Change	GHG emissions	5.2 Climate Change/ Our carbon footprint	127
Planet	Climate Change	TCFD implementation	5.2 Climate Change	125
People	Dignity and Equity	Diversity and Inclusion (%)	4.1 Our Employees/Diversity and Inclusion	83
People	Dignity and Equity	Equal Salary	4.1 Our Employees/Gender Equality	85
People	Dignity and Equity	Salary Level (%)	4.1 Our Employees/ compensation and career development	87
People	Dignity and Equity	Risk of incidents of child, forced or compulsory labor	4.1 Our Employees/Labor Relations and Human Rights Associated with Labor Management	86, 99
People	Health and Welfare	Health and Safety (%)	4.3 Safety and Health Management	101
People	Tools for the future	Training Provided	4.1 Our Employees/ compensation and career development	89
Prosperity	Employment and Wealth Generation	Absolute number and employment rate	4.1 Our Employees	79
Prosperity	Employment and Wealth Generation	Financial contribution	3.3 Consolidated Financial Management	68, 70
Prosperity	Employment and Wealth Generation	Contribution to financial investment	3.3 Consolidated Financial Management	68, 70
Prosperity	Innovation for the improvement of products and services	Total R&D expenditures	2.2 Strategic Agenda and Value Creation Model	30
Prosperity	Social and Community Vitality	Total taxes paid	3.3 Consolidated Financial Management	67

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Identification of the Company

102-1, 102-3, 102-4, 102-5



COMPANY NAME:

Colbún S.A.

CHILEAN TAX ID NUMBER:

96.505.760-9

TYPE OF ENTITY:

Sociedad Anónima Abierta

REGISTRATION IN THE SECURITIES REGISTRY:

N° 0295

ADDRESS:

Av. Apoquindo 4775, piso 11, Santiago, Chile

TELEPHONE

(56 2) 2460 4000

FAX:

(56 2) 2460 4005

WEBSITE:

www.colbun.cl

TWITTER:

@ColbunEnergia Facebook: www.facebook.com/ColbunEnergia/

EXTERNAL AUDITOR FINANCIAL STATEMENTS

EY Servicios Profesionales de Auditoría y Asesorías 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:

Archivo Colbún

GRAPHIC DESIGN:

DA

PRINTING:

N/A

CONTACT INFORMATION

102-53

For further information, suggestions, concerns, please write to:

Isidora Zaldivar

(izaldivar@colbun.cl)
+562 24604308
Finance Management

Ana Luisa Vergara

(alvergara@colbun.cl)
+56 2 24604428
Public Affairs Management

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Chapter 07 Annexes



7.1

Annex Chapter 1: About Us

Ownership and Corporate Structure

GRI: 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.

In accordance with Title XV of Law No. 18,045, the following is a list of the companies that hold shares representing 49.96% of the voting capital, as of December 31, 2005.

CONTROLLING SHAREHOLDER'S OWNERSHIP AS OF DECEMBER 31, 2021

Controlling Group	No Shares	Share % of
Minera Valparaíso S.A	6,166,879,733	35.17
Forestal Cominco S.A	2,454,688,263	14
Forestal Bureo S.A	49,078,961	0.28
Forestal Constructora y Comercial de 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	0.1
inversiones Coillanca Ltda	16,473,762	0.09
Inmobiliaria Bureo S.A	38,224	0.00
TOTAL OWNERSHIP PARTICIPATION	8,761,439,346	49.96

The Company's control is carried out under a control and joint action agreement established with 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.

Alongside the controller are the following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the following form and proportions:

- Patricia Matte Larraín, RUT 4,333,299-6 (6.49%) and her offspring María Patricia Larraín Matte, RUT 9,000,338-0 (2.56%); María Magdalena Larraín Matte, RUT 6,376,977-0 (2.56%); Jorge Bernardo Larraín Matte, RUT 7,025,583-9 (2.56%), and Jorge Gabriel Larraín Matte, RUT 10,031,620-K (2.56%).
- Eliodoro Matte Larraín, RUT 4,336,502-2 (7.22%) and his offspring Eliodoro Matte Capdevila, RUT 13,921,597-4 (3.26%); Jorge Matte Capdevila, RUT 14,169,037-K (3.26%), and María del Pilar Matte Capdevila, RUT 15,959,356-8 (3.26%).
- Bernardo Matte Larraín, RUT 6,598,728-7 (8.05%) and his offspring Bernardo Matte Izquierdo, RUT 15,637,711-2 (3.35%); Sofía Matte Izquierdo, RUT 16,095,796-4 (3.35%), and Francisco Matte Izquierdo, RUT 16,612,252-K (3.35%).

The individuals identified above are related to the same corporate group.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

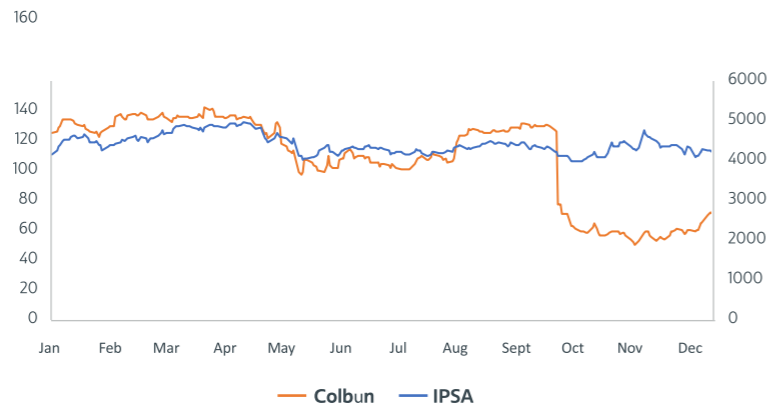
Colbun Stock Exchange



Colbun's shares are traded on the Santiago Stock Exchange and the Electronic Stock Exchange. In both exchanges the stock market presence is 100%.

The following tables present information about the price, stock market presence, volume and amounts traded in the referred stock markets.

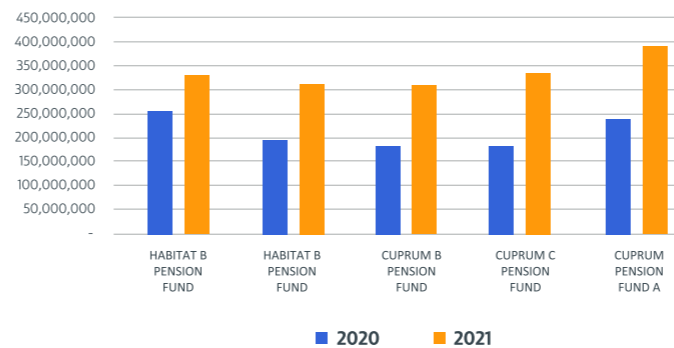
COLBUN SHARE PRICE AND IPSA INDEX EVOLUTION DURING THE YEAR



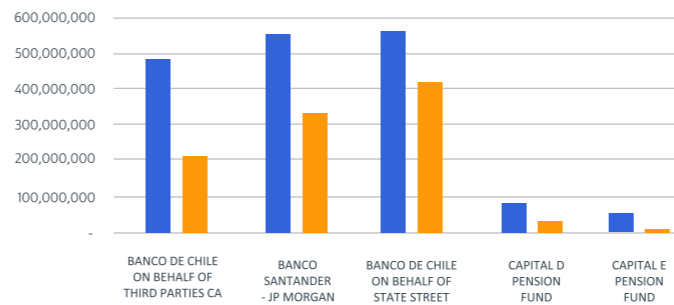
Note: as of October 6, the share began trading without the right to the extraordinary dividend for the sale of Colbun Transmisión, which explains the new value of the share as of that day.

STOCK TRANSACTION

5 MAJOR SHAREHOLDING INCREASES 2020-2021



5 MAJOR SHAREHOLDING DECREASES 2020-2021




01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

SANTIAGO STOCK EXCHANGE

Period	Volume (shares)	Total traded amount (CLP)	Average Price (CLP)	Lower Price (CLP)	Highest Price (CLP)	Closing Price (CLP)
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
1T 2021	1,835,238,285	\$249,493,352,388	\$135.9	\$123.0	\$143.2	\$140.2
2T 2021	1,565,366,441	\$182,672,706,006	\$116.7	\$97.8	\$137.5	\$102.6
3T 2021	1,377,866,476	\$165,192,287,113	\$119.9	\$100.9	\$132.0	\$131.4
4T 2021	3,550,969,603	\$215,357,631,719	\$60.6	\$49.8	\$130.8	\$69.3

ELECTRONIC EXCHANGE

Period	Volume (shares)	Total traded amount (CLP)	Average Price (CLP)	Lower Price (CLP)	Highest Price (CLP)	Closing Price (CLP)
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	\$92.4
2T 2020	54,204,400	\$6,182,004,960	\$114.0	\$92.4	\$133.0	\$133.0
3T 2020	11,937,514	\$1,554,483,809	\$130.2	\$120.2	\$141.0	\$125.0
4T 2020	28,814,812	\$3,595,890,124	\$124.8	\$117.4	\$135.0	\$126.5
1T 2021	74,842,044	\$10,331,910,282	\$138.0	\$122.8	\$142.9	\$142.9
2T 2021	35,342,108	\$3,997,417,528	\$113.1	\$96.7	\$142.9	\$102.0
3T 2021	50,375,413	\$6,248,998,224	\$124.0	\$100.1	\$132.5	\$131.9
4T 2021	105,926,728	\$6,714,090,028	\$63.4	\$50.9	\$131.4	\$60.0

DIVIDENDS PER SHARE (CLP)

Year exercised	Provisional	Definitive	Eventual	Total
2010	0.5	0.5		1.00
2011				0.00
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		9.58
2019	3.26	6.03	3.86	13.15
2020	4.07	2.37		6.44
2021	3.42	3.27	6.60	13.30





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Management Ownership Requirements

Colbun does not have share ownership limits as a multiple of annual base salary. However, the Company is subject to regulations that prohibit the trading of shares in certain periods of time to avoid insider trading.

In addition, there is an Information Management Manual which certifies that the Company complies with a series of regulations of the Financial Market Commission (CMF) and which regulates how an executive may acquire or sell company's shares.

As of December 31, 2021, the two principal executives who owned Colbun shares are Thomas Keller and Rodrigo Perez. For further details. See [link](#)

RELATED COMPANIES: COLBUN SUBSIDIARIES (CONTINUED)

COMPANY NAME AND LEGAL NATURE	CORPORATE PURPOSE	GENERAL INFORMATION	DIRECT AND INDIRECT PARTICIPATION	CHAIRMAN	CHIEF EXECUTIVE OFFICER	BOARD OF DIRECTORS
COLBÚN DESARROLLO SPA	Generation, transportation, transformation, distribution, supply, purchase, sale and any other activity of commercialization of power and electric energy; administration, operation and maintenance of hydraulic works and power generation plants; development of generation, transmission and distribution projects, both domestic and foreign.	Private Limited Company. Incorporated on June 28, 2012. Colbún S.A. owns 99% 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 electric power; construction, assembly and operation of electric power generation equipment and 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. Colbun S.A. owns 100% of the shares.	100.0%	Legal Advisors: 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 Colbun S.A.	
COLBÚN PERÚ 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 private corporation organized under the laws of the Republic of Peru, acquired by Colbun Desarrollo S.p.A. on September 28, 2015. Subsequently, by means of an Extraordinary Shareholders' Meeting held on December 15, 2015, Colbun S.A. was incorporated, who currently holds 99.9996% of the shares, with Colbun 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.	Private corporation organized under the laws of the Republic of Peru, incorporated on September 15, 2004 by Enrique Victor 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	CHIEF EXECUTIVE OFFICER	BOARD OF DIRECTORS
INVERSIONES DE LAS CANTERAS S.A.	Investment in all kinds of movable assets, including the acquisition of shares, 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 electric power and energy, without any limitation whatsoever.	A private corporation organized under the laws of the Republic of Peru, incorporated on November 16, 2015 by Inversiones Hacienda Montalbán S.A. (now Colbún Perú S.A.) and Juan Carlos Escudero Verano, who subsequently transferred his shares to the former. On December 18, 2015, a capital increase was carried out, in which Colbún Perú 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. (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 energy field: a) Make energy certifications and qualifications of new and existing projects; b) Perform energy simulation for the purpose of energy efficiency and certification advisory; c) Provide services, advisory and consulting services in the area of energy efficiency and sustainability; d) Develop, design, build and operate projects of generation, purchase and sale of energy; e) Providing energy efficiency performance measurement services; f) Providing energy and sustainability services and consultancy in building projects (green building); g) Developing, implementing, distributing and commercializing software and technological platforms for energy efficiency; h) Providing consultancy services for obtaining and processing information and data on water and energy consumption; i) Providing consultancy services for obtaining and processing information and data on water and energy consumption data; j) Providing advisory services in the negotiation of Power Purchase Agreement (PPA) contracts; k) Providing negotiation and advisory services to Small Means of Distributed Generation (PMGD) connections.	The Company was incorporated by means of a public deed dated February 11, 2014, executed before the Notary Public of Santiago Alberto Mozó Aguilar. An extract of said deed was registered on page 16583 No. 10440 of the Commercial Registry of Santiago in 2014, and the extract of the same was published in the Official Gazette on March 5, 2014.	100.0% controlled by Colbun		Luis Enrique López Zabala	Olivia Heuts Goen (titleholder); Carolina Elchiver Campos (titleholder); Heinz Müller Court (titleholder); Juan Pablo Fiedler (substitute); Máximo Gacitúa (substitute); Paulina Basualto (substitute)
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 receipt 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 (substitute); Máximo Gacitúa (substitute); Paulina Basualto (substitute).

RELATED COMPANIES: COLBUN SUBSIDIARIES

COMPANY NAME AND LEGAL NATURE	CORPORATE PURPOSE	GENERAL INFORMATION	DIRECT AND INDIRECT PARTICIPATION	CHAIRMAN	CHIEF EXECUTIVE OFFICER	BOARD OF DIRECTORS
ELECTROGAS S.A.	Purchase, sell, invest and hold ElectroGas S.A. shares.	Closed corporation. Incorporated by public deed dated October 14, 1996, executed at the Santiago notary's office of Mr. Mario Baros González. ElectroGas S.A. is a company whose shareholders are Colbun S.A. (42.5%), Aerio Chile SpA (42.5%) and Enap (15%).	42.5%	Thomas Keller L.	Allan Fischer H.	Thomas Keller Lippold (substitute Rodrigo Pérez Stieppovic) Juan Eduardo Vásquez Moya (substitute Juan Pablo Fiedler Pinto) Joao Faria Conceicao (substitute Marta Almeida Alonso) Gonzalo Morais Soares (substitute Joao) Pedro Pires) Rodrigo Azócar Hidalgo (substitute Tatiana Munro Cabezas)

01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

SUBSCRIBED AND PAID-IN CAPITAL OF COLBUN'S SUBSIDIARIES AS OF DECEMBER 31, 2021 (IN THUSD)

Affiliates	Currency	Capital Stock	Paid in capital
Colbún Desarrollo SpA	MUS\$	160	160
Colbún Perú S.A	MUS\$	219,635	219,635
Fenix Power Perú S.A	MUS\$	253,551	253,551
Inversiones Las Canteras S.A	MUS\$	425,698	425,698
Soc Santa Sofía SpA	MUS\$	15,404	15,404
Desaladora del Sur S.A	MUS\$	250	250
Efizity Ingeniería SpA	MUS\$	1,057	1,057
Efizity SpA	MUS\$	1	1
Efizity SAC	MUS\$	3	3

COLBUN S.A. INVESTMENTS IN SUBSIDIARIES AS OF DECEMBER 31, 2021 (IN THUSD)

Affiliates	Currency	Capital Stock	Paid in capital
Colbún Desarrollo SpA	MUS\$	159	0.0026%
Colbún Perú S.A	MUS\$	145,949	2.3947%
Fenix Power Perú S.A	MUS\$	245,360	4.0258%
Inversiones Las Canteras S.A	MUS\$	246,513	4.0447%
Soc Santa Sofía SpA	MUS\$	14,808	0.2430%
Efizity Ingeniería SpA	MUS\$	697	0.0114%
Desaladora del Sur S.A	MUS\$	219	0.0036%

The investment in each subsidiary as a percentage of the parent company's total assets.

COLBUN S.A. INVESTMENTS IN AFFILIATED COMPANIES AS OF DECEMBER 31, 2021 (IN THUSD)

Affiliates	Currency	Capital Stock	Paid in capital
Electrogas S.A	MUS\$	14,195	0.233%


01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Appointment and Election of the Board of Directors

GRI: 102-24
NCG 461: 3.2.iv; 3.7.iv

Regarding the appointment and selection processes of the governing body, any individual who is a free manager 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 that article must be met.

● INFORMATION REQUIRED

Shareholders who wish to promote the nomination of a person to occupy the position of Director or who wish to present themselves directly, may submit to the Chief Executive Officer of the Company the following information: 1) Experience and professional profile of the candidate. 2) Statement from the candidate indicating acceptance of his or her nomination and compliance with all the requirements to hold the position established by law and the regulations thereof. 3) Statement of contractual, commercial or other relationships with the controller, competitors or suppliers for the last 18 months. The truthfulness of the background will not be the responsibility of the Company, which will limit itself to receive them and make them available to the shareholders through its website.

● SUBMISSION OF INFORMATION

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 rsperez@colbun.cl or by letter delivered to the Company's address.

● 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 of presenting 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 elect 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.

The company implemented a remote participation mechanism for shareholders, who can observe in real time what happens at the shareholders' meeting and exercise their right to vote (through video approval by voice) in the same opportunity as the shareholders who are physically present at the meeting. (NCG 461: 3.7.iv)

● TERM

El Directorio tendrá una duración de tres años, plazo tras el cual deberá renovarse totalmente. Los directores podrán ser reelegidos en forma indefinida. Si se produjera la vacancia de un cargo de director, deberá procederse a la renovación total del Directorio en la próxima Junta Ordinaria de Accionistas que deba celebrar la sociedad y, entre tanto, el Directorio podrá nombrar un reemplazante.

● BOARD EFFECTIVENESS

The average attendance at Board meetings during 2021 was 99%.

● BIOGRAPHY OF BOARD MEMBERS 102-22

All of Colbun's directors are non-executive and the average length of service is 4.9 years. All directors, with the exception of Director Bernardo Matte Larraín, have four or fewer terms in other publicly traded companies.

Hernán Rodríguez Wilson
RUT: 7.051.490-7

Bernardo Larraín Matte
RUT: 7.025.583-9

Vivianne Blanlot Soza
RUT 6.964.638-7

Maria Emilia Correa Pérez
RUT: 21.667.056-6

Marcela Angulo González
RUT: 7.804.559-0

Juan Carlos Altmann Martin
RUT: 11.807.905-1

Andrés Lehuedé Bromley
RUT: 7.617.723-6

Rodrigo Dosono Munita
RUT: 15.363.942-6

Bernardo Matte Larraín
RUT: 6.598.728-7

 [Check biographies here](#)

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Hiring of Advisors

NCG 461: 3.2.iii



The Corporate Governance Code establishes that regarding the hiring of advisors:

- The Company has a process to identify improvements, if any, for the preparation and dissemination of disclosures to the market. The above in order to ensure easy and timely access to stakeholders.
- The Company conducts an annual survey of all its stakeholders, The Company uses international disclosure standards to identify opportunities for improvement.
- The results of this survey are presented to management by these independent third parties, which analyzes the appropriateness and applicability of such proposals.

● **RENEWAL OF 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 Concón 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 SEGUROS**
 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, since BICE Seguros is a subsidiary of Bicecorp S.A., a company related to the directors Mr. Juan Eduardo Correa G., Mr. Bernardo Larraín M., Mr. Francisco Matte I. and Mr. Rodrigo Donoso M.

1 Market Disclosures
 NCG 461 3.7.ii

The Company has a process to identify improvements, if any, for the preparation and dissemination of disclosures to the market. The above in order to ensure easy and timely access to stakeholders. The Company conducts an annual survey of all its stakeholders, led by an independent external expert advisor.

The Company uses international disclosure standards to identify opportunities for improvement.

The results of this survey are presented to management by these independent third parties, which analyzes the appropriateness and applicability of such proposals.

2 Renewal Of 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 Concón 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.

During the year 2021, the Directors' Committee decided on the following operations:

● **DONATION TO COLEGIOS DE LA SOCIEDAD DE INSTRUCCIÓN PRIMARIA (SIP) NETWORK**
 This is a contribution of \$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 because it is a related party transaction, given that the director Mr. Larraín M. is a seconddegree blood relative of Mrs. Magdalena Larraín M., director of Red de Colegios SIP.

● **APPROVAL OF THE COLBUN FOUNDATION BUDGET**
 This is the approval of the Colbun Foundation's budget, which has already been 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 Colbun 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.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

● EXTENSION OF TELECOMMUNICATION SERVICE CONTRACTS WITH ENTEL

This is the extension of the contracts with Entel for the provision of data link and local telephony services until December 31, 2020, as the current bidding process has been delayed due to the sanitary emergency caused by Covid 19. This operation was reviewed by the Directors' Committee because it is an operation between related parties, given that the father of the director 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 the 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 Colbun S.A.

● ANNUAL MEMBERSHIP OF SOCIEDAD DE FOMENTO FABRIL

The Committee approved the Annual Membership to SOFOFA, which has an annual cost of UF 1,112. The Committee reviewed this as it is a transaction between related parties given that the directors Mr. Hernán Rodríguez W. and Mr. Bernardo Larraín M. are director and president of SOFOFA, respectively.

● EXTENSION OF LEASE AGREEMENTS WITH BICE VIDA COMPAÑÍA DE SEGUROS S.A.

It is the modification of several lease agreements of several floors of the building located at 4775 Apoquindo Avenue, in the district of Las Condes, where the offices of the Head Office are located, in order to extend their term. 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

Two contributions were made to the Colbun 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 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.

It involves the subscription of an easement contract and a lease contract for the execution of the work "Candelaria Substation Expansion", which was tendered by the National Electric Coordinator and in which Colbun Transmisión S.A. will be the principal, as owner of the substation. Colbun S.A. is the owner of the land where the expansion works of the substation will be built. The Committee reviewed the background since it is a parent company operation with a subsidiary company.

● ACQUISITION OF LAND FROM COMINCO S.A.

This purchase involves the acquisition of 991 hectares of land, located in the mountainous sector of the commune of Los Andes, where Colbun S.A. currently has 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 Colbun S.A. Cominco S.A. es accionista de Colbún S.A.

● CONTRIBUTION TO ACCIÓN EMPRESAS

A contribution of \$6,800,000 to Fundación Acción Acción Responsabilidad Social Empresarial ("Acción Empresas") as a sponsor for the event "Encuentro de Desarrollo Sostenible" ("Meeting on Sustainable Development"). 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 settlement of the current account between Colbun S.A. (as creditor) and Colbun Transmisión S.A. (as debtor), which implies the execution of a debt agreement. The Committee reviewed this transaction as it is a transaction between related parties, since Colbun Transmisión S.A. is a subsidiary company of Colbun S.A.

● LOAN TO EFIZITY

This is a loan agreement with Efizity S.A. in the amount of Ch\$200 million, a transaction 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 subsidiary of Colbun S.A.

● REAL ESTATE LEASE AGREEMENTS WITH CMCP S.A. AND SUBSIDIARIES FOR JUNQUILLOS WIND FARM PROJECT

This transaction involves 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 farm project. The Committee reviewed this transaction

as it is a related party transaction, given that Mr. Bernardo Larraín M., Mr. Bernardo Matte L. and Ms. Vivianne Blanlot S. are also directors of Empresas CMPC S.A.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

● **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 caused by 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 COLEGIOS DE LA SOCIEDAD DE INSTRUCCIÓN PRIMARIA (SIP) NETWORK**

A contribution for a total amount of \$251,850,771 the Colegios de la Sociedad de Instrucción Primaria Network, which will be used for the construction of new classrooms and adaptation of playgrounds and bathrooms for pre-schools, and also for the construction of student care rooms, a resource room and the provision of the necessary furniture for the implementation of the latter in two schools of the Network. The Committee reviewed this donation because it is a transaction between related parties, given that the director Mr. Larraín M. is a second-degree blood relative of Mrs. Magdalena Larraín M., director of Red de Colegios SIP.

● **TRANSFER OF TRANSMISSION ASSETS OF THE SAN PEDRO HYDROELECTRIC POWER PLANT PROJECT FROM COLBUN TRANSMISSION TO COLBUN S.A.**

This is the transfer to Colbun S.A. of the transmission assets called "LT SP-Ciruelos", necessary 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 Colbun 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, involving Colbun S.A. as the main shareholder of Fenix, and in which both ADIA and Sigma would also participate, with the purpose of committing financial contributions to try to maintain Fenix'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 Colbun S.A. and its Peruvian subsidiary Fenix.

Additionally, during 2021 the Board of Directors Committee carried out the following activities:

- The compensation system and compensation plans for managers, senior executives and employees of the Company were reviewed;
- The proposal to contract additional services from the external audit firm EY Servicios Profesionales de Auditoría y Asesorías SpA, in the framework of a potential refinancing in the international bond market, was reviewed;
- Reviewed the Company's Financial Statements as of December 31, 2020;
- Held a meeting with representatives of the external audit firm EY Servicios Profesionales de Auditoría y Asesorías SpA, the Company's external auditors, to analyze the scope of services rendered during 2021, the accounting criteria used and the results of the audit as of December

- Reported on the activities carried out by the Committee during 2020, issuing the Annual Management Report.
- Evaluated the Management's proposals for the appointment of external audit firms for the year 2021, and agreed to propose to the Board of Directors that it propose to the Shareholders' Meeting to appoint as external auditors for the year 2021, as first option, EY Servicios Profesionales de Auditoría y Asesorías SpA; KPMG Auditores Consultores Ltda. as second option and PricewaterhouseCoopers 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.

- The proposal to contract additional services from EY, the current external audit firm of Colbun S.A., for the preparation of financial and accounting reports in the framework of the arbitration process with Codelco was reviewed.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Risk Management

GRI: 102-15, 102-30, 102-31
NCG 461: 3.6



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 it. Comprehensive risk management involves identifying, measuring, analyzing, mitigating and controlling the different risks incurred by the Company's various divisions, as well as estimating the impact on the consolidated position of the Company, and monitoring and controlling them over time. This process involves both Colbun'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 General Management, as well as of each division and management of the Company, and is supported by the Risk and Management Control Department, and the supervision, follow-up and coordination of the Company's Risk Management Department. and the supervision, follow-up 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 energy business risks and financial risks.

● B.1. POWER BUSINESS RISKS

1.1. Hydrological risk

In dry hydrological conditions, Colbun must operate its combined cycle thermal plants, or by default operate its backup thermal plants or use the spot market. This situation would make Colbun's costs more expensive, increasing the variability of its results depending on hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated through a commercial policy that aims to maintain a balance between competitive generation (hydro 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, Colbun built in 2017 a Reverse Osmosis Plant that allows reducing by up to 50% the water used in the cooling process of the combined cycles of the Nehuenco Complex.

In Peru, Colbun has a combined cycle power plant and a commercial policy aimed at committing through medium and long-term contracts, such base energy. Exposure to dry hydrological conditions is limited since it would only have an impact in the event of possible operational failures that would require recourse to the spot market. Additionally, the Peruvian electricity market has an efficient thermal supply and sufficient local natural gas availability to back it up.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

B.1.2. Fuel price risk

During low inflows to hydroelectric plants in Chile, Colbun must use mainly its thermal plants or make energy purchases in the spot market at marginal cost. This generates a risk due to variations in international fuel prices. To mitigate the impact of very significant and unforeseen variations in the price of fuels, hedging programs are carried out with various derivative instruments, such as call options and put options, among others. 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 the significant domestic supply of this hydrocarbon, which allows limiting 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. combustibles se encuentra en parte mitigado.

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 effect 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 generally 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 Argentine producers (Pampa, PAE and Total) to complement the supply of LNG. Considering these new contracts, Colbún has import agreements from Argentina totaling 2,500,000 m3 of gas per day for the following months (January - April 2022).

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 regard to coal purchases for the Santa María thermal power plant, periodic tenders are held (the last one in July 2021), inviting major international suppliers, awarding

international suppliers, awarding the supply to competitive companies with backing. This follows 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 Colbun's generation units and transmission facilities are fundamental for the business. For this reason, Colbun's policy is to perform scheduled, preventive and predictive maintenance on its equipment, in accordance with the recommendations of its suppliers, and maintains a policy of coverage for this type of risk through insurance for its physical assets, including coverage for physical damage and damage due to stoppage.

B.1.5. Project construction risks

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 geographic 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 levels 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 cover both physical damage and loss of profit due to delays in commissioning as a result of an accident, both with standard deductibles for this type of insurance.

The companies in the sector face a very challenging energy market, with a lot of activation from various interest groups, 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.

Colbun'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 engagement model that allows it to work with neighboring communities and society in general, initiating a transparent process of citizen participation and trust-building in the early stages of projects and throughout their life cycle.

B.1.6. Regulatory Risks

Regulatory stability is fundamental for the energy sector, where investment projects have considerable lead times in terms of obtaining permits, development, execution and return on investment. Colbun believes that regulatory changes should be made considering the complexities of the electricity 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.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Chile

Under the constitutional process originated from the Agreement for Peace and the New Constitution, and the subsequent approval of the drafting of a new Constitution through a plebiscite, the election of the 155 constituents in charge of its drafting took place on May 15 and 16. On October 7, 2021, the Constitutional Convention approved the rules of procedure to begin the work of drafting a new Constitution. The Convention must draft and approve a proposed text of the new Constitution within a maximum period of nine months from its installation (July 4, 2021), which may be extended for an additional three months, but only once. The constitutional process, which culminates with the submission of the constitutional text to a new plebiscite in 2022, may result in changes to the institutional framework applicable to business activity in the country.

Within the framework of the health crisis affecting the country as a result of the COVID-19 pandemic, on January 5, 2021, Law No. 21,301 was enacted,

which extended the effects of Law No. 21,249, which contemplates exceptional measures in favor of end users of sanitary services, electricity and gas network that establishes the prohibition of the cut-off for non-payment of basic services and allows prorating delinquent debts. Then, through extensions, this initiative extended the term of the benefits to end users (no supply cut-off for delinquency and the accumulation of debts with distribution companies) until December 31, 2021. This regulation also increases the maximum number of installments in which the payment of the debt can be prorated from 36 to 48 installments and extends the universe of beneficiaries up to 80% of vulnerability according to the Social Household Registry. In response to the problem of indebtedness that has been accumulating among users of basic services, two bills related to the Basic Services Law are currently being processed in the Senate:

- i. On August 19, 2021, a bill was introduced to establish a third extension of the Basic Services Law, the purpose of which is to extend the term until December 31, 2022 to prevent cuts and extend the coverage of the protected population to 100% of vulnerability. This initiative was approved by the Chamber of Deputies and sent to the Senate.
- ii. On January 4, 2022, the Government submitted to the Senate a bill that regulates the proration and payment of debts of basic services and establishes subsidies to vulnerable customers, the latter defined in the electricity sector as those who registered an average consumption during the year 2021 of up to 250 kWh/month. The initiative extends the term to take advantage of the benefits of the Basic Services Law until March 31, 2022 and regulates the debt contracted between March 18, 2020 and December 31, 2021 by the users benefited by this law, establishing an additional benefit for vulnerable customers that consists of an automatic proration in 48 months of the debt

contracted. These monthly installments may not exceed 15% of the customer's average bill and will be covered by a state subsidy. The balance not covered during the period is extinguished. In this initiative there is no burden on the generating companies. This bill was reviewed and approved by the Economy and Finance Committees of the Senate and is expected to be voted in the Chamber and then sent to the Chamber of Deputies.

Also in the Senate, the bill that seeks to bring forward the closure of coal-fired power plants is being processed. This initiative, 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. This bill is currently being reviewed by the Senate Mining and Energy Committee, which has received several guests to present their considerations.

**01** Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements

Importantly, in 2019 the generators signed a voluntary agreement with the government whereby they committed not to build new coal-fired plants and agreed to the progressive closure of coal-fired plants until 2040, along with reviews every 5 years in conjunction with the regulator.

Within the framework of this discussion, a bill that prohibits the injection of energy from fossil fuels into the system as of January 1, 2030 was introduced in the Senate via motion. This initiative was approved by the Senate Mining and Energy Committee to be reviewed and voted in the Chamber.

In addition, a parliamentary motion that regulates the construction, installation and operation, its environmental impact and the supervision of Wind-Generator Complexes continues to be processed in the Chamber of Deputies. The bill, which establishes requirements in the design of the projects, defines compensations for the neighboring communities and includes a modification to the law on general bases of the environment, does not have urgency and is being reviewed by the Environment Committee. Subsequently, it will be reviewed by the Mining and Energy Committee of the House of Representatives.

So far there have been no major advances in this discussion.

Additionally, it is worth mentioning the recent entry by the Executive of 3 bills related to the promotion of storage systems and electromobility, the promotion of renewable energies and the impulse for the creation of a green hydrogen market in Chile. These bills entered the Chamber of Deputies last December.

On the other hand, there are other issues of regulatory changes initiated by the government of President Piñera and it remains to be seen how they will be addressed by the government of President Boric, which could represent opportunities and 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 are expected for the future, encourage investment and improve the quality of service to end users. As part of the modernization and comprehensive reform of this segment, the Government submitted to the Chamber of Deputies 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 into which the Government 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 pricing scheme, define a long-term strategic plan for quality of service and establish compensations in favor of customers for excessive time interruptions.
- b. Distributed Generation, whose purpose is to promote distributed generation, define new actors and enable pilot projects, with a coordinated expansion of the distribution and transmission networks.
- ii. The "Flexibility Strategy", which aims to address the systemic and market consequences that will arise from the increasing incorporation of variable source renewable energies. The Strategy defined by the Ministry of Energy considers three axes or pillars:

(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, normative modifications are being developed at a regulatory and technical standards level, among which the process of drafting a new Power Transfer Regulation that seeks to improve the sufficiency remuneration mechanism and introduce long-term market signals that encourage investment in technologies that provide flexibility to the electricity system. The final proposal for this new regulation considers modifications such as the redefinition of the system's peak hours, the use of a probabilistic methodology for the recognition of power, the incorporation of a cost efficiency signal within the recognition of power, the modification of the theoretical power reserve margin, a transitory regime for its application, among others. According to the Ministry's schedule, and based on the Public Consultation carried out, a final version of the new regulations should be published soon to be submitted to the Comptroller's Office for approval.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

On August 2021, a "Preventive" Rationing Decree (DS N°51/2021) of the Ministry of Energy was published, which establishes a series of preventive measures to avoid electricity rationing, which will be in force until March 31, 2022, with the purpose of "avoiding, managing, reducing or overcoming generation deficits that may occur in the National Electric System, thus preserving security". This Decree considered initiatives applicable to generation, transmission and distribution, in addition to other actions applicable to demand. Among the main measures are acceleration of the connection of advanced projects, acceleration of the connection of small means of distributed generation ("PMGD") and self-dispatch of small-scale generation means, use of reservoir energy, definition of hydrological condition to be used in the operation programming by the Coordinator, optimization of the maintenance of generating units, registration of additional generation capacity, maximizing the availability of infrastructure for LNG, monitoring of fuel unavailability, special treatment of transmission facilities, relaxation of service quality standards (voltage) in distribution systems, etc.

In addition, the Decree authorizes generating and distribution companies to adopt measures such as promoting decreases in electricity consumption, agreeing with their customers to reduce consumption, and suspending supply in the cases indicated in the Decree. Finally, it establishes a procedure for deficit management and compensation payments, as well as considerations on quality and continuity of supply and rationing conditions.

In this context, the Ministry of Energy is currently preparing to send a modification to the "Preventive" Rationing Decree to extend its term until September 30, 2022 and to establish new measures that seek to implement a new acquisition and special remuneration scheme for the purchase of safety diesel, in order to ensure supply and reduce generation risk. In this scheme it is considered that the exceptional requirements established will be remunerated pro rata to the withdrawals made by generators in the system. Additionally, the new Decree establishes new rules for the recognition of power of thermoelectric plants that use diesel fuel and natural gas for their operation.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Perú

On May 4, 2021, a resolution was published that modifies the COES Technical Procedure "Calculation of Variable Costs of Generation Units", establishing a change in the methodology for the calculation of Marginal Costs in the short-term market. The regulator (OSI-NERGMIN) established that for the determination of the variable costs of gas, all the costs of the supply chain will be used, that is, the cost of supply, transportation and distribution of gas, a scheme that began to be fully effective as of July 1, 2021.

On the other hand, on May 19, 2021, Supreme Decree N°012-2021-EM was published in the Official Gazette El Peruano, which (i) approves the Regulation to optimize the use of Natural Gas and creates the Gas Manager; and (ii) modifies and incorporates new provisions to the Regulation of the Secondary Natural Gas Market, approved by Supreme Decree N° 046-2010-EM. However, in order to start the operation of the Secondary Natural Gas Market, the issuance of operating

procedures by the Ministry of Energy and Mines is required.

In this context, on September 21, 2021, Directorial Resolution N° 368-2021-MINEM/DGH was published in the Official Gazette El Peruano, which provides for the publication of the draft "Operating Procedure of the electronic market of the auctions for the transfer of supply volume and/or transportation capacity of natural gas (MECAP)" and its Technical Legal Report, for the issuance of comments by the interested parties.

Finally, on December 18, Resolution of the Board of Directors N° 244-2021-OS/CD was published in the Official Gazette El Peruano, which modified the Technical Procedure of COES N° 07 "Determination of Short-Term Marginal Costs" (PR-07) (Res. N° 244-2021-OS/CD). These modifications will be effective as of July 1, 2022.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

B.1.7. Risk of variation in demand/supply and sale price of electric power

The projection of future electricity consumption demand is very relevant information for determining the market price.

In Chile, a low growth in demand, a drop in the price of fuels and an increase in the entry of solar and wind variable 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, October 2017 and August 2021 resulted in a significant drop in the prices submitted and awarded, reflecting the greater competitive dynamics that exist in this market and the impact of the irruption of new technologies - mainly solar and wind - with a significant reduction in costs due to their massification.

In addition, and given the difference in energy prices between unregulated and regulated customers, certain customers have opted for the unregulated customer regime. This can occur due to the option, contained in the electricity legislation, which allows customers with connected power between 500 kW and 5,000 kW to be categorized as regulated or unregulated customers. Colbun has one of the most efficient generation parks in the Chilean system, so it has the capacity to offer competitive conditions to these customers.

There is also a scenario of temporary imbalance between supply and demand in Peru, generated mainly by the increase in efficient supply (hydroelectric and natural gas plants).

The growth that has been observed in the Chilean market (and potentially in the Peruvian market) of renewable generation sources of variable sources such as solar and wind generation, may generate integration costs and therefore affect the operating conditions of the rest of the electricity 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 as to how and for how long this contingency will extend. Energy demand in Chile has grown by approximately 5.5% during Q421 compared to Q420, while Peru has experienced an increase of approximately 3.0% compared to Q420.

In addition, there is a complex global economic outlook. In addition, there is a complex global economic outlook, which may lead to a contraction of the Chilean and Peruvian economies, which will surely have an effect on future electricity demand.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

● **B.2 FINANCIAL RISKS**

These are risks related to the impossibility to perform transactions or non-compliance with obligations arising from activities due to lack of funds, as well as variations in interest rates, exchange rates, bankruptcy of counterparties or other financial market variables that may affect Colbun's net worth.

B.2.1 Foreign exchange 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 dollars.

Regarding disbursements in investment projects, the Company incorporates indexers in its contracts with suppliers and sometimes resorts to the use of derivatives to fix the disbursements in currencies other than the dollar.

Exposure to the mismatch of balance sheet accounts is mitigated through the application of a maximum mismatch policy between assets and liabilities for those structural items denominated in currencies other than the U.S. dollar. For this purpose, Colbun maintains a relevant proportion of its cash surpluses in dollars and additionally resorts to the use of derivatives, the most widely used being currency swaps and forwards.

B.2.2 Interest rate risk

Indicates changes in interest rates that affect the value of future cash flows referenced to variable interest rates, and changes 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, 2021, the Company's financial debt is 100% fixed rate denominated.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

B.2.3 Credit risk

The Company is exposed to this risk derived from the possibility that a counterparty fails to comply with its contractual obligations and produces an economic or financial loss. Historically, all counterparties with which Colbun has maintained energy delivery commitments have made the corresponding payments correctly.

Recently, Colbun 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 customers 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.

Colbun carries out its treasury and derivative transactions with entities with high credit ratings. Additionally, the Company has established participation limits per counterparty, which are approved by the Board of Directors and reviewed periodically.

As of December 31, 2021, investments of cash surpluses are invested in interest-bearing checking 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 12.b of the Financial Statements

B.2.4 Liquidity risk

This risk arises from the different needs for funds to meet investment commitments and business expenses, debt maturities, among others. Funds required to meet these cash flow outflows are obtained from the Company's own resources.

The funds necessary to meet these cash flow outflows are obtained from Colbun's own resources generated by its ordinary activities and by contracting lines of credit that ensure sufficient funds to support the projected needs for a period of time.

As of December 31, 2021, Colbun has cash surpluses of approximately US\$1,419 million, invested in interest-bearing checking accounts, time deposits and mutual funds with an average term of 80 days and fixed-income investments with a term of 2 to 3 years that are expected to be held to maturity. Deposits with terms of less and more than 90 days, the latter are recorded as "Other Current Financial Assets" in the Consolidated Financial Statements).

Also, the Company has available as additional sources of liquidity as of today: (i) three bond facilities registered in the local market, two for an aggregate total amount of UF7 million and one for an amount of UF7 million and (ii) uncommitted bank facilities for approximately US\$150 million. Fenix has uncommitted lines of credit totaling US\$25 million.

In addition, the Company has available as additional sources of liquidity as of today: (i) three bond lines registered in the local market, two for an aggregate total amount of UF 7 million and one for an amount of UF 7 million and (ii) uncommitted bank lines for approximately US\$150 million. Fenix has uncommitted lines of credit totaling US\$25 million.

In the next twelve months, the Company will have to disburse approximately US\$100 million for interest and amortization of financial debt (excluding all of the local bonds, which were prepaid on January 24, 2022). Interest and amortization payments are expected to be covered by the Company's own cash flow generation.

As of December 31, 2021, Colbún has national risk ratings AA by Fitch Ratings and Feller Rate, both with 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, 2021, Fenix has international risk ratings of BBB- by S&P and by Fitch Ratings, both with stable outlooks.

Based on the foregoing, it is considered 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 to the Financial Statements.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 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.

Colbun has implemented mitigating measures with respect to business risks, specifically those related to variations in commodity prices, consisting of indexing in energy sales contracts and hedges with derivative instruments to cover a 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.

Regarding financial risks, Colbun performs sensitivity and value-at-risk analyses to measure its exposure in order to monitor the possible losses assumed by the Company in the event that the exposure exists.

The exchange rate risk is considered 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 applying a maximum mismatch policy between assets and liabilities for those structural balance sheet items denominated in currencies other than the U.S. dollar. Based on the above, as of December 31, 2021, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US\$4.7 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 Colbun operates only with local and international banking counterparties with high credit ratings and has established maximum exposure policies per counterparty that limit the specific concentration with these institutions. In the case of banks, local institutions have a local risk rating equal to or higher than BBB and foreign entities have an international risk rating of investment grade.

At the end of the period, the financial institution with the largest share of cash surpluses was 25%. As for existing derivatives, the Company's international counterparties have a risk rating equivalent to BBB+ or higher and the domestic counterparties have a local rating of BBB+ or higher. It should be noted that in derivatives, the counterparty that concentrates the largest share in terms of notional amounts to 51%.

Liquidity risk is considered low due to the Company's relevant cash position, the amount of financial obligations in the next twelve months and access to additional sources of financing.

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements



Crime Prevention Model

GRI 205-2

Our Company has a Crime Prevention Model, in accordance to 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 2021 Colbun S.A. has not been notified of any action, lawsuit or proceeding against it related to 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. Nor has it been notified of any sanction or proceeding related to unfair competition, monopolistic practices or against free competition. In addition, there is no current proceeding in which Colbun S.A. has these categories. Notwithstanding the above, the National Economic Prosecutor's Office (FNE) has requested information from Colbun 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.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Detail of Fines and Penalty Proceedings for 2021

GRI 307-1, 419-1

In 2021, the Environmental Superintendency fined the Company 345 UTAs (in the "minor" category) for the installation of equipment other than that authorized in the RCA. The authority issued this infraction despite the fact that it had twice previously closed a sanctioning procedure for the same circumstances and even though it was proven that the aforementioned equipment modifications have not had any negative impact on the environment or on people's health. The fine was appealed before the Environmental Court of Valdivia and as of December 31, 2021 the appeal is pending resolution.

In the case of Fenix, in Peru, during 2021 it has not been sanctioned for violations of environmental legislation and regulations.

DETAIL OF FINES IN 2021 - CHILE (419-1)

Sanctions for non-compliance in social matters	Sanction Description	Monetary/Non-monetary	Amount US\$ (If applicable)	Sanction Status (Open/Closed)	Date of Sanction	Sanction holder
Servicio de Impuestos Internos	Penalty for rectification of affidavit accessory to income tax return for tax year 2021	Monetary	52	Closed	26-04-2021	Colbun
Servicio de Impuestos Internos	Penalty for delay in payment of land tax surcharge	Monetary	399	Closed	03-05-2021	Colbun
Servicio de Impuestos Internos	Penalty for delay in payment of land tax surcharge	Monetary	264	Closed	06-07-2021	Colbun
Dirección del trabajo		Monetary	4,053	Closed	12-08-2021	Colbun
Servicio de Impuestos Internos	One-time tax associated with the termination of Termoelectrica Nehuenco's business activity	Monetary	3,945	Closed	20-01-2021	Colbun
Servicio de Impuestos Internos	VAT rectification penalties for the month of March 2021	Monetary	74,188	Closed	18-01-2021	Colbun Transmisión
Servicio de Impuestos Internos	Fines for untimely membership modification	Monetary	20	Closed	20-09-2021	Colbun Transmisión
Servicio de Impuestos Internos	Fines for untimely membership modification	Monetary	38	Closed	13-12-2021	Colbun Transmisión
Total			82,960			

DETAIL OF FINES IN 2021 - PERÚ(419-1)

Sanctions for non-compliance in social matters	Sanction Description	Monetary/Non-monetary	Amount US\$ (If applicable)	Sanction Status (Open/Closed)	Date of Sanction
Organismo de Evaluación y Fiscalización Ambiental (OEFA)	Fine for non-compliance with the provisions of the Environmental Impact Study update, for not carrying out water quality monitoring of the Sea from January to March 2019.	Monetary	2,452	Closed	27/05/2021
Organismo Supervisor de la Inversión en Energía y Minería (OSINERMIN)	Penalty for infraction - Failure to file returns containing the determination of the tax debt within the established deadlines of Jun 2021.	Monetary	435	Closed	10/09/2021
Superintendencia Nacional de Aduana (SUNAT)	Penalty for regularization of ITAN 2021 calculation	Monetary	10,952	Closed	30/09/2021
Superintendencia Nacional de Aduana (SUNAT)	Penalty and interest for income tax audit 2014, correction in the calculation of the coefficient of payments on account from March to July.	Monetary	170,367	Closed	10/11/2021
Superintendencia Nacional de Aduana (SUNAT)	Penalty for income tax audit 2014, correction of tax loss in the annual tax return.	Monetary	14,415	Closed	10/11/2021
Superintendencia Nacional de Aduana (SUNAT)	Penalty for income tax audit 2014, additional rate of 4.1% for indirect income tax provision.	Monetary	1,680	Closed	10/11/2021
Total			200,301		



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Annex Chapter 2:

Our Strategic Agenda and Value Creation Model

GRI: 102-42



Stakeholders identification

GRI: 102-42, 102-44



Colbun'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 periodically (or at least once a year) updates its stakeholder yearly) 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.





Partnerships and collaborations we participate in

102-12, 102-13



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

ORGANIZATIONS WE ARE MEMBERS OF IN CHILE (102-13) (CONTINUE TO)

Organization	Description	Level of Participation	Date of Entry	Amount (US\$)
Centro de Medio Ambiente y Energía de SOFOFA www.sofofa.cl	Design, develop and implement pilot projects that contribute to the development of cost-effective environmental and energy policies and technical excellence.	Partners	2016	18,802
Acción Empresas www.accionempresas.cl	Promotes CSR and sustainable development in Chile.	Partners, Board of Directors, working committees, event sponsorship	2011	10,034
Asoc.Chilena de Energías Renovables (ACERA) www.acera.cl	Promotes a regulatory framework that allows NCRE to compete on equal terms with other traditional sources.	Partners and working committees	2017	16,214
Asociación Gremial de Generadoras de Chile www.generadoras.cl	Promotes the development of electric companies in Chile.	Partners, Board of Directors and Working Committees	2011	270,564
Camara Chilena Norteamericana (AMCHAM) www.amchamchile.cl	Promotes free trade, investment and full integration between Chile and the United States, creating value for partners and society.	Partners and working committees	2018	3,372
Asociación de Industriales del Centro (ASICENT) www.asicent.cl	Seeks to collaborate with the development of its associates and the progress of the Maule Region..	Partners	2011	997
Centro de Estudios Públicos (CEP) www.cepchile.cl	Its purpose is the study and dissemination of the values, principles and institutions that serve as the basis for a free society in Chile.	Partners	2008	16,702
Corporación Industrial para el Desarrollo Regional del Biobío (CIDERE) www.ciderebiobio.cl	Works for the development of the Biobío Region.	Partners, Board of Directors, innovation and CSR	2010	12,790
Consejo Internacional de Grandes Redes Eléctricas www.cigre.cl	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	1,393
Centro de Líderes Empresariales para el Cambio Climático (CLG) www.clgchile.cl	Promotes policies and actions to address climate change in Chile.	Partners and Board of Directors	2009	9,976
Redes de Innovación LTDA www.clubdeinnovacion.cl	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	11,585
Corporación para el Desarrollo de la Región de Los Ríos CODEPROVAL www.codeproval.cl	Corporation with multisectoral work that promotes the growth of the Los Ríos Region.	Partners and event sponsorship	2010	12,537
Corporación Municipal de Desarrollo Coronel (CORCORONEL)	Seeks to facilitate the social work of companies in the Coronel community.	Partners, Board of Directors and working committees	2015	4,858
Cámara de La Producción y Comercio de Concepción (CPCC) www.cpcc.cl	Promotes the productive development of the Biobío Region.	Partners	2010	4,008
Asociación Chilena de Hidrógeno www.h2chile.cl	A platform to teach, educate, collaborate, encourage and really 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	14,101
Instituto de Auditoría Interna Chile www.iaichile.org	Promotes the development of internal auditing through the active participation of its associates, united under the slogan "Innovating in Auditing".	Partners	2020	531

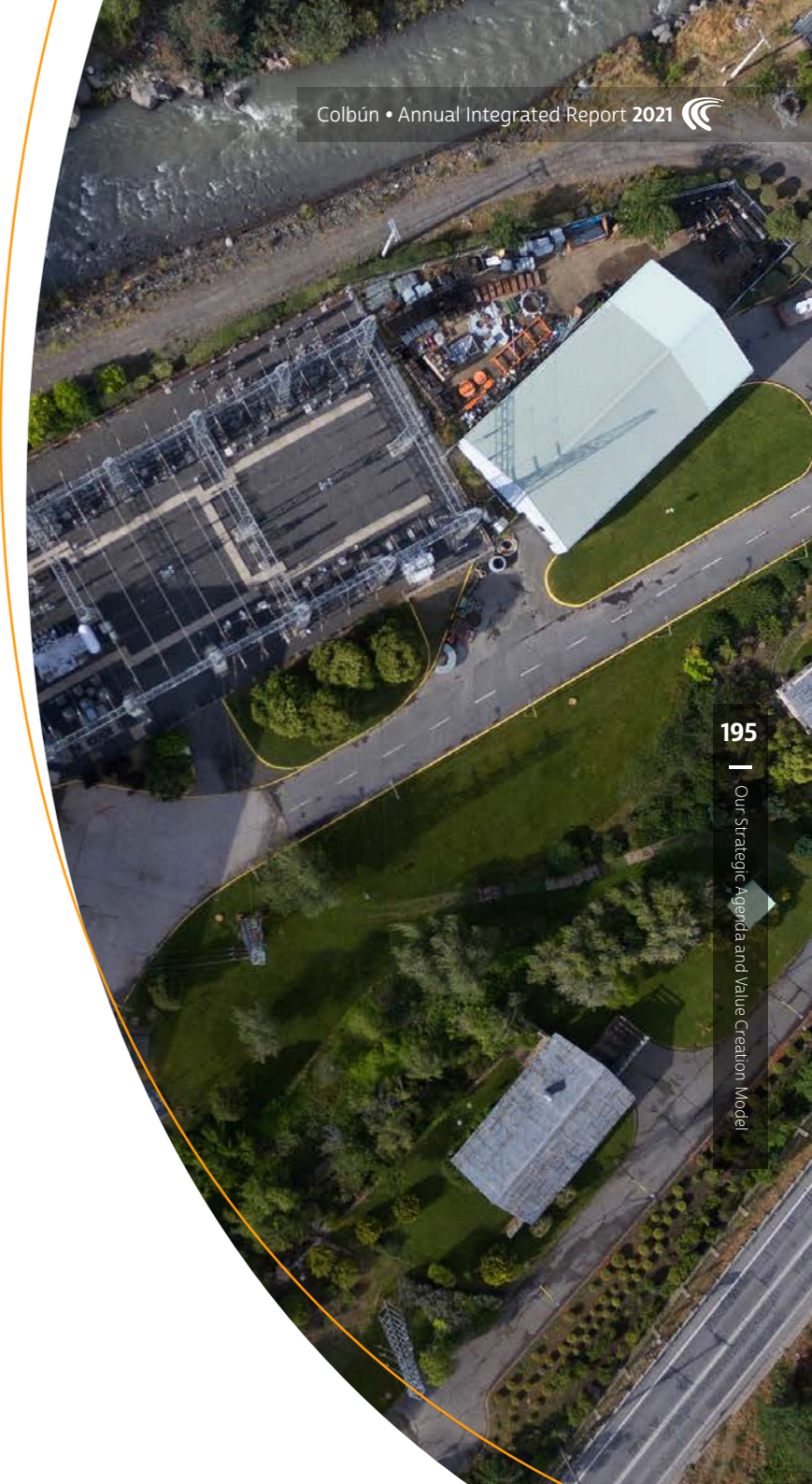


- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

Organization	Description	Level of Participation	Date of Entry	Amount (US\$)
Instituto de Auditores Internos España www.iai.es	International Standards for the Professional Practice of Internal Auditing, and provides training, information and meeting opportunities to its Partners on all aspects related to the day-to-day work of the internal auditor.	Partners	2020	439
Instituto Chileno de Administración Racional de Empresas (ICARE) www.icare.cl	Promotes business excellence in Chile.	Partners	2008	1,141
Instituto de Ingenieros de Chile www.iing.cl	Seeks to contribute to the promotion of science and engineering in Chile.	Partners	2010	1,220
Red de PACTO GLOBAL (Universidad Andrés Bello) www.pactoglobal.cl	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.	Partners, Board Members and working committees	2015	6,962
Corporación de Desarrollo del Valle de Aconcagua (PROACONCAGUA) www.proaconcagua.cl	Promotes the sustainable development of the Aconcagua Valley in the Valparaíso Region.	Partners y Board members	2009	12,198
Red Empresas Inclusivas (REIN) www.empresainclusiva.cl	Integrating people with disabilities into the labor market.	Partners	2018	627
Sociedad de Fomento Fabril (SOFOPA) www.sofopa.cl	Promotes and disseminates good business practice	Partners y councilors	2009	58,329
Corporación Nacional de Desarrollo de la Región del Biobío www.desarrollabiobio.cl	The main purpose is to contribute to public-private articulation by promoting meeting spaces for dialogue and debate on strategic orientations.	Partners y Board Members	2020	2,296
			TOTAL	491,675

COLLABORATIVE ORGANIZATIONS WE ADHERE TO IN CHILE (102-12)

Organization	Description	Date of Entry
Water Disclosure Project (Water CDP) www.cdp.net/water	Promotes the monitoring and measurement of the use of water resources 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 energy sector	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	Paper recycling in offices in the Metropolitan Region and Valparaíso Region in Chile.	2011



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

ORGANIZATIONS WE ARE MEMBERS OF IN PERU (102-13)

Organization	Description	Level of Participation	Date of Entry	Amount (US\$)
Asociación de Buenos Empleadores (ABE) de la Cámara Americana de Comercio	Institution belonging to the American Chamber of Commerce, which promotes labor social responsibility, fostering good practices in people management.	Promoting partner	2017	988
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.	Category B Partner (Effective from Q4 2019)	2019	2,096
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	5,100
Sociedad Nacional de Minería, Petróleo y Energía (SNMPE)	Guild that brings together the Peruvian electricity industry.	Members and representatives of the generators' sub-committee	2013	34,509
Libélula - Nexos+1	A platform for corporate climate action in Latin America.	Member	2019	5,000
Empresas Ciudadanas -PROA	"Empresa Ciudadana", a partnership of companies committed to generating a culture of volunteerism through the active participation of its employees.	Member	2020	7,186
			TOTAL	55,687

COLLABORATIVE ORGANIZATIONS WE ADHERE TO IN PERU (102-12)

Organization	Description	Date of Entry
Aniquem	Framework cooperation agreement with the Asociación de Ayuda al Niño Quem (ANIQUEM) for the promotion of internal campaigns for the collection of recycled material and its subsequent donation by Fenix to ANIQUEM.	2016
Fundación Teletón San Juan de Dios	Organization that mobilizes the solidarity of citizens, through projects and social programs, to generate a cultural change for the inclusion of children and young people with physical disabilities.	2020
Banco de Alimentos Perú – Héroe Contra el Hambre	Alliance with the Peru food bank to provide food to grassroots social organizations in the district of Chilca.	2021

Note: Colbún does not have lobbyists and there is no political contributions from Colbun S.A. in Chile and Peru.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Annex Chapter 3:

Economic and Operational Performance



3.1 Growth outlook



At Colbun, we continue our commitment to maximize the value of our company by exploring and identifying growth opportunities in Chile that will allow us to meet the electricity demand with competitive, safe and sustainable energy.

PLANNED CAPACITY (MW) ALONG WITH THE RESPECTIVE MAXIMUM ACHIEVABLE GENERATION VERSUS PROJECTED LONG-TERM ELECTRICITY DEMAND, BY ENERGY SOURCE IN CHILE(EU10)

Classification	2021	2022	2023	2024	2025	2026	2030 Projection
Energy Source	Reservoir hydro	1,058	1,058	1,058	1,058	1,058	1,058
	Run-of-river hydro > 10 MW	552	552	552	552	552	552
	Run-of-river hydro < 10 MW	17	17	17	17	17	17
	Thermal - coal	350	350	350	350	350	350
	Thermal - gas	1,144	1,144	1,144	1,144	1,144	1,144
	Thermal - diesel	108	108	108	108	108	108
	Wind	-	-	-	778	778	778
Solar	9	248	248	248	248	248	
Total capacity planned	3,238	3,477	3,477	4,255	4,255	4,255	7,229
Projected maximum generation capacity P70 (GWh)	19,917	20,395	20,441	22,485	22,485	22,485	31,083
Total projected demand	74,572	76,436	78,347	80,306	82,314	84,371	93,130
Projected peak generation, versus projected demand (%)	27%	27%	26%	28%	27%	27%	33%

PLANNED CAPACITY (MW) TOGETHER WITH THE RESPECTIVE MAXIMUM ACHIEVABLE GENERATION VERSUS PROJECTED LONG-TERM ELECTRICITY DEMAND, BY ENERGY SOURCE IN PERU (EU10)

Classification	2021	2022	2023	2024	2025	2026	2030 Projection
Energy Source	Reservoir hydro						
	Run-of-river hydro						
	Thermal coal						
	Thermal LNG/Diesel	573	573	573	573	573	573
	Wind						
	Solar						
Total capacity planned	573	573	573	573	573	573	573
Projected maximum generation capacity P70 (GWh)	3,426	3,426	3,426	3,426	3,426	3,426	3,426
Total projected demand	53,986	57,456	59,842	62,564	65,481	68,476	81,659
Projected peak generation, versus projected demand (%)	6.3%	6.0%	5.7%	5.5%	5.2%	5.0%	4.2%



3.2 Tax Management

207-1, 207-2, 207-3, 207-4



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Colbun S.A. and its subsidiaries' tax approach aims to fully comply with all tax obligations arising from the economic activities of each of them and, consequently, generate taxable events.

This is supported by the design of policies aimed at strict tax compliance with the corresponding regulations in each jurisdiction where we operate.

To achieve this, we are concerned about having adequate and documented processes, prepared and reviewed by professionals with the required experience, in order to fulfill our objective.

Our tax approach is directly linked to our purpose of integrity and commitment to our values.



To carry out our approach to tax compliance, we have a team specialized in tax issues, led by a specific assistant manager for this area, with objectives of periodic reports on compliance, application of procedures, guidance on tax treatment, risks associated with the activities and improvements to be implemented in the aspects that may influence the taxation of Colbun S.A. and its subsidiaries. In addition, the company ensures that the professionals in the area receive the training required for optimum performance of their duties. Thus, in the event of the absence of a member of the team, there are personnel with the appropriate skills to replace the person responsible for the management and control of tax compliance.

The team's compliance is periodically evaluated by specialized external auditors.

In addition, Tax Committees are held at least quarterly to supervise and constantly monitor tax matters and associated risks. Managers from different areas, such as legal, finance, and internal audit, among others, participate in these Tax Committees, as well as external advisors.

We also have a whistleblower channel for stakeholders to report concerns related to particular behaviors or situations involving the company.

● STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF TAX-RELATED CONCERNS

On a quarterly basis Colbun publishes its Financial Statements and annually the Company's Annual Integrated Report. In these reports, sent to the Financial Market Commission (CMF) and published on the company's website (www.colbun.cl), the tax situation is explained, clearly detailing, among other matters, the Effective Tax Rate and the Reconciliation from the Tax Rate. Additionally, on a monthly and annual basis, we send tax documentation to the tax authority (Servicio de Impuestos Internos, SII) with all the openness and detail required by current regulations.

Fenix fully complies with the applicable laws and regulations, and on a monthly and annual basis sends tax documentation to the tax authorities

(Superintendencia Nacional de Administración Tributaria, SUNAT) with all the openness and detail required by current regulations.


The Company participates actively and collaboratively in the auditing processes of the regulatory bodies, and is concerned about complying faithfully with the requirements of the authority.

In transactions between Group companies, we take care to apply the transfer pricing rules stipulated by the OECD. We strive to apply the same criteria in transactions between local companies.

Annex Chapter 4: Social Performance

4.1 Employees

Workforce
102-8
NCG 461: 5.2
Colbún 8.TR



All workforce charts are as of December 31 of each year.

WORKFORCE BY TYPE OF CONTRACT IN CHILE (102-8, NCG 461-5.2)

Type of vcontract	2018		2019		2020		2021		2021 TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Indefinite-term contract	171	787	177	761	180	759	191	762	953
Contract for Work	3	4	0	0	1	14	8	31	39
Fixed-term contract	0	6	7	4	13	17	6	10	16
TOTAL	174	797	184	765	194	790	205	803	1008

Note: Colbun does not have any fee-based employees.

PERCENTAGE OF PEOPLE BY TYPE OF CONTRACT AND GENDER IN CHILE (NCG 461-5.2)

Type of contract	2018		2019		2020		2021		2021 TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Indefinite-term contract	98.3%	98.7%	96.2%	99.5%	92.8%	96.1%	93.2%	94.9%	94.5%
Contract for Work	1.7%	0.5%	0.0%	0.0%	0.5%	1.8%	3.9%	3.9%	3.9%
Fixed-term contract	0.0%	0.8%	3.8%	0.5%	6.7%	2.2%	2.9%	1.2%	1.6%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

WORKFORCE BY TYPE OF CONTRACT IN PERU (102-8, NCG 461-5.2)

Type of contract	2018		2019		2020		2021		2021 TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Indefinite-term contract	19	68	19	73	20	76	21	79	100
Contract for Work	0	0	0	0	0	0	0	0	0
Fixed-term contract	0	1	0	0	2	4	3	10	13
Fee-based	0	0	0	0	0	0	0	0	0
TOTAL	19	69	19	73	22	80	24	89	113

Note: Colbun does not have any fee-based employees.

PERCENTAGE OF PEOPLE BY TYPE OF CONTRACT AND GENDER IN PERU (NCG 461-5.2)

Type of contract	2018		2019		2020		2021		2021 TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Indefinite-term contract	100%	98.6%	100.0%	100.0%	90.9%	95.0%	87.5%	88.8%	88.5%
Contract for Work	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fixed-term contract	0%	1.4%	0.0%	0.0%	9.1%	5.0%	12.5%	11.2%	11.5%



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

WORKFORCE BY TYPE OF WORKDAY AND LABOR ADAPTABILITY IN CHILE (102-8, NCG461-5.3)

Type of contract	2018		2019		2020		2021	
	Women	Men	Women	Men	Women	Men	Women	Men
Full-time (permanent)	174	797	184	765	194	790	205	803
Part-time	0	0	0	0	0	0	0	0
Adaptability agreements with family responsibilities	0	0	0	0	0	0	0	0
TOTAL	174	797	184	765	194	790	205	803

WORKFORCE BY LABOR CONTRACT AND GEOGRAPHIC LOCATION IN CHILE(102-8)

Region	2018		2019		2020		2021	
	Indefinite Contract	Temporary Contract	Indefinite Contract	Temporary Contract	Indefinite Contract	Temporary Contract	Indefinite Contract	Temporary Contract
II Antofagasta	0	0	0	0	0	1	0	2
III Atacama	0	0	0	0	0	2	5	15
Metropolitana	408	8	401	9	417	30	438	24
V Valparaiso	180	2	185	2	182	10	177	9
VI O'Higgins	27	0	25	0	27	0	25	1
VII Maule	90	0	89	0	86	1	85	1
VIII Biobío	215	2	214	0	208	0	202	3
X Los Lagos	20	0	19	0	19	1	21	0
XIV Los Ríos	18	1	5	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	958	13	938	11	939	45	953	55

NEW RECRUITMENTS AND EMPLOYEE TURNOVER IN CHILE (401-1)

Number of collaborators	2018	2019	2020	2021
Total workforce	971	949	984	1,008
Total Outflows	68	79	32	71
Total Recruitment	63	66	71	98
Turnover Rate*	7.0	8.3	3.3	7.0
New hiring rate*	6.5	7.0	7.2	9.7

*These figures do not include fixed-term workers.

WORKFORCE BY TYPE OF WORKDAY AND LABOR ADAPTABILITY IN PERU (102-8, NCG461-5.3)

Type of contract	2018		2019		2020		2021	
	Women	Men	Women	Men	Women	Men	Women	Men
Full-time (permanent)	19	69	19	73	22	80	24	89
Part-time	0	0	0	0	0	0	0	0
Adaptability agreements with family responsibilities	0	0	0	0	0	0	0	0
TOTAL	19	69	19	73	22	80	24	89

WORKFORCE BY LABOR CONTRACT AND GEOGRAPHIC LOCATION IN PERU (102-8)

Region	2021		Total
	Indefinite Contract	Temporary Contract	
Corporate Offices LIMA	52	4	56
Power Plant CHILCA	48	9	57
Total	100	13	113

NEW RECRUITMENTS AND EMPLOYEE TURNOVER IN PERU (401-1)

Number of collaborators	2018	2019	2020	2021
Total workforce	88	92	96	113
Total Outflows	18	9	0	6
Total Recruitment	14	13	5	20
Turnover Rate*	20.5	9.8	-	5.3
New hiring rate*	15.9	14.1	5.2	17.7

*These figures do not include fixed-term workers.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

TURNOVER RATE BY GENDER AND REGION IN CHILE (401-1)

Region	Women	Men	Total
Metropolitan	10.1	6.3	7.6
II Region	0	0	0
III Region	0	0	0
V Region	10.5	9.0	9.1
VI Region	0	8.0	7.7
VII Region	0	6.3	5.8
VIII Region	5.9	5.9	5.9
X Region	0	0	0
XIV Region	0	0	0
Total	9.3	6.5	7.0

RATE OF TURNOVER BY GENDER AND REGION IN PERU (401-1)

Region	Women	Men	Total
SedMagdalena Headquarters	4.8%	5.7%	5.4%
CT Fenix - Chilca	0%	5.6%	5.3%
Total	4.2%	5.6%	5.3%

*These figures do not include fixed-term workers.

TURNOVER RATES IN 2021 (%) OVER TOTAL BY AGE IN CHILE (401-1)

	Man	Woman	Total
Under 30 years of age	10	8.7	9.6
Between 30 and 5 years old	4.4	9	5.5
Over 50 years old	10.3	11.5	10.5
Total	6.5	9.3	7

VOLUNTARY TURNOVER RATES (%) OVER TOTAL - CHILE

Position Categories	<30			30-50			50			Totals		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Grand Total
Executives (Senior Management + management)				20.0	4.8					15.4	2.5	
Professionals (Management + Other Professionals + Sales Force)	4.8	13.3	8.3	3.3	6.1	4.2	2.7		2.5	3.3	6.7	4.2
Administrative (+ Auxiliaries)	100.0		25.0	4.3	3.6	8.3		3.3	11.1	2.3	4.8	
Other positions (Operators + Other Technicians)	3.6		3.0	1.2	1.2	9.1		9.1	3.7		3.6	
Total	6.0	8.7	6.8	2.1	6.4	3.1	5.6	5.0	3.4	5.9	3.9	

VOLUNTARY TURNOVER RATES (%) OVER TOTAL - PERÚ

Categorías de Cargo	<30			30-50			> 50			Totales		
	Hombres	Mujer	Total	Hombres	Mujer	Total	Hombre	Mujer	Total	Hombre	Mujer	Gran total
Executives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Professionals	0%	12.5%	10.0%	0%	0%	0%	0%	0%	0%	0%	2.2%	1.7%
Administrative	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other positions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	0%	7.1%	5.0%	0%	0%	0%	0%	0%	0%	0%	1.1%	0.9%

VOLUNTARY TURNOVER RATES (%) OVER TOTAL - CHILE

Region	2021 - Voluntary turnover rate		Total
	Women	Men	
Metropolitana	7.0	4.6	5.4
II Region			
III Region			
V Region	5.3	4.2	4.3
VI Region		4.0	3.8
VII Region		3.8	3.5
VIII Region		1.1	1.0
X Region			
XIV Region			
Total	5.9	3.4	3.9



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Diversity and Inclusion

405-1
NCG 461: 5.1

WORKFORCE DIVERSITY BY GENDER - CHILE (NCG461-5.1.1)

	2021		
	Women	Men	Total
Number of Employees	205	803	1008

WORKFORCE DIVERSITY BY GENDER - PERU (NCG461-5.1.1)

	2021		
	Women	Men	Total
Number of employees	24	89	113

WORKFORCE BY NATIONALITY, GENDER AND POSITION - CHILE (NCG461-5.1.21)

Position	Chilean		Other Nationalities		Total	
	Women	Men	Women	Men	Women	Men
Senior Management	1	10	1		2	10
Management (including assistant management)	11	51		6	11	57
Head Officer	16	105	1	2	17	107
Operator		33				33
Sales Force	5	1			5	1
Administrative	35	10			35	10
Assistant	9	8			9	8
Other professionals	102	220	11	9	113	229
Other technicians	12	347	1	1	13	348

WORKFORCE BY NATIONALITY, GENDER AND POSITION - PERU (NCG461-5.1.21)

Position	Peruvian		Other Nationalities		Total	
	Women	Men	Women	Men	Women	Men
Senior Management	1	4	0	1*	1	5
Management (including assistant management)	1	1	0	0	1	1
Head Officer	2	14	0	0	2	14
Operator	0	0	0	0	0	0
Sales Force	0	0	0	0	0	0
Administrative	7	2	0	0	7	2
Assistant	0	1	0	0	0	1
Other professionals	12	32	0	0	12	32
Other technicians	1	34	0	0	1	34

(*). Within the workforce in Peru, the only foreign citizen in the senior management category is Colombian.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

WORKFORCE DIVERSITY BY AGE RANGE AND GENDER - CHILE (NCG461-5.1.3)

Age range	Senior Management		Management (including assistant management)		Chief Officer		Operator		Sales Force		Administrative		Assistant		Other professionals		Other technicians		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Over 70 years old																1				1
Between 61 and 70 years old	3		8		6		5		2		3	1	1	11		17	6	51		
Between 51 and 60 years old	2	3	22	1	27		16		10	5	3	6	3	30		72	20	180		
Between 41 and 50 years old	2	4	5	16	11	50	7		14	3	2	1	35	79	3	111	72	271		
Between 30 and 40 years old	1	3	11	5	24		5	3	1	6	1	1	61	87	5	120	84	250		
Less than 30 years old									2	3	1		13	21	5	28	23	50		
TOTAL	2	10	11	57	17	107	33	5	1	35	10	9	8	113	229	13	348	205	803	

WORKFORCE DIVERSITY BY AGE RANGE AND GENDER - PERU (NCG461-5.1.3)

Age range	Senior Management		Management (including assistant management)		Chief Officer		Administrative		Assistant		Other professionals		Other technicians		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Over 70 years old	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Between 61 and 70 years old	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1	1
Between 51 and 60 years old	0	2	1	0	0	0	1	0	0	0	0	0	0	1	2	3
Between 41 and 50 years old	0	1	0	1	0	10	0	1	0	1	2	9	0	12	2	35
Between 30 and 40 years old	1	2	0	0	1	4	2	1	0	0	9	14	0	15	13	36
Less than 30 years old	0	0	0	0	0	0	4	0	0	0	1	9	1	5	6	14
TOTAL	1	5	1	1	2	14	7	2	0	1	12	32	1	34	24	89

LABOR SENIORITY CHILE (NCG461-5.1.4)

Seniority Range	Senior Management		Management (including assistant management)		Chief Officer		Operator		Sales Force		Administrative		Assistant		Other professionals		Other technicians		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
More than 12 years	2	3	3	29	7	50	26				18	4	6	2	12	47	3	123	51	284
Between 9 and 12 years		5	3	9	7	27	4		1	7	1	2	3	18	26		57	37	133	
More than 6 and less than 9 years		2		6	1	14	1			1	1	1	1	16	25	1	61	20	111	
Between 3 and 6 years			1	8	1	11			1	1	1		2	24	44	3	62	31	128	
Less than 3 years			4	5	1	5	2	4		8	3			43	87	6	45	66	147	
TOTAL	2	10	11	57	17	107	33	5	1	35	10	9	8	113	229	13	348	205	803	

LABOR SENIORITY PERU (NCG461-5.1.4)

Seniority Range	Senior Management		Management (including assistant management)		Chief Officer		Administrative		Assistant		Other professionals		Other technicians		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
More than 12 years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Between 9 and 12 years	1	1	1	0	0	7	2	1	0	0	3	7	0	14	7	30
More than 6 and less than 9 years	0	0	0	0	1	2	1	0	0	1	2	5	0	7	4	15
Between 3 and 6 years	0	2	0	1	0	4	2	0	0	0	2	6	0	3	4	16
Less than 3 years	0	2	0	1	1	2	1				5	14	1	10	9	28
TOTAL	1	5	1	1	2	14	0	0	0	0	7	2	0	1	12	32



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

WORKFORCE DIVERSITY BY GENDER AND AGE, ACCORDING TO POSITION CATEGORY IN CHILE (405-1)

Position category	<30		30-50		>50		Totales		
	Women	Men	Women	Men	Women	Men	Women	Men	Grand total
Senior Management	0	0	2	5	0	5	2	10	12
Management (including assistant management)	0	0	8	27	3	30	11	57	68
Head Officer	0	0	16	74	1	33	17	107	124
Operator	0	0		12	0	21		33	33
Sales Force	2	0	3	1	0	0	5	1	6
Administrative	3	1	20	4	12	5	35	10	45
Assistant	0	0	3	1	6	7	9	8	17
Other professionals	13	21	96	166	4	42	113	229	342
Other technicians	5	28	8	231		89	13	348	361
TOTAL	23	50	156	521	26	232	205	803	1,008

GENDER DIVERSITY IN LEADERSHIP POSITIONS, CHILE-PERU CONSOLIDATION

Diversity indicator	Percentage (%)	Public Goal	Target Year
Women in the total labor force (as % of total labor force)	20.4%	25%	2025
Women in leadership positions (as % of total leadership positions)	14.9%	14%	2021
Women in junior leadership or middle management positions (as % of junior leadership positions)	13.6%	11.5%	2021
Women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	17%	17.5%	2021
Women in management positions in revenue-generating functions (e.g. sales) (as % of all such managers)	40%	-	-
Women in STEM-related positions (as % of total STEM positions)	14.4%	-	-

WORKFORCE DIVERSITY BY GENDER AND AGE, ACCORDING TO POSITION CATEGORY IN PERU (405-1)

Position category	<30		30-50		>50		Totales		
	Women	Men	Women	Men	Women	Men	Women	Men	Grand total
Senior Management	0	0	1	3	0	2	1	5	6
Management (including assistant management)	0	0	0	1	1	0	1	1	2
Head Officer	0	0	1	14	1	0	2	14	16
Operator	0	0	0	0	0	0	0	0	0
Sales Force	0	0	0	0	0	0	0	0	0
Administrative	4	0	2	2	1	0	7	2	9
Assistant	0	0	0	1	0	0	0	1	1
Other professionals	1	9	11	23	0	0	12	32	44
Other technicians	1	5	0	27	0	2	1	34	35
TOTAL	6	14	15	71	3	4	24	89	113

WORKFORCE AT RETIREMENT AGE IN CHILE (EU15)

Position categorie	2018			2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
At retirement age	14	7	21	7	6	13	11	6	17	13	6	19

Remunerations
102-37
NCG 461

GENDER PAY GAP IN 2021

Position Category	RATIO (Females c/r Males)	
	CHILE	PERU
Senior management (base salary only)	73.70%	66.60%
Senior management (base salary + other monetary incentives)	71.20%	55.2%
Management (base salary only)	95.30%	115.7%
Management (base salary + other monetary incentives)	96.80%	136.0%
Non-managerial workers	100.30%	92.0%

Regarding senior management compensation, Colbun does not seek the opinion of stakeholders.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Employee training

PROGRAMS TO IMPROVE EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS IN CHILE (404-2)

Training program	Description	2020		2021	
		Number of Beneficiaries	beneficiaries as % of total	Number of Beneficiaries	beneficiaries as % of total
Undergraduate Scholarships	Financing of technical or university studies.	33	3.4%	30	3.0%
Graduate Studies	Financing of postgraduate studies (Diplomas, Masters and MBA).	49	5.0%	21	2.1%
Capacitate Program	Development of soft and technical skills in workers	168	17.1%	204	20.2%
English	English language proficiency.	61	6.2%	63	6.3%
Crime Prevention Program	To report relevant issues of Law 20.393.	90	9.1%	98	9.7%
On-site Company Induction Program	Inform relevant aspects of the business to people joining the company.	-	-	72	7.1%
Technical Academy	This program is aimed at reinforcing and leveling the knowledge required by workers in power plants and which are specialized according to the area in which they work. The program develops the technical skills necessary for all areas of a 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 2021, we will teach the following courses: SEP Protection and Root Cause Analysis.	-	-	112	11.1%
Salesforce Project	Management platform upgrade	31	3.2%	-	-
Salesforce customers, incorporating new capabilities and enhancements to its functionalities.		160	16.3%	169	16.8%
Leadership Development Program	To enhance the exercise of leadership in positions with personnel in charge.	636	64.6%	-	-
Kairos Project	Deliver the knowledge to correctly operate the new SAP S/4 Hana system, along with understanding the new processes that have been designed.	21	2.1%	-	-
Women's Leadership Development Program	Strengthen and enhance leadership skills in a group of professional women.	133	13.5%	-	-
Power BI Program	Improve integration in the reporting of the different areas of the Company.	160	16.3%	-	-
Office 365 Program	Disseminate collaborative technological tools to enhance the company's digital transformation processes.	-	-	210	20.8%
Agile Workshop	This program was oriented to the delivery of knowledge regarding the agile philosophy and tools of these methodologies, for the implementation in the work of workers and new projects, allowing to obtain information and results in faster times, such as having cost control in maintenance on the day.	72	7.3%	-	-
Cybersecurity Program	Ensure the security of the Company's digital media.				

PROGRAMS TO IMPROVE EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS IN PERU (404-2)

Training program	Description	2020		2021	
		Number of Beneficiaries	beneficiaries as % of total	Number of Beneficiaries	beneficiaries as % of total
Languages	Foreign language improvement	4	3.9%	4	3.5%
Leadership Program "Somos Jefes Fenix".	Leadership skills of Company Managers/Heads	19	18.6%	22	19.5%
Program in Electricity Management, Regulation and Markets	Competencias técnicas enfocadas a la Gestión Comercial	3	2.9%	5	4.4%
Operational Excellence Program	Operations and Maintenance Competency Development	43	42.2%	38	33.6%
Information technology	Update on new IT tools	71	69.6%	40	35.4%
Professional updating program	Updating by area specialty	77	75.5%	69	61.1%



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

PROGRAMS AND PROCESSES THAT ENSURE THE AVAILABILITY OF QUALIFIED LABOR IN CHILE (EU14)

Program name	Program Description	No. of women trained	No. of men trained
Technical Academy	This program is aimed at reinforcing and leveling the knowledge required by workers in plants and which are specialized according to the area in which they work. The program develops the technical competencies required 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 2021 we will teach the courses SEP Protections and Root Cause Analysis.	2	105
Agile	This program was oriented to the delivery of knowledge regarding the agile philosophy and tools of these methodologies, for the implementation in the work of workers and new projects, allowing to obtain information and results in faster times, such as having cost control in the maintenance on the day.	17	121
Safety, Occupational Health and Safety and Environment Mesh	To provide knowledge to safeguard the safety and integrity of our workers, our operation and environment, as well as compliance with legal aspects. It includes classroom and e-learning training on Environmental, Safety and Occupational Health issues for the Generation and Transmission Managements. A highlight of this program is the Electrical Hazards Course, designed internally at Colbun.	28	358
Undergraduate Scholarships	Financial support for the completion of technical or university studies, for people in facilities with income up to 80 UF, and with seniority of 2 years or more. The objective is that people who have not been able to carry out or finish their undergraduate studies can do so and make them compatible with work.	1	26

PROGRAMS AND PROCESSES THAT ENSURE THE AVAILABILITY OF QUALIFIED LABOR IN PERU (EU14)

Program name	Program Description	No. of women trained	No. of men trained
Operational Excellence	Training oriented to improve the Operation and Maintenance of CT Fenix.	2	36
Language	Oriented to the learning/improvement of the English language.	1	3
Management, Regulation and Electricity Market	Aimed at optimizing Fenix's commercial process in the electricity market.	2	3
Information Technologies	Updating of new technological tools	8	32
Leadership	Oriented to provide leadership tools to collaborators with personnel in charge.	4	18
Professional Updating	Updating in technical topics required by the profile	12	57



Performance Evaluation

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND PROFESSIONAL DEVELOPMENT EVALUATIONS IN CHILE (404-3)

Position Categories	2018			2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Chief Officers	100	100	100	100	100	100	100	100	100	99	100	99
Professionals	98	98	98	99	96	98	93	94	93	86	90	88
Administratives	96	98	97	100	96	97	90	91	91	94	93	94
Other Positions	99	100	99	100	100	100	98	75	98	96	69	95
Total	99	98	99	99	96	99	96	93	95	92	90	92

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND PROFESSIONAL DEVELOPMENT EVALUATIONS IN PERU (404-3)

Position Categories	2020			2021		
	Men	Women	Total	Men	Women	Total
Chief Officers	100	100	100	100	100	100
Professionals	88	92	89	98	87	95
Administratives	60	86	75	67	86	80
Other Positions	100	100	100	78	100	78
Total	91	91	91	89	88	88

**Work climate**

Colbún-10.TR

01 Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements**RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN CHILE, BY GENDER (COLBÚN-10.TR)**

Results of the Chilean Work Climate Survey		2018		2019		2020		2021	
		Women	Men	Women	Men	Women	Men	Women	Men
Average General Trust Index© (Vision Area)	% satisfaction by gender	85%	84%	83%	83%	88%	87%	87%	85%
	% of overall satisfaction	84%		83%		87%		85%	
Average General Trust Index© (Corporate Vision)	% of total employees	79%		79%		84%		82%	
Coverage	% of total employees	93%		92%		94%		93%	

RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN CHILE, BY AGE (COLBÚN-10.TR)

Results of the Chilean Work Climate Survey	Under 26 years old	26 to 34 years old	35 to 44 years old	45 to 45 years old	55 or more
Average General Trust Index© (Vision Area)	86	83	85	84	91
Average General Trust Index© (Corporate Vision)	83	77	80	82	88

RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN CHILE, BY POSITION (COLBÚN-10.TR)

Results of the Chilean Work Climate Survey	Manager or assistant manager	Supervisor or Chief	Professional or technician	Administrative	Operator
Average General Trust Index© (Vision Area)	95	87	84	89	80
Average General Trust Index© (Corporate Vision)	90	83	79	88	81

RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN PERU, BY GENDER (COLBÚN-10.TR)

Results of the Work Climate Survey Peru		2018		2019		2020		2021	
		Women	Men	Women	Men	Women	Men	Women	Men
Average General Trust Index© (Corporate Vision)	% satisfaction by gender	85%	74%	91%	84%	95%	87%	97%	89%
	% of overall satisfaction	76%		85%		85%		91%	
Coverage	% of total employees	80%		88%		96%		89%	

RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN PERU, BY AGE (COLBÚN-10.TR)

Results of the Work Climate Survey Peru	Under 26 years old	26 to 34 years old	35 to 44 years old	45 to 45 years old	55 or more	Sin respuesta
Average General Trust Index© (Vision Area)	95	88	89	88	-	-
Average General Trust Index© (Corporate Vision)	97	91	89	86	-	-

RESULTS OF THE ORGANIZATIONAL CLIMATE SURVEY IN PERU, BY POSITION (COLBÚN-10.TR)

Results of the Work Climate Survey Peru	General Manager and first line managers	Chief, Supervisor, other management	Other managers assistant manager	Personnel without dependents	Operator
Average General Trust Index© (Vision Area)	99	84	-	90	80
Average General Trust Index© (Corporate Vision)	99	87	-	91	81

**Benefits**

401-2

01 Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements**BENEFITS FOR FULL-TIME EMPLOYEES IN CHILE**

	2021 Universe of beneficiaries ¹	2021 Eligible Beneficiaries ²	2021 People who used the benefit	2021 % of benefit utilization
List of Legal Benefits/Benefits				
Parental Leave	1,008	21	7	33%
Permiso nac, mat, defunción	1,008	41	41	100%
List of Colbún Services/Benefits				
Life insurance	993	2	2	100%
Maintenance of Remuneration for Medical Leave of Absence/ Maternity Leave	953	275	275	100%
Mortuary Fee	953	16	16	100%
Christmas gifts for children	1,008	472	472	100%
Christmas Party for Children	1,008	562	562	100%
Scholarships Children	953	509	509	100%
Birth and Marriage Bonus	873	31	31	100%
Coverage for Disability	1,008	No hay	No hay	N/A
Birthday Gift	993	993	993	100%
Christmas Basket	1,008	1,008	1,008	100%
Dental Benefit	993	523	523	100%
Outpatient Bonus	993	892	892	100%
Health Examination Bonus	993	857	857	100%
Other bonuses	993	407	407	100%
Medicines Bonus	993	621	621	100%
Optical Bonus	993	323	323	100%
Hospitalizations	993	105	105	100%
Unrestricted or Emergency Loans	873	254	254	100%
Days for oneself	953	953	809	85%
Catastrophic Illness Leave for children or spouse	417	None	None	N/A
Years of Service Severance Indemnity for Resignation	417	13	13	100%
Sports Subsidy	315	187	187	100%

In the case of the workers of the Headquarters, there is a Flexible Working Hours Program, in which they can advance or postpone the starting time. In addition, the new offices include a lactation room.

Notes:

(1) Employees who are contractually entitled to the benefit.

(2) Employees who meet the requirements or criteria to make use of the benefit.

BENEFITS FOR FULL-TIME EMPLOYEES IN PERU (401-2)

	2021 Universe of beneficiaries ¹	2021 Eligible Beneficiaries ²	2021 People who used the benefit	% of benefit utilization
List of Legal Benefits/Benefits				
Supplemental Risk Worker's Compensation Insurance	113	0	0	N/A
Life Insurance	113	1	1	100%
Maintenance of Remuneration for Medical Leave of Absence	113	30	30	100%
Disability coverage	113	0	0	N/A
Social Security (EsSalud)	113	0	0	N/A
Maternity Leave	24	0	0	N/A
Paternity Leave	89	3	3	100%
List of Colbún Services/Benefits				
Christmas gifts for children	113	51	51	100%
Christmas basket	113	113	113	100%
Private Health Insurance Policy (EPS)	113	82	82	100%
Oncologic Health Policy	113	0	0	N/A
Transportation of outstanding collaborators	62	59	59	100%
Time off (2 days of paid leave)	113	78	78	100%

Notes:

(1) Employees who are contractually entitled to the benefit.

(2) Employees who meet the requirements or criteria to make use of the benefit.



Parental leaves

NCG461: 5.7, 401-3

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

PARENTAL AND POSTNATAL LEAVE IN CHILE (NCG461-5.7)

	2021	
	Women	Men
Legal parental postnatal days	84	-
Days in addition to those established by law that the company grants for postnatal leave.	0	0
People who made use of their postnatal leave.	7	0
Persons eligible to make use of postnatal leave.	7	14
Percentage of people who made use of postnatal care by gender.	1	0

AVERAGE NUMBER OF DAYS USED DURING THE YEAR - CHILE

Function category	2021	
	Women	Men
Senior Management	0	0
Management	84	0
Chief Officer	0	0
Operator	0	0
Sales Force	0	0
Administrative	84	0
Assistant	0	0
Other professionals	65	0
Other technicians	0	0

PARENTAL LEAVE AND REINSTATEMENT IN CHILE (401-3)

Gender	Reinstatement 2020			No of people resintated in 2020	Reinstatement 2020			No of people resintated in 2020
	N° Leaves 2020 ¹	2019 ²	2020 ³		N° Leaves 2021 ¹	2020 ²	2021 ³	
Men	0	1	0	1	0	0	0	0
Women	4	3	3	6	7	1	5	6
Total	4	3	3	6	7	1	5	6

Notes:

1 Number of employees who took parental leave.

2 Number of employees who returned to work after maternity/paternity leave in the previous period.

3 Number of employees who returned to work after maternity/paternity leave in the same period.

4 Number of employees who returned to work in the year indicated, considering those who returned to work after maternity/paternity leave in previous years.

PARENTAL AND POSTNATAL LEAVE IN PERU (NCG461-5.7)

	2021	
	Women	Men
Legal parental postnatal days	98	10
Days in addition to those established by law that the company grants for postnatal leave.	0	0
People who made use of their postnatal leave.	0	3
Persons eligible to make use of postnatal leave.	0	3
Percentage of people who made use of postnatal care by gender.	N/A	1

AVERAGE NUMBER OF DAYS USED DURING THE YEAR - PERU

Function category	2021	
	Women	Men
Alta Gerencia		
Gerencia		
Jefatura		
Operario		
Fuerza de Ventas		
Administrativo		
Auxiliar		
Otros profesionales		10
Otros técnicos		

PERMISOS PARENTALES Y REINGRESOS EN PERÚ (401-3)

Gender	Reinstatement 2020			No of people resintated in 2020	Reinstatement 2020			No of people resintated in 2020
	N° Leaves 2020 ¹	2019 ²	2020 ³		N° Leaves 2021 ¹	2020 ²	2021 ³	
Men	3	0	0	0	0	0	0	0
Women	0	0	0	0	0	0	0	0
Total	3	0	0	0	0	0	0	0



Retirement

EU15, 201-3

PERCENTAGE OF WORKERS ELIGIBLE TO RETIRE IN THE NEXT 5 TO 10 YEARS IN CHILE, BY JOB CATEGORY AND REGION (EU15)

Region	Categoríe	2020	2021
Metropolitan	Administratives	1.7%	1.7%
	Senior Management	2.3%	2.9%
	Professionals	3.3%	3.6%
	Technicians	0.8%	-
	Other positions	-	0.7%
V	Administratives	0.4%	0.4%
	Senior Management	0.1%	0.1%
	Professionals	1.1%	1.1%
	Technicians	2.6%	-
	Other positions	-	3.4%
VI	Ejecutivos	-	-
	Professionals	0.2%	0.2%
	Technicians	0.1%	-
	Other positions	-	0.2%
	Administratives	-	0.1%
VII	Senior Management	-	-
	Professionals	0.8%	0.4%
	Technicians	1.6%	-
	Other positions	-	1.7%
	Administratives	0.4%	0.3%
VIII	Senior Management	0.3%	0.2%
	Profesionales	0.9%	1.2%
	Technicians	0.8%	-
	Other positions	-	0.5%
	Senior Management	0.1%	0.1%
Other Region	Technicians	0.1%	-
	Administratives	-	-
	Other positions	-	0.2%
TOTAL		17.8%	18.9%

In the case of Fenix in Peru, there are only two employees eligible to retire in the next 5 to 10 years: one woman, who is in the professional position category, and one man, who is in the technical position category.

● DEFINED BENEFIT AND OTHER PENSION PLAN OBLIGATION (201-3)

Colbun does not consider among its benefits the delivery of retirement plans. Notwithstanding this, the various collective instruments provide for an improved indemnity for employees who resign from the Company and who are of retirement age. During the year 2021, 12 people used this benefit.

● 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, any change that has an effect on workers at the various facilities is reported to the respective union leadership and also to the workers involved.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Unionization

NCG461: 5.7

COLLECTIVE BARGAINING AGREEMENTS IN CHILE (102-41)

Collective Instruments	Location	N° collaborators subscribed	Total % of the facility	% Total Colbún	Term of the agreement
Sindicato N° 4	Central Carena	21	70.0%	2.1%	01-Sep-2020 al 31-Ago-2023
	Central Santa María	64	60.4%	6.3%	1-Jan-2022 al 2-Dic-2024
Sindicato Santa María	Complejo Biobio	1	1.4%	0.1%	
	Central Los Pinos	1	3.4%	0.1%	
Sindicato N° 1	Central Colbun	49	65.3%	4.9%	01-Sep-2020 al 31-Ago-2023
	Complejo Biobio	11	15.7%	1.1%	
	Matriz	17	4.0%	1.7%	
	Oficina Talca	2	18.2%	0.2%	
	Complejo Aconcagua	79	83.2%	7.8%	01-Jan-2021 al 31-Dic-2023
	Complejo Biobio	35	50.0%	3.5%	
Sindicato N° 2	Central Canutillar	12	57.1%	1.2%	
	Central Candelaria	10	38.5%	1.0%	
	Central Los Pinos	18	62.1%	1.8%	
	Central Santa María	2	1.9%	0.2%	
	Central Colbun	3	4.0%	0.3%	
	Central Nehuenco	1	1.1%	0.1%	
	Matriz	1	0.2%	0.1%	
	Oficina Talca	7	63.6%	0.7%	
	SS/EE Calera	2	100.0%	0.2%	
	SS/EE Las Tórtolas	5	100.0%	0.5%	
Sindicato N° 3	Central Candelaria	9	34.6%	0.9%	01-Nov-2020 al 31-10-2023
	Central Nehuenco	65	73.0%	6.4%	
Personnel under collective bargaining instruments		415	41.2%		
Negotiation 2021		66			

TOTAL PERCENTAGE OF WORKERS UNIONIZED OR COLLECTIVELY BARGAINING IN CHILE (102-41)

	2018			2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total No of employees	174	797	971	184	765	949	194	790	984	205	803	1,008
Number of employees covered by a collective bargaining agreement	28	411	439	31	404	435	32	397	429	32	383	415
% of employees covered by a collective bargaining agreement	16%	52%	45%	17%	53%	46%	16%	50%	44%	16%	48%	41%

COLLECTIVE BARGAINING AGREEMENTS IN FENIX (102-41)

Fenix does not have a union, so there are no collective bargaining agreements.

Communication channels with labor unions

402-1, 103-2, 103-3

The Company has tools for people who deem it necessary to send their complaints, denunciations, comments, etc. The most used channel is the Ethics Committee, integrated by the Organization and People Manager, the Legal Manager and the Internal Audit Manager, meeting on a monthly basis, or as often as necessary when the circumstances so require. Also our Internal Rules 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 2021, no formal claims or complaints were received under our Order, Hygiene and Safety Regulations.

As a result of the pandemic, there were no face-to-face meetings with union leaders and the Company's 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, in the course of the year 2021, 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 workers.

HEALTH AND SAFETY ISSUES ADDRESSED IN FORMAL AGREEMENTS WITH 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 workers' Annual Performance Bonus, including the "Accidentability Indicator". In addition, 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, the various Psychosocial Risk Committees are implemented and functioning, 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 workers in general, in order to gather information for the achievement of its objectives.





4.2 Contractors

EVALUATION OF CONTRACTORS IN SELECTION PROCESSES IN CHILE (308-1, 308-2)

2021 Supplier Selection Process	Total suppliers	No. critical suppliers	Clarifications of the information reported
No. of new suppliers	1025	13	New suppliers created in SAP in 2021. This includes domestic, international and individual suppliers. It does include fuel, energy and toll suppliers.
308-1 New suppliers evaluated and selected in accordance with environmental criteria	176	0	"- 100% of the bids (176) in the technical evaluation consider environmental issues, regardless of whether the bidding user identifies that the environmental impact is zero. - In our service bidding processes we qualify the dimensions of hygiene, safety, compliance with social laws and respect for the environment by the bidders, through rigorous technical evaluations of the bids submitted. Hygiene and Safety; Environment: - Labor Inspection Certificate - Safety Indexes - Demand of personnel requirements and procedures responsible for Safety, Environment and Quality, by the company".
414-1 New suppliers evaluated and selected according to social criteria (human rights, labor practices, social impact)	808	12	"All new national suppliers (808, discounting trainees) are analyzed for Dicom, PEP (politically exposed), payment of social laws and labor violations. - Of the 176 bidding and quotation processes by platform initiated in 2021, 100% of the awarded suppliers were reviewed in financial and labor terms (Dicom, Equifax). - Additional information, regarding potential new suppliers."

EVALUATION OF SUPPLIERS WITH HIGH SUSTAINABILITY RISK IN CHILE

	Total suppliers	No. critical suppliers	Clarifications of the information reported
Total number of suppliers with high risk	244	15	High risk: includes all the critical ones, plus those of potential significant environmental and/or social impact, without duplication affected by subcontracting law.
Total number of suppliers identified as having a high sustainability risk (environmental and/or social).	151	9	
Total number of suppliers with high sustainability risk (environmental and/or social) assessed during the year	151	9	
Total number of suppliers with high sustainability risk (environmental and/or social) with which improvements have been agreed upon	3	0	Three contractor companies were asked to improve their plans for the timely payment of social laws and commercial debts.
Total number of suppliers with high sustainability risk (environmental and/or social) that managed their plan and showed real improvements.	2	0	Although Colbun followed up with the 3 companies, only one did not follow the guidelines and improvements and was removed from Colbun's portfolio. The other two showed continuous improvement in the regularization of payments and continue to be monitored.

NCG 461: 7.2 SUPPLIER EVALUATION

Colbun performs permanent monitoring of certain sustainability indicators of suppliers and contractors, such as the financial and labor Dicom; it also checks if there are politically exposed persons (PEPs) within the contractor company. (PEP). For those contractors that perform work within our production facilities and are subject to the subcontracting law, monthly subcontracting law, the accident and accident rate is checked monthly, along with compliance with labor and social security obligations (payment of wages, severance payments, AFP, social security, etc.). In addition, the ESG Survey is applied, which includes a self-evaluation of the new contractors in environmental, social and corporate governance matters.

Suppliers analyzed under sustainability criteria 2021		
National	Foreigners	Total
239	5	244

EVALUATION OF CONTRACTORS IN SELECTION PROCESSES IN PERU (308-1, 308-2)

2021 Supplier Selection Process	Total suppliers	No. critical suppliers	Clarifications of the information reported
No. of new suppliers	47	2	This includes domestic and international suppliers, it does include suppliers of fuel, energy and tolls. Regarding donations to third parties, only the purchase of materials and services is considered.
308-1 New suppliers evaluated and selected in accordance with environmental criteria	14	2	"- In our bidding processes for services carried out at the Fenix plant, we qualify the dimensions of hygiene, safety and respect for the environment by the bidders, through rigorous technical evaluations of the bids submitted. Hygiene and Safety; Environment: - Labor Inspection Certificate - Safety Indexes - Demand of personnel requirements and procedures responsible for Safety, Environment and Quality, on the part of the company".
414-1 New suppliers evaluated and selected according to social criteria (human rights, labor practices, social impact)	5	1	"In the selection of 100% of new suppliers, we check if they are Politically Exposed Persons (PEP). In addition, every 3 months, the Fenix Internal Auditor sends a list of companies sanctioned by the Peruvian Government, either for bank debts or corruption. -All services that are tendered to be executed in plant and that have OHS risks, are evaluated in Occupational Health and Safety issues, requesting ""HSE Requirements"". Includes fuel, energy and toll suppliers."

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS WITH HUMAN RIGHTS CLAUSES OR SUBJECT TO HUMAN RIGHTS ASSESSMENT (412-3)

	CHILE	PERU
No. of Significant Contracts	244	82
No. of Significant Contracts with Human Rights Clauses.	244	82
% of Significant Contracts with Human Rights Clauses.	100	100

All contracts associated with the Subcontracting Law are significant for Colbun, because they are services provided in our facilities by external personnel, so we are jointly and severally responsible for their safety.

NCG 461: 7.1 PAYMENT TO SUPPLIERS

Day ranges	Number of invoices paid to suppliers during the year		Total amount (millions of pesos)		Total amount of interest on late payments (million pesos)		Number of suppliers		Number of registered agreements	
	National	Foreign	National	Foreign	National	Foreign	National	Foreign	National	Foreign
Up to 30	20247	931	1,324,217,632,087	178,298,289,335	0	0	20464	932	0	0
30-61	694	53	831,865,613	5,168,405,631	0	0	708	54	0	0
More than 60	307	55	89,666,943	21,469,248,829	0	0	335	56	0	0

i. Number of Invoices Paid: the number of invoices paid during the year to suppliers for each of the aforementioned ranges.

ii. Total amount (millions of pesos): the sum of the value of the invoices paid during the year for each of the aforementioned ranges.

iii. Total amount of interest for late payment of invoices (millions of pesos): the sum of the value of interest paid or payable for late payment or simple delay for invoices issued during the reporting period.

iv. Number of Suppliers: the number of suppliers to which the invoices paid during the year correspond in each of the aforementioned ranges.

v. Number of agreements registered in the Register of Agreements with Exceptional Payment Periods kept by the Ministry of Economy, when applicable.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

4.3 Occupational Health and Safety

NCG 461: 5.6
● ● ● ● ●

	Own Employees		Contractors		Global	
	Chile	Peru	Chile	Peru	Chile	Peru
Total number of employees	1008	105	1506	128	2514	233
Number of occupational accidents	4	0	9	0	13	0
Number of work-related fatalities	1	0	0	0	1	0
Number of occupational diseases	0	0	0	0	0	0
Days lost due to accidents	45	0	90	0	135	0
Days lost due to accidents including fatalities	6,045	0	90	0	6,135	0
Accident rate	0.4%	0%	0.6%	0%	1%	0%
Fatality rate	0.1%	0%	0%	0%	0.04%	0%
Occupational disease rate	0%	0%	0%	0%	0%	0%
Average days lost per accident	11.3%	0	10	0	10.38	0
Average lost days per accident, including fatalities	1511.3	0	10	0	471.92	0

4.4 Community Engagement

● ● ● ● ●

Local Development 203-1, 203-2, 413-1

The following is a list of all community projects supported or developed by Colbun in Chile (excluding community infrastructure, which is presented below).

DETAIL OF COLBUN SOCIAL INVESTMENT PROGRAMS (CONTINUED)

	Name of Project/ Program	Name	Related Community	Program Description and Associated Community Pillar
1	Impulsa Tu Negocio Project	Quillota		The aim is to provide tools to neighbors who already have a business, in order to train them to meet the current requirements demanded by customers, such as the incorporation of new technologies, in the context of the pandemic by COVID-19.
3	Residencia Temporal para Adultos Mayores Project	Quillota		Hiring of healthcare professionals and technicians to attend to vulnerable people isolated from their families during the health emergency resulting from COVID-19.
	Home Health Care Support Project	Quillota		The aim is to increase the coverage of health services provided at home, increase the number of users benefited and support the Covid patient care teams.
5	Entrepreneurial Energy Program: grant funds	San Pedro (Quillota) y Camino Internacional (Los Andes y San Esteban)		The aim is to support local entrepreneurs to face the economic scenario resulting from COVID-19 and thus maintain the continuity of their businesses by providing competitive funds.
6	Huertos Familiares Program	Camino Internacional (Los Andes y San Esteban)		The initiative seeks to enable neighbors to grow sustainable crops through efficient water and soil management, and to harvest healthy products that, in the medium term, will improve their quality of life in terms of health, economic savings and the eventual sale of products to third parties.
7	Posta de Salud Rural Río Colorado support Project	Camino Internacional (Los Andes y San Esteban)		Hiring of a nurse and TENS to support the performance of cardiovascular and infant check-ups delayed due to the effects of the pandemic, as well as care of cases associated with Covid-19.
8	Energy for Education Program: training courses	San Esteban, Curacaví y Quilleco		The aim is to provide support, tools and knowledge to students of technical-professional high schools to complement the curriculum.
9	Las Mercedes Social and Productive Fund	Curacaví y María Pinto		The aim is to support the reactivation of small and medium-sized farmers who were affected by the accident that occurred in the Patagüilla tunnel of Las Mercedes Canal.
10	Quillota stage 2 LED luminaires project	Quillota		The project seeks to improve safety, increase luminosity and contribute to energy savings in the municipality of Quillota, benefiting nearly 22,000 residents, through the implementation of more than 1,500 LED luminaires during two stages (2019 and 2021).
11	San Pedro CESFAM patient waiting room project	San Pedro (Quillota)		Creation of a waiting area for patients at CESFAM San Pedro, especially during the winter and summer periods.
12	Los Andes/Las Vizcachas LED Luminaire Project	Camino Internacional (Los Andes)		This project provides LED lighting to a 5-kilometer stretch, benefiting close to 2,500 people who live, work or travel through the area, improving the perception of safety and contributing to a better quality of life.
13	Cuido mi Planeta Program	Colbún		This program has been in operation for 8 years in the commune, covering neighborhood councils and approximately 4 thousand direct beneficiaries. The initiative seeks to work on the generation of environmental awareness and education about waste management at the 14 recycling points located in the area.
14	Angostura del Biobío Park	Santa Bárbara y Quilaco.		A program that promotes tourism and recreational development in the area, making it inclusive and integrating the community, fostering the development of the local economy, family life, contact with nature and the development of sports.
15	Productive Development and Habitability Program for Resettled Families	Santa Bárbara		Program to support resettled families that are part of the Alto La Paz Advancement Committee. The initiative aims to develop projects to improve or repair housing materiality (habitability) and/or agricultural and livestock production.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

	Name of Project/ Program	Name Related Community	Program Description and Associated Community Pillar
16	Las Basas Bus Approach Project	Santa Bárbara	Initiative that provides connectivity to the community of Lo Nieve - Las Basas, allowing safe access to services, education and labor sources.
17	Community contribution project for sanitary emergency	Santa Bárbara, Quilaco, Quilleco y Antuco.	Support to nearby communities with food boxes, preventive equipment, first response equipment, cleaning and disinfection supplies.
18	Entrepreneurship Center	Santa Bárbara, Quilaco, Antuco, Quilleco y Coronel	Important program of training, consulting, pre-incubation, incubation, direct competitive financing and support for the application of public funds for entrepreneurs, through 2 entrepreneurship centers located in the Biobío Region.
19	Santa Bárbara Hospital Contribution Project	Santa Bárbara	Enabling triage room for patients in the waiting room of the emergency unit.
20	Dental care module project	Los Notros (Santa Bárbara)	Collaboration for the installation of a dental care module, which includes the attention of a dentist and dental technician twice a week, extending the attention to rural areas.
21	Grant Fund for Social Development - Fundación Trascender	Santa Bárbara, Quilaco, Antuco y Quilleco.	Competitive fund for territorial social organizations, with special focus on vulnerable populations. Includes project formulation workshops and support in the design of initiatives.
22	Pesca Futuro Program - Support to Trade Union Productive Development Line	Coronel	Integral support program for fishermen of Coronel based on productive development. Includes technical assistance and co-financing of 3 projects led by unions.
23	Charrúa Luminaire Project	Charrúa (Cabrero)	Project executed in association with the companies that make up the Mesa Asociativa Charrua, which considers the construction, extension and laying of the electrical network in different sectors of the commune.
24	Charrúa Sports Project	Charrúa (Cabrero)	Social project that contemplates the execution of sports workshops-clinics in various disciplines for the residents of the Charrua community.
25	Coastal Border	Coronel	Co-financing of the design of the architectural projects for the Coastal Border Improvement Plan for the Municipality of Coronel. Initiative considers: fishermen's esplanade Caleta Lo Rojas, improvement of the coastal edge in the Schwager and Maule sectors
26	Functional Development Funds	Coronel - Charrúa (Cabrero)	Competitive fund oriented to social organizations for the development of projects in the areas of physical and psychosocial wellbeing, education and training and infrastructure. The application process includes technical advice from Colbun and Fundación Trascender. For the first time, the line of collaborative initiatives is incorporated, aimed at winning organizations whose project execution has been successful.
27	Health Social Contributions Project Hospital San José	Coronel	Contribution of an ultrasound scanner for the attention of critical patients Covid-19, together with the provision of physical facilities at the Colbun Entrepreneurship Center for use of the hospital as a vaccination center.
28	Territorial Development Funds and social contributions to the community	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, and community operations, among others, are submitted. During the Covid-19 pandemic, it included the delivery of food baskets and basic necessities.

	Name of Project/ Program	Name Related Community	Program Description and Associated Community Pillar
29	Operative Mammograms	Coronel	As part of the initiatives of the Territorial Fund of the Mesa de Trabajo Sector Sur, two mammography operations were carried out in the commune, which allowed 380 free exams to be performed by FALP through its mobile clinic.
30	Social Contributions Health EPP	Coronel	Donation of KN95 masks for the protection of medical personnel of Hospital San José and AFUSAM Coronel.
31	Trades Training	Coronel	Execution of the Labor Scholarship Program for training courses in trades (electrical installer, gas appliance installer, oxy-fuel welding techniques, Tic and Mic, and surface coating).
32	Health and Energy Program USS-Colbún	Coronel	Joint Comprehensive Care Operations with Universidad San Sebastián, which includes on-site care for patients in the areas of dentistry, ophthalmology and veterinary medicine.
33	Lo Rojas Multi-court Repair Project	Lo Rojas (Coronel)	Repair and remodeling of the infrastructure of the multi-pitch in the Lo Rojas sector, project executed through a collaborative work with Corcoronel, JJ.VV Lo Rojas, Sports Club and leaders of the Artisanal Fishing.
34	Camilo Olavarría Stadium Sports Training Area Project	Coronel	Creation of a sports training area (calisthenics, exercise machines, zumba) in the facilities of the Camilo Olavarría Stadium, also contemplating a mural with a rescue of the history of the sector and the emergence of the sports center.
35	Pest control and cleaning of rainwater canals	Coronel	Operation of rat extermination of homes bordering the banks of Estero Manco from Route 160 to Villa El Estero. It also included cleaning of the Erratchou rainwater channel that flows into Estero Manco, in order to prevent street flooding and water overflow.
36	Program "Power Families: building childhood with energy".	Cochamó	Family educational accompaniment of 30 preschool children in the commune, through didactic, collaborative and remote learning. This initiative is the result of an alliance with Fundación Niños Primero, with the support of the Municipality of Cochamo.
37	Contribution Pocolhuén School	Pocolhuén (Cochamó)	Collaborative work will be carried out through a recycling workshop and delivery of a first aid kit.
38	Support for the Cochamó Youth Orchestra.	Cochamó	Continued collaboration with the work of the Cochamó Youth Symphony Orchestra with children and young people of the community.
39	Visitor House	Lago Chapo y Río Blanco (Puerto Montt)	Commencement of works for the development of Casa del Visitante, which will include a cafeteria, a tourist information center and spaces for local entrepreneurs to sell their products and offer their tourist services.
40	Rincón del Sur" Conservation Project (DRC)	Lago Chapo y Río Blanco (Puerto Montt)	An initiative in alliance with Fundación Tierra Austral that seeks to promote a conservation project on 430 hectares of land owned by the company at the northern entrance to Patagonia, between the Alerce Andino Park and the shores of Lake Chapo. The company is using the legal tool known as "Derecho Real de Conservación (DRC)" (Royal Right of Conservation), by means of which the company gives these lands in perpetuity for exclusive conservation purposes.



COMMUNITY INFRASTRUCTURE INVESTMENT IN CHILE (203-1)

Name of Project	Community Name	Project Description	Impact of infrastructure projects and support services	Project Length	Invested Value (USD)
Lake Chapo Visitor's House Project.	Lago Chapo	Construction of the Visitor's House at Lake Chapo, which includes a cafeteria that will be given in comodatum for local administration and neighbors will be hired to work and offer their products/services.	Increased access to tourist areas. In addition, education about local flora and fauna is increased.	2 years	185,789
Quillota stage 2 LED luminaires project	Quillota	The project seeks to improve safety, increase luminosity and contribute to energy savings in the municipality of Quillota, benefiting nearly 22,000 neighbors, through the implementation of more than 1,500 LED luminaires during two stages, which were executed between 2019 and 2021.	Improve safety, increase luminosity and contribute to energy savings in the municipality of Quillota.	4 years	405,115
Cajón San Pedro APR Improvements Project Stage 2	San Pedro (Quillota)	The project considers optimizing the water catchment of the Cajón San Pedro APR and improving the quality of life of the nearby community, through various improvements such as maintenance of the deep well, cleaning the bottom, changing the pump and various pipes, as well as replacing the drinking water starter and pressure gauge, among other elements.	Improve life quality of neighbors in the sector of Cajón de San Pedro, in the town of San Pedro, in the municipality of Quillota, through a sufficient and continuous water supply for personal and domestic use, considering the health emergency facing our country and the water shortage facing the area.	3 months	10,285
San Pedro CESFAM patient waiting room project	San Pedro (Quillota)	Creation of a waiting area for patients at CESFAM San Pedro, especially during the winter and summer periods.	Provide greater comfort to users who use the CESFAM services.	2 months	6,952
Los Andes/Las Vizcachas LED Luminaire Project	Camino Internacional (Los Andes)	This project provides LED lighting for a 5-kilometer stretch from the Las Vizcachas bridge to the south-west, benefiting close to 2,500 people who live, work or travel through the area, improving the perception of safety and contributing to a better quality of life.	Improve safety, increase luminosity and contribute to energy savings in the commune of Los Andes, specifically in the sectors of Las Vizcachas, Algarrobo and El Sauce.	3 years	26,963
Entrepreneurship Centers	Coronel, Angostura	Specific support programs for entrepreneurs adapted to the new health situation (talks on public benefits, seed capital competitions, support for raising development funds, adapted incubation programs, distance selling platform).	Improve operations and service to the community (a) facilitate fever screening as key symptoms - through thermographic camera, b) increase the availability of beds - clinical cots, c) improve care and compliance with protocols for distancing with waiting room).	12 months	397,925
Pesca Futuro - Line 2 Support for Trade Union Productive Development	Coronel	Comprehensive support and technical advice for the development of productive development initiatives of the unions of the Mesa de Pesca. Included technical advice and co-financing of 3 projects led by unions.	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 platform).	9 months	220,702
Charrúa Luminaires Project	Cabrero	Installation of 20 lighting fixtures and electrical extension in the town of Charrúa. The project is executed in association with the Charrúa Associative Board.	Increase in the quality of life of the beneficiaries. Access to specialized care.	4 months	5,576
Charrúa Sports Project	Cabrero	Implementation of sports clinics-workshops in various disciplines (roller skating, zumba, etc.) for the residents of the Charrúa community.	Increased community participation, promotion of healthy living.	1 month	2,985
Social Contributions Health Hospital	Coronel	Donation of an ultrasound scanner to Hospital San José for critical patient care Covid-19. Facilitation of facilities of the Centro Emprendimiento for its use as a vaccination center for a period of 1 year.	Increase in the quality of life of the beneficiaries. Access to specialized care.	2 months	27,734
Lo Rojas Multi-court Repair Project	Coronel	Repair and remodeling of the infrastructure of the Lo Rojas multi-court sector.	Increased community participation, and increased public spaces for community use.	1 month	15,245
Camilo Olavarría Stadium Sports Training Area	Coronel	Creation of a sports training area (calisthenics, exercise machines, zumba) in the facilities of the Camilo Olavarría Stadium. And a mural with a rescue of the history of the sector and the emergence of the sports facility.	Increased community participation, promotion of healthy lifestyles and quality of life.	1 month	30,480
Productive Development and Housing Maintenance Program for Resettled Families	Reasentados Comité Alto La Paz, Santa Bárbara	Support program for productive development and habitability of resettled families. Productive promotion for the development or strengthening of family agricultural and livestock enterprises. On the other hand, habitability support for the maintenance or improvement of their homes.	Improved quality of life and productive development	11 months	66,164
Contribution to Santa Bárbara Hospital	Hospital de la Comuna de Santa Bárbara	Economic support for the habilitation of a triage room for patients in the emergency waiting room.	Reduction of the risk of infection by COVID-19 in the emergency waiting room.	4 months	0*
Contribution Municipality of Santa Bárbara/Los Notros Neighborhood Council	Los Notros	Collaboration for the installation of a dental care module in the Los Notros sector of the Santa Bárbara commune. The program includes the attention of a dentist and dental technician twice a week, extending the attention to rural areas.	Improved quality of life by extending health care to rural areas, with a special focus on the elderly.	12 months	0*

Note:

*The amount is zero, because the contribution was made during 2019, but the implementation of the activity took place in 2021.

01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

**COMMUNITY INFRASTRUCTURE INVESTMENT IN PERU (203-1)**

Name of Project	Community Name	Project Description	Impact of infrastructure projects and support services	Project Length	Invested Value (USD)
Health infrastructure · Construcción de recinto para instalación de planta de oxígeno medicinal Micro Red de Salud Chilca · Construcción e instalación de planta de oxígeno medicinal en la Micro Red de Salud Chilca	Chilca Pueblo - Distrito de Chilca	In order to continue promoting the fight against the pandemic in our country, FENIX together with the Chamber of Commerce of Chilca, contributed to the construction of an oxygen plant, installed in the Mother and Child Center Nuestra Señora de la Asunción de Chilca (Chilca Health Micro-Network). Thanks to this initiative, 24 tanks of medical oxygen are supplied daily, allowing to reinforce the care of patients COVID-19 of the district of Chilca. <i>Translated with www.DeepL.com/Translator (free version)</i>	Health (covid patient care)	2 months	18,681
Education Infrastructure · Adecuación de Centro Educativos para desarrollo de clases semipresenciales	Chilca Pueblo Centro Poblado Menor de las Salinas	Some educational institutions activated the development of semi-presential classes in the district of Chilca, FENIX added support with the adequacy of classrooms, folders with protective micas, signage and supplies for disinfection within the framework of prevention against covid-19.	Education (students and teachers in better conditions to resume blended learning classes)	1 month	6,718
· Tourism infrastructure: Change in the design of signage and tourist totems in Las Salinas	Centro Poblado Menor de las Salinas	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 2021 and within the framework of the "Reactiva Turismo" program, it was proposed to redesign the tourist signage.	Tourism (economic recovery)	2 months	11,800
Infraestructura Social: · Implementación de salones comunales en la capilla Las Salinas - 2021	Centro Poblado Menor de las Salinas	In order to continue with the implementation of the community halls, FENIX in coordination with the Chapel Las Salinas and the Commission of the Feast of the Holy Cross, carried out infrastructure works for the implementation of the community halls.	Community Development (spaces for community participation and meetings)	15 días	2,628

NGC 461: 4.2 Strategic Goals**CORPORATE VOLUNTEERING**

Since 2018, Colbun has participated in the program "Protagonistas, Jóvenes Constructores de Futuro" - led by Actitud Lab, Fundación Súmate del Hogar de Cristo and SOFOFA, -, which seeks to enhance the development of socio-emotional skills of students from Colegio Betania, La Granja. This program normally involved face-to-face visits

by the students to the head office, where they met with a tutor. However, due to the pandemic, the visits were changed to phone calls or virtual meetings. In 2021, 15 volunteers from Head Office and Headquarters participated, with an average of 6 hours each.

COMMUNITY CONTRIBUTIONS IN 2021, IN CHILE AND PERU (CONSOLIDATED)

Type of Contribution	Total Amount (USD)
Contributions "in cash"	\$3,672,660
Contributions "in cash"	\$2,377
Donations in kind: donations of products or services, projects/partnerships or similar.	\$868,421*
General administrative expenses	\$900,000

*Note: Donations in kind include desalinated and purified water delivered to the Municipality of Chilca in Peru, and land owned by Colbun in Chile that is loaned to third parties.

● VALUE OF POLITICAL CONTRIBUTIONS (415-1)

Colbun S.A. does not make political and/or charitable contributions as a means of bribery or corruption in Chile or Peru.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

4.5 Human Rights

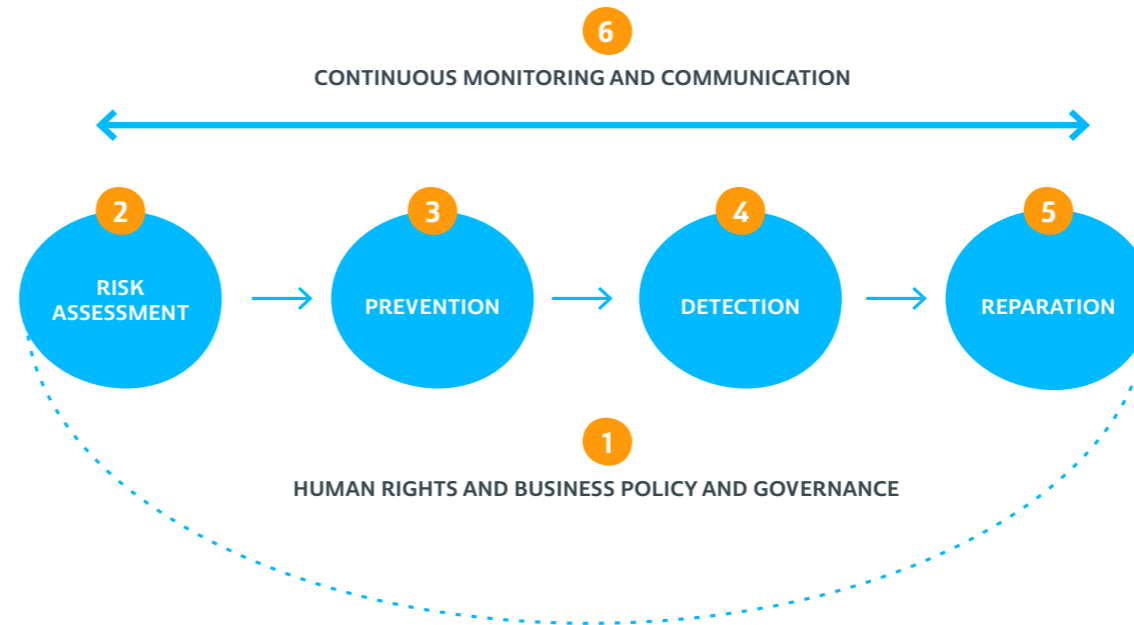
GRI: 102-11, 412-1, 412-2



We ratified our commitment to the "Guiding Principles on Business and Human Rights" of the United Nations, seeking respect for human rights (HR) in the relationship with our workers, contractors, communities, customers and each of the stakeholders, promoting a risk prevention approach in the proactive and systematic identification of the potential impacts that the company could generate.

In terms of associative work with external organizations and other companies, during 2021 Colbun continued to lead the Global Compact HR and Business Group, whose focus was to develop and disseminate the applicability of the HR Risk Matrix developed in 2020 by this same group, as well as the main lessons learned from Due Diligence.

HUMAN RIGHTS AND BUSINESS DUE DILIGENCE FRAMEWORK:





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

1 Human Rights and Business Policy and Governance

Colbun's Human Rights and Business Policy compiles and synthesizes the principles and values that guide the management of our company in the area of human rights and that are sanctioned in the Code of Ethics, the Sustainability Policy, the People Management Policy, and the Supplier Code of Conduct, among others. It applies to all employees of the Company and subsidiaries in Chile and Peru, and to the relationships we establish with our contractors, suppliers, communities and all our stakeholders.

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

Superior Body: Board of Directors

Supervision: Corporate Risk Management, Legal Management and Corporate Affairs Management.

Implementation: All Colbun Divisions

Review: Internal Audit Management

2 Risk Assessment

Colbun has been conducting Human Rights due diligence processes since 2016, either through internal processes or with external consultancies, using different strategies for the assessment of human rights risks. The actual and potential risks that Colbun has identified in the different facilities of Colbun and subsidiaries are as follows:

HUMAN RIGHTS WITH POTENTIAL RISKS IN OUR VALUE CHAIN

- Occupational Health and Safety
- Community Safety
- Non-Discrimination in the Workplace
- Water and Environment
- Freedom of association
- Anti-corruption and Ethics
- No Forced Labor. No Child Labor Land Rights
- Right to Be Heard and Informed
- Privacy

Some of the topics that had the most emphasis in 2021, were:

- Given the unfortunate death of the worker at Santa Maria Power Plant, occupational safety risks at the facilities became the first priority.
- After almost 2 years post-pandemic, the risk of COVID-19 infection was maintained and the risk of mental health of workers was raised.
- In the context of the severe drought in the Aconcagua River basin, Colbun has paid special attention and dedication to the communities in the vicinity of the Aconcagua Complex operations, which need water for human consumption and small-scale agricultural use, in order to harmonize their needs with the current legal framework and industrial use. It should be noted that in 2021 the Water Code was modified, giving greater strength and regulation to the use of water for human consumption, over agricultural, industrial and mining uses.
- The risks associated with non-discrimination, good treatment, prevention of workplace harassment and gender equity continue to be reviewed on an ongoing basis.

The groups covered in our ongoing Human Rights risk analysis are:

- Our own workers at all our facilities in Chile and Peru.
- Contractors of all our facilities in Chile and Peru.
- Local communities neighboring our power plants.
- Colbun's women workers.
- Clients.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

3 Prevention GRI: 410-1, 412-2

During 2021, 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 stand out:

● TRAININGS ON HUMAN RIGHTS

- During 2021, 3 executives and 6 professionals from different areas of Colbun were trained in human rights, through the Human Rights Group of the Global Compact, the Human Rights and Business Training Program (Acción Empresas), Generadoras de Chile and/or other specialized consultants, totaling about 100 hours. Among these trainings, the "Workshop on indigenous peoples, Convention 169 and Decree 66" conducted by the Indigenous Affairs Unit of the Ministry of Social Development, through Generadoras de Chile, which addressed human rights associated with indigenous peoples, including ILO Convention 169 and other international treaties, stands out.
- In 2021, the workshop "Meeting for a respectful and inclusive coexistence in Colbun" continued, which is mandatory for all Colbun employees in Chile, reaching 95% participation (908 people) in the first half of 2021. The objective was to reflect and understand the impact of the way in which each person relates to others, prevent harassment and align the treatment criteria promoted by Colbun.

- In the case of private security guards and security guards at our facilities in Chile, the supervisory authority - the Carabineros OS-10 Department - requires them to attend security retraining courses that incorporate human rights issues. These courses are valid for two years for security guards and three years for security guards. During 2021, 2 guards (out of a total of 5) and 27 security guards (out of a total of 102) received this course. Due to the pandemic, the inspection authority extended the validity of the courses until July 31, 2022.
- In the case of Peru, the 8 security guards were trained in the Occupational Health and Safety Policy, which explicitly states the obligation to work respecting Human Rights and Fundamental Freedoms, complying with the good practices of ICOCA (International Code of Conduct) and rejecting any act of discrimination.

● OCCUPATIONAL HEALTH AND SAFETY

- Following the fatal accident, the Company conducted a thorough review to identify occupational safety risks at the facilities. The respective Joint Health and Safety Committee prepared an action plan to minimize the risk of occurrence of this type of accident.
- As in 2020, in 2021 the COVID contagion prevention focus was maintained to protect the health of our own workers and contractors.
- For this purpose, Colbun relied on the recommendations of the health authority, the WHO and external health advisors, which allowed generating preventive and control measures.
- The Company gave talks on mental health care, emotional management and resilience.

● NON DISCRIMINATION

- During the year 2021, new mandatory workshops on respectful coexistence were held, seeking to raise awareness and promote non-discrimination.
- In the area of Diversity and Inclusion, progress continued to be made in the implementation of the Gender Equity Plan, with a special focus on the integration of women in masculinized areas and improvements in the methodologies for analyzing the salary gap.salarial.



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

● **ETHICS AND ANTI-CORRUPTION**

- In March 2021, the sixth version of the Code of Ethics was published, which was disseminated to all employees in Chile and Peru through an email and video. In addition, in April, a Contract Annex was electronically signed by all employees, which contained the Internal Rules of Order, Hygiene and Safety, the Crime Prevention Manual and the current Code of Ethics. Since that date, this annex has been included in all new contracts, and the principles of the Code and the obligation to be aware of its existence are disseminated during the induction of new employees. In the case of Peru, a notification was sent with a reading task of the updated Code on the Fenix platform and internal videos were disseminated that include topics of the Crime Prevention Model and the Ethics Hotline.
- In 2021, a survey was applied for the fourth time to the entire organization to identify potential risks due to conflicts of interest.
- Regarding the Crime Prevention Model (MPD, Law 20,393), during the year 2021, 100% of employees were informed about anti-corruption procedures through e-learning training on the Criminal Responsibility Law, including bribery.

- In the case of Fenix, during 2021, the MPD was disseminated to workers, customers, suppliers and the neighboring community, and due diligence continued to be conducted on the hiring of workers, 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.
- 100% of the members of Colbun's Board of Directors received training in Anti-Corruption Policies and Procedures.
- Finally, with regard to the Antitrust Law, the Company conducted annual training for its main executives, in order to inform them about current issues in the area of antitrust, so as to prevent any form of collusion.

● **CONTRACTORS AND HUMAN RIGHTS**

- The contract templates indicate that the Human Rights and Business Policy is a document that is an integral part of the contracts.
- In addition to the Special Regulations for Contractors and Subcontractors (REECS) and Colbun's Code of Ethics, which include human rights issues, in 2021 the Supplier Code of Conduct was also published, which specifies freedom of association, no child labor, no forced labor, occupational health and safety, non-discrimination, good treatment, among others. All these documents are an integral part of the contracts.
- All contractors must submit the employment contracts of all personnel working at any of our facilities, as well as the work modalities and shifts. así como las modalidades de trabajo y turnos.

● **RIGHT TO BE HEARD AND INFORMED**

- Community dialogues were maintained on issues of interest to neighbors, including areas such as drought.
- New discussions were held on the constitutional process in the constitutional process in Chile, with various external speakers.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

4-5 Detection and Repair
 GRI 103-2, 403-1, 406-1, 407-1, 408-1, 409-1, 411-1, 412-1, 412-2, 412-3, 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 AT COLBUN

Instrument	Who applies it	Stakeholders	Operation
Whistleblower Hotline (Ethics Hotline)	Internal	Employees, 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
Community dialogues	Internal	Communities	All operations in Chile and Peru
Conversations with workers	Internal	Employees	All operations in Chile
Follow-up of contracts with contractors (compliance with payment of labor contributions).	Internal	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	Employees, Contractors, Communities	All operations in Chile and Peru

DETECTION INSTRUMENTS IN EXTENDED SUPPLY CHAIN

Instrument	Who applies it	Stakeholders	Operation
ESG survey, with contractor self-assessment	External	Contractors	All operations in Chile and Peru

Based on the information reviewed, the following are the human rights violations identified in 2021 and the associated reparations:

- **Fatal accident:** As detailed in chapter 4.3 Occupational Health and Safety, Colbun had to mourn the loss of a worker at the Santa María power plant. As soon as this event occurred, the Company adopted all measures to accompany and support his family, as well as his immediate group of co-workers. In addition, days of reflection were held and an investigation was carried out by the respective Joint Health and Safety Committee, which resulted in an action plan to minimize the risk of occurrence of this type of accident.
- **Workplace Harassment:** In 2021 there was 1 report of workplace harassment and 3 reports of mistreatment

(there were no reports of sexual harassment). In those cases where violations of the Code of Ethics were found, Colbun applied the sanctions established in the Internal Regulations.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

In the other areas, based on the reviews carried out, no verifiable situations of human rights violations have been identified. Specifically:

● **REGARDING OUR EMPLOYEES:**

· No risks related to freedom of association and the right to join collective bargaining agreements have been identified; the Company respects freedom of decision of workers to form the organizations they deem necessary to achieve their objectives and the welfare of workers and their families. Thus, in 2021, a new professional union was formed with workers from the head office and several generation plants, increasing unionization from 44% to 59% of the workforce.

· to 59% of the workforce in Chile. However, an anti-union practice lawsuit is being processed by Union No. 3 against the Company, due to the different interpretation of the parties regarding the way in which the unavailability of the Nehuenco and Candelaria power plants is declared before the National Electric Coordinator, during the collective bargaining of 2020. Regarding Fenix, it should be noted that there are no unionized workers.

· There is no risk of child labor or forced labor in our operations, and it is an explicit company policy to reject both practices. The recruitment and selection processes include rigorous criteria, which along with validating that technical competencies are met, also ensure compliance with legal requirements, one of them being the age for work. With respect to forced labor, Colbun complies with current legislation in the sense of respecting workers' rest and compliance with agreed working hours. In 2021, the Company made various internal communications to encourage workers to take their vacations in the corresponding period. In cases where, due to necessity and/or force majeure, it is necessary to work on days that for the common workers are rest days, these are paid with a surcharge higher than that indicated in the labor legislation.

● **REGARDING THE COMMUNITY**

· No cases of violation of the rights of indigenous peoples have been identified. 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 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.

● **REGARDING OUR CLIENTS**

· No cases of violation of customer data privacy have been identified.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

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	Stakeholders	Operation
Annual Integrated report	Employees, Communities, Contractors, Customers and Investors	All operations in Chile and Peru
Community dialogues	Communities	All operations in Chile and Peru
Meetings with contractors	Contractors	All operations in Chile and Peru
Extended meetings with employees	Employees	All operations in Chile and Peru





7.5 Annex Chapter 5: Environmental Performance and Climate Change

GRI: 302-1, 304-1, 304-2, 304-3, 304-4



Water Resources and Drought



Interaction with water as a shared resource (303-1)

Regarding water use, Colbun's power plants use water from different sources, depending on their location and type of technology.

● RUN-OF-RIVER HYDRO POWER PLANTS

In these cases, surface water from a river is diverted to generate energy, being restored with the same volume and under the same conditions. Since the late 1990s, the Environmental Qualification Resolutions have established minimum flows (ecological 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 ecosystems. This is what happens, for example, with the Angostura, Rucúe, Quilleco, Chacabuquito, La Mina and San Clemente power plants. Due to the drop in runoff flows during the last decade in the center-south zone of the country, continuous communication with the oversight boards of the basins where the power plants are located is very relevant, as is the case in the Aconcagua and Maule river basins.

● RESERVOIR HYDROELECTRIC POWER PLANTS ● THERMAL POWER PLANTS

In these cases, surface water used to generate power is water accumulated in the reservoir, and these resources are returned to the same basin. In this category are Colbun, Machicura and Angostura power plants. Canutillar power plant is the only Colbun facility near a protected area, such as the Alerce Andino National Park.

In all its hydroelectric power plants, Colbun has conducted studies of the fish fauna present in the associated basins, in order to determine the biodiversity conditions present and their evolution. Finally, Colbun's thermal power plants use water in their cooling processes.

In the case of Santa María and Fenix power plants (Peru), this water comes from the sea and is returned to the same body of water. 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 the case of the natural gas-fired power plants (Nehuenco and Candelaria), water used is groundwater and comes from authorized wells, establishing various measures for a more efficient use of water. At the Neuenco Complex, which has a battery of 18 wells to supply its cooling water consumption, a numerical model of the aquifer underlying the power plant was developed, updated every year prior to low water levels, in order 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 mitigation plans in the event of shortages. In addition, a Reverse Osmosis Plant was developed to recirculate water and reduce its consumption. There is no history of a negative impact on biodiversity in these cases.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

● APPROACH USED TO IDENTIFY WATER-RELATED IMPACTS AND HOW THOSE IMPACTS ARE ADDRESSED

The main tool used by Colbun is the relationship with the communities and water user organizations, such as the surveillance 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 plants and from the areas that facilitate the respective procedures (Engineering, Environment, Water Resources, among others). As an example, in the Aconcagua river basin, which faces more than 12 years of megadrought, periodic meetings are held with the communities to detect possible disagreements or impacts related to the operation of the Aconcagua Complex power plants.

These meetings are attended by representatives of Colbun (Public Affairs, Environment, Aconcagua Complex and Water Resources), Neighborhood Boards, and we highlight the participation of representatives of the Oversight Board of the First Section of the Aconcagua River. The meetings address issues related to the exercise of water rights, water distribution, increased sediment dragging, also due to the effect of extreme drought, among others.

In addition, water-related impacts are environmentally assessed for all phases of development of Colbun's projects, within the framework of the Environmental Impact Assessment System. It is because of these impacts that environmental regulations require companies to present mitigation, remediation or environmental compensation plans.

● GOALS AND OBJECTIVES RELATED TO WATER

Colbun S.A. has measured and determined the Water Footprint of its processes, establishing goals to reduce its consumption, both for operational (generation activities and cooling systems of the thermoelectric plants) and non-operational (drinking water consumption and irrigation in the facilities). In this context, initiatives and objectives related to the reduction of water withdrawals have been promoted, with a priority focus on facilities located in basins with water deficit.

In 2021, the Company also adhered to the Blue Certificate Clean Production Agreement, promoted by Corfo's Sustainability and Climate Change Agency and Fundación Chile, which seeks to promote sustainable public/private management of water resources. Colbun began its participation in this Agreement with the adherence of the Los Pinos Thermoelectric Power Plant, located in the commune of Cabrero, Biobío Region."





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements



Management of Impacts Related to Water Discharges

303-2

Effluent discharges in Chile must comply with current regulations, that establish different criteria depending on the body of water that will receive the effluent discharge, in addition to the disposal site and its characteristics. This is why there is the DS MINSEGPRES N°90/00 that establishes the Emission Standard for the Regulation of Pollutants Associated with Liquid Waste Discharges to Sea and Continental Surface Waters, which first determines which discharges are subject to compliance with this standard, the parameters to be monitored and the level of requirement that will depend on the place of disposal, whether it is a river and whether or not it has dilution capacity, if it is a lake, or if it is in the sea inside or outside the Coastal Protection Zone. For groundwater discharges by means of infiltration works, there is DS MINSEGPRES N°46/02, which establishes the Standard for the Emission of Liquid Waste to Groundwater, which determines which discharges are subject to compliance with this standard and establishes requirements according to the vulnerability of the aquifer that will receive such discharges.

Furthermore, NCh 1333/78 Water Quality Requirements for Different Uses establishes the parameters to be controlled and the limits allowed for uses such as irrigation and recreation. There are also some surface water courses and bodies of water that, given their characteristics, have quality standards that set a level of quality to be safeguarded and therefore have higher levels of discharge requirements, if their capacity to support and purify pollutants is exceeded.

In addition, in the case of projects that have undergone an environmental assessment, discharges from the 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, Superintendency of the Environment). These are specific to each facility. In addition, the facilities that cannot be connected to the sewage system have wastewater treatment systems, which are under constant review and monitoring.

Water has different uses in power plants, so its quantity (flow rates), its physicochemical characterization and its 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.

Colbun 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 mass is always taken into consideration, because this varies the level of quality requirements of the discharge. In bodies with a larger body of water there will be dilution capacity in the receiving body of the discharged flow, which will allow higher limits for the discharges; on the other hand, the limits will be different in cases where the receiving body of water cannot exert a dilution effect on the discharge.

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Climate Change



ENERGY USED BY POWER PLANTS FOR GENERATION IN CHILE (302-1)

Type of source	Unit of Measurement	2018	2019	2020	2021
Diesel	Tera Joules	809	736	769	3,147
Natural Gas	Tera Joules	25,581	29,681	27,550	28,053
Coal	Tera Joules	23,083	17,317	20,000	22,865
Total		51,491	47,734	48,319	54,065

ENERGY CONSUMED BY SEN BY HEADQUARTERS AND CORPORATE OFFICES IN CHILE (302-1)

Type of source	Unit of Measurement	2018	2019	2020	2021
Electricity	Tera Joules	77	86	71	80
% of SEN renewable energy		43%	42%	44%	43%
Total		77	86	71	80

* Source: CEN

ENERGY USED BY POWER PLANTS FOR GENERATION IN PERU (302-1)

Type of source	Unit of Measurement	2018	2019	2020	2021
Diesel	Tera Joules	-	-	79	15
Natural Gas	Tera Joules	26,676	26,717	20,242	21,956
Total		26,676	26,717	20,321	21,971

ENERGY CONSUMED BY SEIN BY HEADQUARTERS AND CORPORATE OFFICES IN PERU (302-1)

Type of source	Unit of Measurement	2018	2019	2020	2021
Electricity	Tera Joules	3.4	4	22.1	11.7
% of SEN renewable energy		62%	62%	65%	62%
Total		3.4	4	22.1	11.7

* Source: COES

**01** Who We Are**02** What and How We Do: Our Strategy**03** Economic and Operational Performance**04** Social Performance**05** Environmental Performance and Climate Change**06** General Information**07** Annexes**08** Financial Statements**● EMISSIONS OF OZONE-DEPLETING SUBSTANCES (305-6)**

SF6 gas is used as an insulator in transformers, circuit breakers and other electrical equipment. Although eventual leaks of this gas are rather isolated events, they could occur due to a failure in the joints, seals or gaskets of the aforementioned equipment. For the fourth consecutive year, during 2021 there were no SF6 gas leaks in our facilities, which reflects the efforts of the maintenance area of our plants.

Notwithstanding the above, it is pertinent to mention that, in the event of any leakage, it is reported in the Incident Reporting System (SRI) 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 put in place to help prevent recurrence.

SF6 GAS EMISSIONS IN CHILE (305-6)

Contaminant	Unit of Measurement	2018	2019	2020	2021
SF6	Kg	0	5	0	0
% of coverage	%	100	100	100	100
Total Emissions	Ton CO2e	0	117.5	0	0

SF6 GAS EMISSIONS IN PERU (305-6)

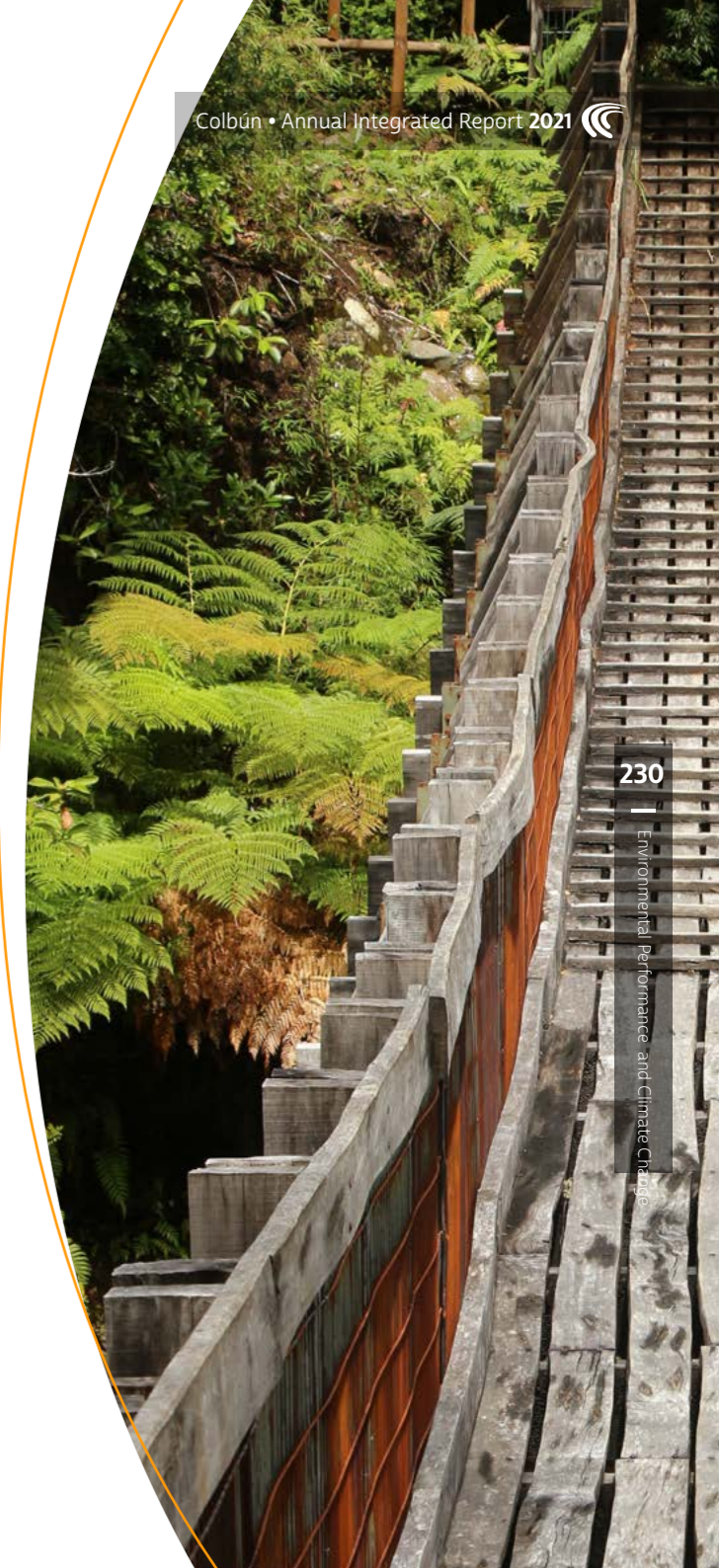
Contaminant	Unit of Measurement	2018	2019	2020	2021
SF6	Kg	0	0	0	0
% Of coverage	%	100	100	100	100
Total Emissions	Ton CO2e				

● OTHER ATMOSPHERIC EMISSIONS

In accordance with the requirements of DS 13/2011 MMA, Santa Maria Power Plant performs sampling of Mercury in exhaust gases. The measurement of heavy metals carried out during 2021 indicated an average concentration of Mercury (Hg) of 0.0011 mg/m3N. This value is well below the DS.13/2011 limit of 0.1 mg/Nm³.

MERCURY EMISSIONS (HG)

		2018	2019	2020	2021
Hg	Hg mg/m3N	0.002	0.001	0.001	0.0011
% coverage	%	100	100	100	100





Biodiversity



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Colbun is required by law in Chile to evaluate all projects that have significant actual and potential, direct and indirect impacts on the environment and to commit to mitigation, compensation and remediation measures with the authority, as well as to permanently monitor the efficiency of these measures (fish planting, reforestation, flora enrichment, fauna rescue and relocation, among others).

Additionally, in 2019, a review of all land owned by Colbun 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 that is in the proximity of a critical biodiversity area is 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 Colbun currently has a Royal Right of Conservation (430 hectares).

Diego de Almagro and Machicura photovoltaic projects were submitted to the Environmental Assessment System, and therefore consider a baseline survey, including biodiversity.

During the year 2021 no new significant impacts have been identified in Colbun's projects..

COLBUN'S LANDS LOCATED ADJACENT TO PROTECTED AREAS (304-1)

Colbun Operation Center	Type of Operation (Operation, office, etc.)	Name of biodiversity-rich land	Geographic location of the area	Area and/or Surface in Km²	Location of the company with respect to the protected area	Description of the area (protected/non-protected)	Biodiversity value of the area
Canutilla Power Plant	Canutillar Power Plant Civil Works	Alerce Andino National Park	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.

NATURE OF SIGNIFICANT DIRECT AND INDIRECT IMPACTS ON BIODIVERSITY (304-2)

Colbun Operation Center	High Biodiversity Area (yes/no)	Protected Area (yes/no)	Impacts (direct/indirect)	Description of impact
Angostura Hydroelectric Power Plant	Yes	No	Protected species affected by construction of Angostura power plant	As part of the environmental assessment of the 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 conservation status for the construction of the power plant.

BIODIVERSITY EXPOSURE AND EVALUATION, CHILE-PERU

	No. 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



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

PROTECTED/RESTORED HABITATS (304-3)

Name of habitat protected or restored	Geographic Location	Area or Surface (hectares) protected and/or restored	Restoration measures	Effectiveness of measures
Fdo. Villa Rivas	Com. Contulmo, Prov. Arauco	0.3	Enrichment with 4 species in conservation status	Flora Conservation Status Enrichment Plan Report.
Fdo. Cabaña Eugenia	Central Angostura, Com. Sta. Bárbara, Prov. Biobío	40	Enrichment of degraded forest	Annual Monitoring Report of the Preservation Management Plan.
Ribera Embalse Angostura	Central Angostura, Com. Sta. Bárbara, Prov. Biobío	75	Reforestation of riverbanks for wildlife refuge	Riverbank Reforestation Report
Native forest with melliferous potential	Central Angostura, Com. Sta. Bárbara, Prov. Biobío	125	Research project under development in association with Universidad de Concepción and COASBA (Beekeepers Cooperative) to see the potential for honey and soil recovery.	Third year of research in which the number of hives and amount of honey production has been increasing.
Conversion of exotic plantations to native forests	Central Los Pinos, Prov. Biobío	20	Conversion of exotic plantations (pine) to native forest (quillay).	Forestry Management Plan
Nehuenco Native Park	Complejo Nehuenco, Quillota	3.6	Reforestation aimed at enhancing the incorporation of flora and fauna	Annual Performance Report
Native forest with melliferous potential	Complejo Aconcagua, Los Andes	15.5	Reforestation and native forest, destined to melifera production.	Agreement with PRODESAL of the Municipality of San Esteban and local beekeepers for the production of differentiated honey.
Native forest with melliferous potential	Central Canutillar	200	Native forests aimed at enhancing honey production and local development	Report of results of honey production increase and physicochemical analysis of honey.
Rincón del Sur Royal Conservation Right (NUEVA)	Central Canutillar	436	Royal Conservation Right (DRC) that protects in perpetuity 436 hectares located on the shores of Lake Chapo, in the Lakes Region. These lands form a biological corridor that connects the Alerce Andino National Park and the Llanquihue National Reserve. This agreement signed between Colbún and Fundación Tierra Austral, in addition to preserving the natural heritage of most of the area under DRC, will allow recreational activities and low-impact tourism in strategic areas.	Fundación Tierra Austral's report on the annual status of the Rincon del Sur Conservation Area.



01

Who We Are

02

What and How We Do: Our Strategy

03

Economic and Operational Performance

04

Social Performance

05

Environmental Performance and Climate Change

06

General Information

07

Annexes

08

Financial Statements

PROTECTED SPECIES LIST (304-4)

Species that appear on the IUCN (International Union for Conservation of Nature) Red List and on national conservation lists, located in areas of influence of Colbun's facilities and projects in Chile and Fenix Peru.

LIST OF PROTECTED SPECIES IN CHILE
(304-4)

Especies de flora o fauna	Geographic Location	Extinction Risk Level
Aegla abtao	Río Chamiza (Canutillar)	Minor concern
Samastacus spinifrons	Río Chamiza (Canutillar), Río Maule	Minor concern
Galaxias maculatus	Río Chamiza y Lago Chapo (Canutillar), Río Huequecura y Biobío (Angostura)	Minor concern
Geotria australis	Río Chamiza (Canutillar)	Vulnerable
Trichomycterus areolatus	Río Chamiza y Lago Chapo (Canutillar), Río Rucúe y Laja, Río Huequecura y Biobío (Angostura), Río Maule	Vulnerable
Percichthys trucha	Lago Chapo (Canutillar), Río Rucúe y Laja, Río Huequecura y Biobío (Angostura)	Minor concern
Basilichthys australis	Río Rucúe y Laja, Río Maule y embalse Colbún	Almost endangered
Percilia gillissi	Río Maule	Endangered
Diplomystes nahuelbutaensis	Río Rucúe y Laja (Quilleco), Río Huequecura y Biobío (Angostura), Río Maule	Endangered
Percilia irwini	Río Rucúe y Laja (Quilleco), Río Huequecura y Biobío (Angostura)	Endangered
Cheirodon galusdae	Río Rucúe y Laja, Río Maule y embalse Colbún	Vulnerable
Bullockia maldonadoi	Río Huequecura y Biobío (Angostura)	Endangered
Nematogenys inermis	Río Huequecura y Biobío (Angostura)	Endangered
Aegla pewenchaie	Río Maule	Minor concern
Aegla araucaniensis	Río Maule	Minor concern
Beilschmiedia miersii	V-VI (Nehuenco)	Vulnerable
Kageneckia angustifolia	IV-VII (Aconcagua)	Minor concern
Porlieria chilensis	IV-VI (Aconcagua)	Vulnerable
Austrocedrus chilensis	V-X (La Mina)	Minor concern
Eucryphia glutinosa	VII-IX (Angostura)	Vulnerable
Persea lingue	V-X (Angostura)	Minor concern
Citronella mucronata	IV-X (Angostura)	Vulnerable
Leopardus guigna	VU (XIV al norte), NT (X al sur) (Angostura)	Vulnerable and Almost endangered
Lycalopex culpaeus	XV-XII. (PF Diego de Almagro Sur 1 y 2)	Vulnerable
Lama guanicoe	XV - XI; XI - XII (PF Diego de Almagro Sur 1 y 2)	Vulnerable
Liolaemus atacamensis	III - IV (PF Diego de Almagro Sur 1 y 2)	Minor concern
Liolaemus manueli	región de Atacama (PF Diego de Almagro Sur 1 y 2)	Endangered
Callopistes maculatus	II - VII. (PF Diego de Almagro Sur 1 y 2)	Almost endangered
Pleurodema thaul	Desde la Región de Antofagasta hasta Aysén, incluido Chiloé (Machicura)	Almost endangered

LIST OF PROTECTED SPECIES IN PERU
(304-4)

Especies de flora o fauna	Geographic Location	Extinction Risk Level
Larosterna inca	Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto San Pedro Wetlands; Perú (Fénix)	Almost endangered
Pelecanoides garnotii	Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya; Perú (Fénix)	Endangered
Pelecanus thagus	Cuerpo de Agua, Laguna Artificial, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands; Perú (Fénix)	Almost endangered
Phalacrocorax bougainvillii	Cuerpo de Agua, Laguna Artificial, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands; Perú (Fénix)	Almost endangered
Phalacrocorax gaimardi	Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands; Perú (Fénix)	Almost endangered
Spheniscus humboldti	Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya; Perú (Fénix)	Vulnerable
Sula variegata	Cuerpo de Agua, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands; Perú (Fénix)	Minor concern
Otaria byronia	Cuerpo de Agua, Playa Chilca, Playa Ñave, Playa San Pedro, Playa Yaya, Puerto Viejo Wetlands; Perú (Fénix)	Minor concern



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

CONSULTANTS AND NGOS SUPPORTING COLBUN IN THE IMPLEMENTATION OF THE BIODIVERSITY STRATEGY IN CHILE AND PERU

Consultant	Expertise
Era Sustentable	Monitoring of terrestrial fauna.
Fundación de Conservación Tierra Austral	Biodiversity and conservation studies.
BioAmérica	Monitoring of terrestrial fauna and birds.
Riparia	Forest inventory, biomass and carbon sequestration in native forests of Central Angostura
Everis	Carbon sequestration and ecosystem services of native forests in the Canutillar power plant.
Ciencia Ambiental	Monitoring of terrestrial fauna.
Ecogestión Ambiental	Fish fauna, phyto- and zoobenthos, phyto- and zooplankton, water quality.
Photosíntesis	Biodiversity surveys
SGS Chile Ltda	Fish fauna, macrophytes, phyto- and zoobenthos, zooplankton and zooplankton, water quality
Golder Associates (Perú)	Fish fauna, macrophytes, phyto- and zoobenthos, zooplankton and zooplankton, water quality



Biodiversity Factsheets

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

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 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 Bagreicto (Catsfish), both present in Melado river.

CONSERVATION TARGETS

Compositional 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)
 - Dennstaedia glauca (VU)

Fauna

- a) Mammals
 - Long haired field mouse (LC)
 - Culpeo fox (LC)
 - Grey fox(LC)
 - Puma (NT)
- b) Birds
 - Chilean pigeon (LC)
 - Rufous-legged Owl (NT)
 - Black faced ibis (LC)
 - Condor (VU)
 - White-throated hawk (R)
 - Magellanic woodpecker (EN)
 - Burrowing Parakeet (VU)
 - Torrent Duck (NT)
 - Slender-billed Parakeet (LC)
- c) Reptiles
 - Chilean lizard (LC)
 - Slender Jeweled Lizard (LC)
 - Schroeder's Tree Iguana (VU)
- d) Amphibians
 - Warty toad (LC)
- e) Fish
 - Chilean silverside (VU)
 - Catfish (VU)

Notable species

- Cordillera Cypress
- Hualo
- Belloto del sur: Southern acorn (Declared a natural monument by Decree No. 13/1995)

Endemic species

Flora

- a) Trees
 - Chilean lizard
 - Slender Jeweled Lizard
 - Schroeder's Tree Iguana
- b) Fish
 - Chilean silverside
 - Catfish
- c) Birds
 - Slender-billed Parakeet

Glossary

CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

R = Rare
 VU = Vulnerable

Structural biodiversity

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 - Rauli - Tepa 0.38%
- Sclerophyllo 2.27%Lenga 0.64%
- Roble-Hualo 2.53%
- Roble-Rauli-Coihue 12.22%

Native forest cadastre

- 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%

Developed by

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CANUTILLAR

GENERAL FACTS
 Region: Los Lagos
 Communes: Cocham o, Puerto Montt
 Property surface: 677.93 hectares
 Surface area of potential value for biodiversity: 2.13 ha. Not fit
 0.92 ha. Poor
 3.56 ha. Fair
 51.44 ha. Good
 619.88 ha. Excellent

GENERAL REMARKS
 Set of properties that surround Lake Chapo and the Reloncavi estuary, largely dominated by mainly dense temperate Evergreen and temperate Andean native formations, widely represented in the SNASPE(Chilean national public system of protected areas).
 It highlights the great wealth of ferns present in the area and the presence of fish in a vulnerable state of conservation such as the Lamprey and the Bagreicto.

CONSERVATION TARGETS

Compositional biodiversity

Species in conservation category

Flora

- a) Trees
 - Canelo (LC)
- b) Herbaceous
 - Sanguinaria (LC)
- c) Ferns
 - Hymenophyllum plicatum (LC)
 - Hymenophyllum plicatum (LC)
 - Hymenophyllum secundum (LC)
 - Hymenophyllum seselfolium (LC)
 - Verba del lagarto (LC)

Fauna

- a) Mammals
 - Long haired field mouse(LC)
 - Chilean tree mouse (LC)
- b) Birds
 - White throated hawk (R)
 - Chucaco 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
- b) Palmilla
- c) 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

Structural biodiversity

Forest Floor

- Inland temperate Evergreen Forest of Coihue de Chiloe and sharp leaves Matlio 95.71%
- Andean temperate resinous forest of Alerce 0.02%

Forest types

- Cordillera Cypress 3.36%
- Coihue - Rauli - Tepa 2.57%
- Magallanic Coihue 4.20%
- Oak - Rauli - Coihue 1.94%
- Evergreen 68.41%
- Not applicable* 3.81%

Native forest cadastre

- Dense Mature-Secondary forest 9.53%
- Mature forest open 3.41%
- Dense Mature forest 8.05%
- Semi-dense Mature forest 7.19%
- Open Secondary 8.81%
- Dense Secondary 22.62%
- Semi-dense Secondary 15.69%
- Open Secondary forest 1.82%
- Semi-dense Secondary forest 3.36%
- Semi-dense arboreous scrub 2.21%
- Semi-dense scrub 1.60%

Developed by

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - ANGOSTURA

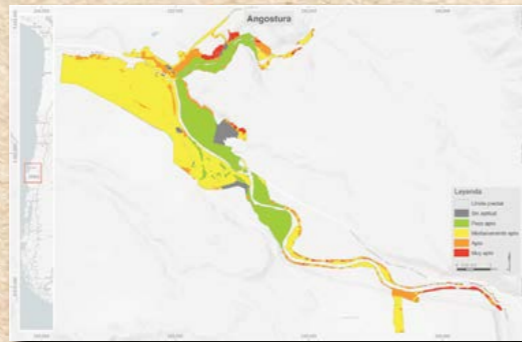


GENERAL FACTS

Region: Bío Bío
 Communes: Quilacó and Bío Bío
 Property Surface: 1,355.46 hectares
 Surface area of potential value for biodiversity:
 57.11 ha. Not fit
 357.67 ha. Poor
 739.48 ha. Fair
 162.73 ha. 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

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora	Fauna	d) Amphibian
a) Trees -Cordillera Cypress (NT) -Canelo (LC) -Guindo Santo (VU) -Linguo (LC) -Lleuque (V) b) Ferns -Adiantum scabrum (E) -Blachnum asperum (NE)	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 (E) -Black-faced ibis (LC) c) Reptiles -Jewel lizard (E)	-Sapiteo cuatro ojos (NE) e) Fish -Pochade los Lagos (VU) -Carmelita de Concepción (V) -Tolide aguadulce (EN) -Puye (VU) -Pejerrey Lengü (VU) -Bagre pintado (VU) -Ampradebolos (VU) -Bagre chico (V)

Notable species	Endemic species
-Cordillera Cypress -Copihue (Protected by decree No. 120/1971 modified by decree No. 121/1985) -Big catfish -Litre (Protected by decree No. 366) -Bollén (Protected by decree N°366)	Flora a) Trees -Lleuque -Guindo Santo -Linguo -Cordillera -Bollén b) Ferns -Adiantum scabrum c) Liana -Copihue

Glossary
 CR = Critically Endangered
 DE = Insufficiently known
 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

Forest Floor

-Mediterranean deciduous forest of Roble Pellin and Linguo 90.45%
 -Andean temperate deciduous forest of Rauli and Palo Santo 9.54%

Forest types

-Coihue Rauli 52.11%
 -Roble Rauli 47.89%

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%

Developed by CSW

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LA MINA

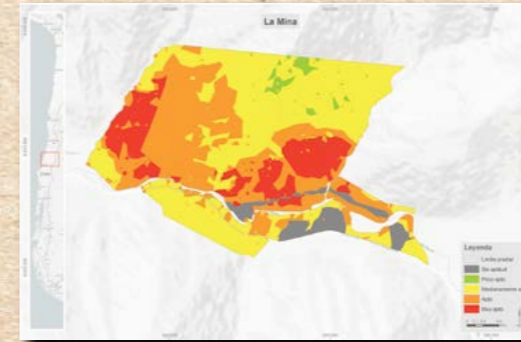


GENERAL FACTS

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, Rauli 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 Bagre chico.



CONSERVATION TARGETS

CORDILLERA CYPRESS

HUALO

CULPEO FOX

Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora	Fauna	c) Reptiles
a) Trees -Cordillera Cypress (NT) -Canelo (LC) -Guindo Santo (VU) -Linguo (LC) -Lleuque (V) -Frangel (NT) b) Herbaceous -Doradillo (LC) -Quilacó (LC) c) Ferns -Palinuro (LC) -Quilacó (LC)	a) Mammals -Long haired field mouse (LC) -Zorocupeo (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)	-Chilean lizard (LC) -Jewel lizard (LC) d) Fish -Chilean silverside (V) -Bagre chico (VU) -Freshwaters Tollo (EN)

Notable species	Endemic species
-Cordillera Cypress -Hualo	Flora a) Trees -Cordillera Cypress

Glossary
 CR = Critically Endangered
 DE = Insufficiently known
 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

Native forest cadastre

-Semi-dense Secondary 52.11%

Fauna
a) Reptiles -Jewel Lizard b) Fish -Chilean silverside -Bagre chico c) Birds -Slender-billed Parakeet

Developed by CSW



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

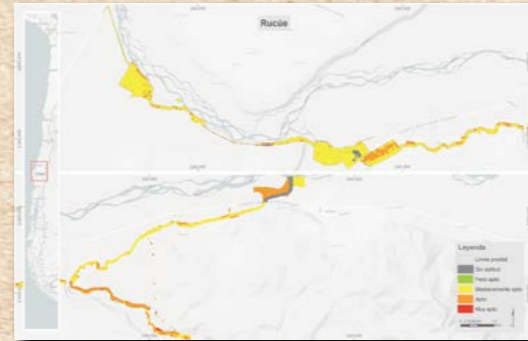
05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - RUCUE



GENERAL FACTS
Region: B, B4
Communes: Quilicura, Puente Alto
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 Quillallebu 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



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora	Fauna	Fish
a) Trees	a) Mammals	d) Fish
-Cordillera Cypress (NT)	-Long haired field mouse (LC)	-Freshwater Tollo (EN)
-Naranjillo (EN)	-Chilean silverside (NT)	-Chilean silverside (NT)
-Guindo santo (VU)	b) Birds	-Puye (VU)
b) Shrubs	-Chilean pigeon (LC)	-Carmelita de Concepción (EN)
-Menta de árbol (NT)	-Rufous-legged Owl (NT)	-Pochade Los Lagos (VU)
-Radal enano (NT)	-Andean Gull (R)	-Bagecillo (VU)
c) Cactaceae	-Black-necked Swan (EN)	-Osprey (VU)
-Hierba del guanaco (NT)	c) Amphibian	
d) Ferns	-Sapo de cuatro ojos (R)	
-Palillego (LC)	-Rana de Darwin (E)	
-El Estuero (LC)	-Rana de antioja (R)	
-Quilicu (LC)		

Forest Floor

-Coihue and Lingue Mediterranean deciduous forest 76.4%
-Andean temperate deciduous forest of Rauli and Palo Santo (Dasycyllum diacanthoides) 23.64%

Forests types

-Sclerophyllous 12.12%
-Roble - Rauli - Coihue 19.5%

Native forest cadastre

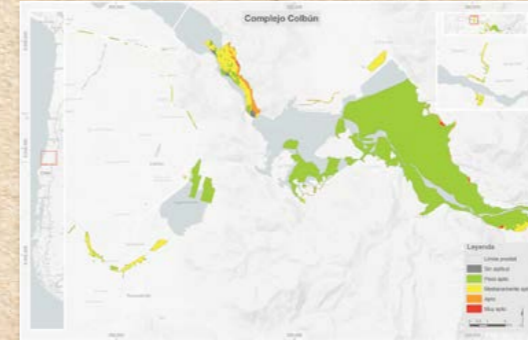
-Open Mature Secondary forest 0.01%
-Dense Mature Secondary forest 0.21%
-Semi-dense Mature fores 0.07%
-Open Secondary forest 8.8%
-Dense secondary fores 8.03%
-Open Secondary forest 5.53%
-Semi-dense Secondary forest 8.98%

Notable species	Flora	Fauna
-Cordillera Cypress	a) Trees	a) Fish
-Naranjillo	-Naranjillo	-Freshwater Tollo
-Quillay (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)	-Guindo santo	-Pochade Los Lagos
	-Quilicu	-Carmelita de Concepción
	b) Herbaceous	-Chilean silverside
	-Menta de árbol	

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 CSW

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - COLBUN COMPLEX



GENERAL FACTS
Region: A, A4
Communes: Colbun, Yerbos 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



Compositional biodiversity

Structural biodiversity

Species in conservation category

Flora	Fauna	Fish
a) Trees	a) Mammals	d) Fish
-Canelo (LC)	-Culpeo fox (LC)	-Chilean silverside (LC)
-Huab (NT)	-Cocoi Heron (LC)	-Pochade Los Lagos (VU)
-Lingue (LC)	b) Birds	-Pezomachus (LC)
b) Herbaceous	-White-throated Hawk (R)	-Bagecillo (VU)
-Dorillo (LC)	-Magellanic Woodpecker (EN)	
c) Ferns	-Andean Gull (R)	
-Palillego (LC)	-Borrowing Parakeet (VU)	
-Quilicu (LC)	-Torrent Duck (NT)	
	-Chilean pigeon (LC)	
	-Chilean Flamingo (R)	
	-Chucoa Tapaculo (LC)	
	-Spectacled Duck (NT)	
	-Rufous-legged Owl (NT)	

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 - arborescente 0.68
-Escobillo 3.38
-Roble-Huab 0.63
-Roble-Rauli-Coihue 0.73

Notable species

-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	Fauna
a) Trees	a) Fish
-Coihue	-Pochade Los Lagos
-Lingue	
-Huab	
-Litre	
-Bordo	
b) Shrubbery	
-Colihuy	
-Hualo	

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
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 CSW

01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SAN PEDRO



GENERAL FACTS
 Region: Los Ríos
 Communes: Los Lagos, Panguipilí
 Property surface: 186.3 hectares
 Surface area of potential value for biodiversity: 35.44 ha. Not fit
 0.27 ha. Poor
 68.61 ha. Fair
 74.98 ha. Good
 7 ha. Excellent

GENERAL REMARKS
 San Pedro power plant is located between patches of Colihue 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.



GUÍÑA



PUDÚ



COPHUE

CONSERVATION TARGETS

Compositional biodiversity

Species in conservation category

Flora	Fauna	Reptiles
a) Trees -Canelo (LC) -Lingüe (LC) b) Herbaceous -Sanguinaria (LC) c) Ferns -Pala negro (LC) -Pala huén (LC) -Apilium trichyllum (NT) -Palaña (LC) -Hellebo de las cañadas (LC) -Costilla verde (LC) -Quilque (LC) -Guzmán tim aguililla (LC) -Palme chibche (LC) -Shushubúen (LC) -Hymenophyllum comum (LC) -Hymenophyllum chilense (LC) -Hymenophyllum pinnatum (LC) -Hymenophyllum pinnatum (LC) -H. delvencón (LC) -Palaña (LC) -Pamboc (LC) -Hellebo cocha (LC) -Yerba de plata (LC)	a) Mammals -Long haired field mouse (LC) -Chingoncin (LC) -Ratacobre (LC) -Rush (NT) -Puma (P) -Zorrochil (LC) -Coipe (LC) -Makodebante (NT) -Güiña (NU) -Pudú (P) b) Birds -Rufous-billed Hawk (R) -Chuco tapaculo (LC) -Rufous-legged Owl (NT) -Black-faced ibis (E) -Chilean pigeon (LC) -Slender-billed parakeet (LC)	c) Reptiles -Lagartija de vientre azul (LC) -Lagartija de la roca (LC) d) Amphibians -Rana moteada (LC) -Sapo (Eusophus roseus) (VU) -Sapo de cuarzo (P) -Rana de antifaz (NT) e) Fish -Puye (Galaxias maculatus) (LC) -Puyén grande (LC) -Pekelilla (A. taeniatus) (EN) -Puye (Galaxias platei) (LC) -Carmelita (EN) -Perca Trucha (LC) -Postrero chileno (VU) -Braguico (NT) -Cauque (VU) -Tollo de agua dulce (EN) -Pocha del sur (VU) -Lamprea de bolsa (VU)

Endemic species

Flora	Fauna
a) Trees -Coroñil -Tenu -Lauruchilino -Chequén -Pala	a) Reptiles -Jewel lizard b) Amphibians -Sapo (P) c) Fish -Camelina (Percilia gillessii) -Pejerrey chileno (Basileichthys australis) -Braguico (Trichomycterus areolatus) -Cauque -Tollo -Pocha del sur -Lamprea de bolsa d) Birds -Slender-billed parakeet

Singular species
 -Pipilo (P)
 -Quilque (P)
 -Avelino
 -Hala
 -Cophue (Protected by decree N°120 / 1971 modified by decree N°121/1985)
 -Coguilín
 -Tapa
 -Palmeo
 -Palma
 -Botella
 -Chue
 -Robbe

Glossary
 CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened
 R = Rare
 VU = Vulnerable

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - 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.



GUAYACÁN



LAGARTO NIDO



CÓNDOR

CONSERVATION TARGETS

Compositional biodiversity

Species in conservation category

Flora	Fauna
a) Trees -Guayacán (VU) -Fau gel (LC) b) Herbaceous -Yerbablanco (LC) -Doradillo (LC) c) Cactaceae -Quisco (LC) -Sandilillo (LC) -Quiscojón (LC) d) Ferns -Palmito (LC) -Quilque (LC)	a) Mammals -Culpeo fox (E) -Chilla fox (LC) b) Birds -White throated hawk (R) -Andean gull (R) -Peregrine Falcon (E) -Chilean Condor (V) -Andean Condor (V) c) Reptiles -Lagartija de la roca (LC) -Lagartija de la roca (LC) -Lagartija de la roca (LC) d) Amphibians -Sapo de cuarzo (P)

Singular species
 Quilque (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

Structural biodiversity

Forest Floor

-Colihue and Ulmo interior temperate laurel forest 100%

Forest types
 -Robbe Rauli Cohue 20.35
 -Simpur ente 16.18

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%

Forest Floor
 -Low Andean Mediterranean scrub of white grass and Chilca 10.94%
 -Mediterranean grassland of Nastano and Menonvillea spathulata 0.06%
 -Inland Mediterranean thorny scrub of Trilhuén and Colliguay 55.53%
 -Fragel and Guindilla Mediterranean Andean sclerophyllous forest 32.12%
 -Low Andean Mediterranean scrub of Llaleta and Grape of mountain range 1.22%

Forest types
 -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.

Native forest cadastre
 -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%



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

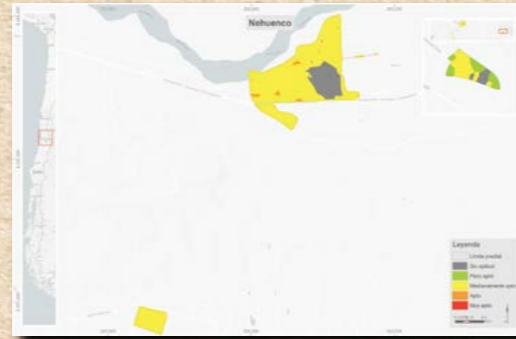
05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - NEHUENCO



GENERAL FACTS

Region: Valparaíso
 Communes: Quilicura, Litre
 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



Compositional biodiversity

Species in conservation category

Flora
 a) Trees
 - Northern Belloto (Acorn) (NT)

Fauna
 a) Mammals
 - Chilla Fox (LC)

Notable species

-Boido (Protected by decree Nº366 / 1944)
 -Quillay (Protected by decree Nº366 / 1944 modified by decree No. 2250/1955)

Endemic species

Flora
 a) Trees
 -Boido
 -Northern Belloto

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 CSW

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CARENA



GENERAL FACTS

Region: Metropolitan
 Communes: Curacavín, Litre
 Property Surface: 146.11 hectares
 Surface area of potential value for biodiversity:
 8.52 ha. Not fit
 98.49 ha. Poor
 39.1ha. Fair

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 trees species, in its enclosure, contemplated in Law 20,283 as part of the Native Preservation Forest.

CONSERVATION TARGETS



Compositional biodiversity

Species in conservation category

Flora
 a) Trees
 - Algarrobo (NT)
 - Guayacán (NT)

b) Cactaceae
 - Quillay (NT)

c) Herbaceous
 - Puya (FC)

d) Shrubbery
 - Cola de caballo (LC)

Fauna
 a) Mammals
 - Culpeo Fox (FC)
 - Chilla Fox (FC)

b) Birds
 - Peregrine Falcon (LC)

c) Reptiles
 - Lagarto Anillado (FC)
 - Lagarto Verde (FC)
 - Lagarto Ocuca (FC)

Notable species

-Yerba del Platero
 -Quillay (Protected by decree Nº366 / 1944 modified by decree Nº2250 / 1955)
 -Litre (Protected by decree Nº366 / 1944)

Endemic species

Flora
 a) Trees
 -Quillay
 -Litre

b) Shrubbery
 -Coigüay
 -Litre

c) Herbs
 -Puya

Fauna
 a) Birds
 - Chilean Tinamou

b) Reptiles
 -Lagarto Anillado
 -Lagarto Ocuca

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 CSW

- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LA CAMPANA




GENERAL FACTS


Region: **M aule**
 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

OBSERVACIONES GENERALES


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.



CORDILLERA CYPRESS



MAGELLANIC WOODPECKER



SOUTHERN GRUMBLER

CONSERVATION TARGETS

Compositional biodiversity

Species in conservation category

<p>Flora</p> <p>a) Trees</p> <ul style="list-style-type: none"> - Ciprés de cordillera (NT) - Canel (LC) - Hualo (NT) - Ligüe (LC) - Frangal (NT) - Lauque (W) <p>b) Ferns</p> <ul style="list-style-type: none"> - Quilqui (LC) 	<p>Fauna</p> <p>a) Mammals</p> <ul style="list-style-type: none"> - Chilla Fox (LC) <p>b) Birds</p> <ul style="list-style-type: none"> - White Throated Hawk (R) - Magellanic Woodpecker (W) - Burrowing Parakeet (W) - Chilean Pigeon (LC) - Rufous Legged Owl (LC) - Slender-billed Parakeet (LC) <p>c) Reptiles</p> <ul style="list-style-type: none"> - Weeping Lizard (Chilean Lizard) (LC) - Jewel Lizard (LC) - Southern Grumbler (W)
--	---

Notable species

- Cordillera Cypress
- Huab

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%

Glossary


CR = Critically Endangered
 DE = Insufficiently data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

Endemic species

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

Rare

R = Rare
 VU = Vulnerable

Developed by 

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - SANTA MARIA



GENERAL FACTS

Region: **Bío Bío**
 Communes: **Coñume, 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 Guifa, Sapo de Contulmo and Naranjillo stand out, the latter being a species contemplated in Law 20,283 as part of the Preservation Forest.



DARWIN'S FROG



SAPO DE CONTULMO



NARANJILLO

CONSERVATION TARGETS

Compositional biodiversity

Species in conservation category

<p>Flora</p> <p>a) Trees</p> <ul style="list-style-type: none"> - Naranjillo (W) <p>b) Arbusts</p> <ul style="list-style-type: none"> - Chequén de hoja fina (LC) - Haco (LC) <p>c) Herbaceous</p> <ul style="list-style-type: none"> - Mentas de árbol (N) - Puya (LC) <p>d) Ferns</p> <ul style="list-style-type: none"> - Hilloven (LC) - Palmo negro (Adiantum chilense) (LC) - Palmo negro (Adiantum scabra) (LC) - Feto-lavón (LC) - Costilla vaca (LC) - Quilqui (LC) - Palmito (LC) 	<p>Fauna</p> <p>a) Mammals</p> <ul style="list-style-type: none"> - Long haired field mouse (LC) - Guifa (VU) - Coipón (LC) - Bridges's Degu (LC) <p>b) Birds</p> <ul style="list-style-type: none"> - Chilean pigeon (LC) - Rufous-legged Owl (NT) - White-throated Hawk (R) - Chucaco tapaculo (LC) <p>c) Reptiles</p> <ul style="list-style-type: none"> - Lagartija de vientre azul (FP) - Lagartija esbelta (LC) - Lagartija lanaricata (LC) - Lagarto hano (LC) - Lagartija (Lithes usipitus) (LC) - Colibrí colibrí (LC) <p>d) Amphibians</p> <ul style="list-style-type: none"> - Sapite cuatro ojos (NT) - Darwin's frog (W) - Ranita antitártar - Sapite Contulmo (N)
--	--

Notable species

- Copihue (Protected by Decree No. 129/1971 modified by Decree No. 121/1985)
- Boldo (Protected by decree N°366 / 1944)
- Quilqui (Protected by decree N°366 / 1944 modified by decree N°2250 / 1955)
- Boldón (Protected by decree N°366 / 1944)
- Litre (Protected by decree N°366 / 1944)

Structural biodiversity

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.

Glossary

CR = Critically Endangered
 DE = Insufficiently known
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

Endemic species

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

Rare

R = Rare
 VU = Vulnerable

Developed by 



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

AREA OF POTENTIAL VALUE FOR BIODIVERSITY - LOS PINOS



GENERAL FACTS
 Region: Bío Bío
 Communes: Cabrao
 Property Surface: 47.72 hectares
 Surface area of potential value for biodiversity:
 7.11 ha. Not fit
 27.28 ha. Poor
 13.27 ha. Fair
 0.06 ha. Excellent

GENERAL REMARKS
 Los Pinos power plant is located in the transition of the intermediate depression and the foothills of Biobío region that conserves remnants of native vegetation. This is a region strongly impacted by agricultural and forestry uses. Its spatial configuration and orientation make it a natural biological corridor for altitudinal migratory species.

CONSERVATION TARGETS



Compositional biodiversity

Structural biodiversity

Species in conservation category

Forest floors

Flora
 a) Trees
 -Lirque (LC)
 -Olivillo (LC)
 b) Herbaceous
 -Menta de árbol (LC)
 c) Ferns
 -Cortulla vac. (LC)
 -Quilú (LC)
 -Hual-sam (LC)
 -Yeba de lajato (LC)
 -Yeba brza (LC)
 -Páto negro (*Adiantum chilense*) (LC)
 d) Cactaceae
 -Yeba del guanaco (NT)

Fauna
 a) Mammals
 -Long haired field mouse (LC)
 -Gülfu (NT)
 b) Birds
 -Chilean pigeon (LC)
 -Chucaco tapaculo (LC)
 -Huet-huet tapaculo (LC)
 c) Reptiles
 -Valdivian lizard (P)
 d) Amphibians
 -Sapido cuatro ojos (NT)

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
 - Chucaco Tapaculo

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 sclerophyllous 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 Trichue (Burrowing Parakeet).

CONSERVATION TARGETS



Compositional biodiversity

Structural biodiversity

Species in conservation category

Forest floors

Flora
 a) Trees
 -Lirque (LC)
 -Canelo (LC)
 -Frangul (P)
 b) Ferns
 -Páto 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)

-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)
 - Copihue
 - Pingo pongo
 - Litre (Protected by decree N°366 / 1944)
 - Bollén (Protected by decree N°366 / 1944)

Endemic species
 Flora
 a) Trees
 - Quillay
 - Litre
 - Canelo
 - Frangul
 - Pingo pongo
 - Copihue
 b) Shrubbery
 - Michay

c) Herbaceous
 - Menta de árbol
 - Copihue
 d) Ferns
 - Litre

Fauna
 a) Birds
 - Slender-billed parakeet
 b) 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

Developed by



01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

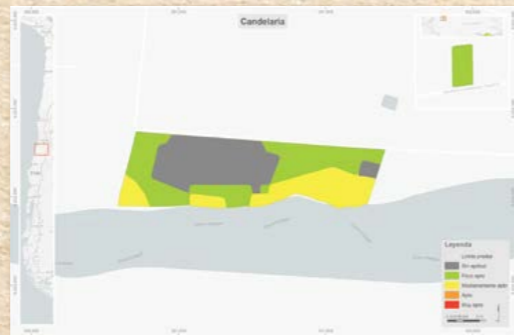
05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

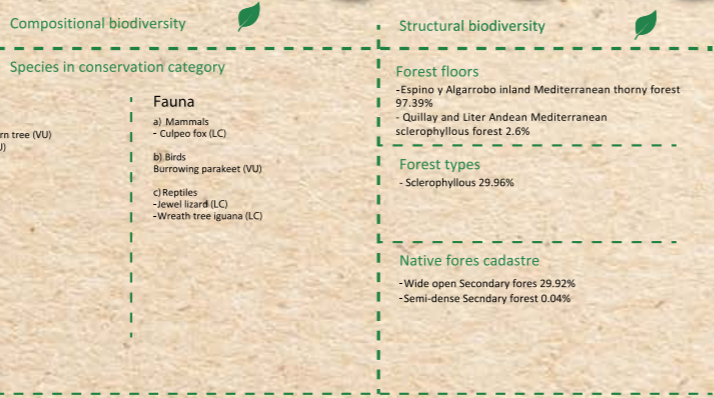
AREA OF POTENTIAL VALUE FOR BIODIVERSITY - CANDELARIA



GENERAL FACTS
 Region: Libertador Bernardo O'Higgins
 Communes: Codegua, Mostaza
 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



Notable species Quillay (Protected by decree Nº366 / 1944 modified by decree Nº2250 / 1955) Algarrobo (Protected by decree Nº366 / 1944)	Endemic species Flora a) Trees - Quillay - Peumo - Northern Acorn tree b) Shrubbery - Lilen - Balahuén - Corontillo	Fauna a) Reptiles - Jewel lizard
---	---	---

Glossary
 CR = Critically Endangered
 DE = Insufficient data
 EN = In danger
 EW = Extinct in the wild
 EX = Extinct

FP = Out of danger
 IC = Insufficiently known
 LC = Least concern
 NT = Almost threatened

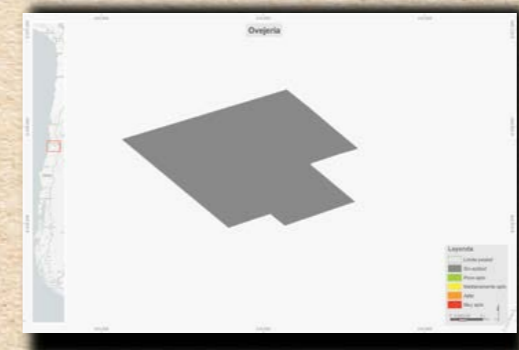
R = Rare
 VU = Vulnerable



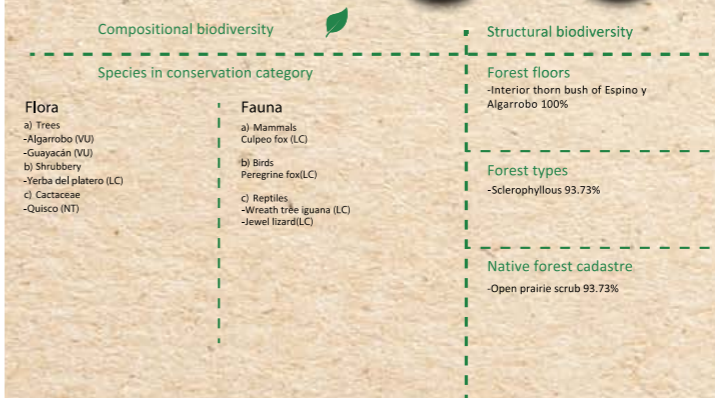
AREA OF POTENTIAL VALUE FOR BIODIVERSITY - OVEJERIA

GENERAL FACTS
 Region: Metropolitana
 Communes: Tiltil
 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



Notable species - Algarrobo (Protected by decree Nº366 / 1944) - Guayacán (Protected by decree Nº366 / 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





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

Environmental Impact Assessment



Chile's Environmental Impact Assessment System (SEIA, <https://www.sea.gob.cl/>) in Chile, administered by the Environmental Evaluation Service (SEA), is a preventive environmental management instrument that allows the authority to determine prior to the implementation of a project whether:

- i) It complies with current environmental legislation, and
- ii) Addresses potential significant environmental impacts.

You can search for all the projects submitted by Colbun to the Environmental Assessment System at the following [link](#)

It is also possible to access the environmental assessment processes of our projects in the following links:

- [Horizonte Wind Farm Project](#)
- [Inti Pacha Photovoltaic project](#)
- [Jardín Solar Photovoltaic project](#)
- [Diego de Almagro Sur, Photovoltaic project](#)

Al 31 de diciembre 2021, la Compañía ha ingresado 53 proyectos a tramitación ambiental.





01 Who We Are

02 What and How We Do: Our Strategy

03 Economic and Operational Performance

04 Social Performance

05 Environmental Performance and Climate Change

06 General Information

07 Annexes

08 Financial Statements

7.6 Other Annexes: Affordability and Energy Efficiency



Effect of external factors on the affordability of electricity for customers.

IF-EU 240.a4

The energy supply in the National Electric System experienced in 2021 -and continues to do so today- a very complex moment, which represents a challenge for all the stakeholders of the system to overcome it. The four main factors that indicate in this condition are:

- An extreme drought condition
- Limitations and congestion in the lines to transport new renewable energy from the north to the central zone.
- Strong increases in the purchase price of LNG and diesel, in a context of global demand recovery after COVID-19.
- Delay in the entry of new renewable energy projects in our country due to the impact of the pandemic on the logistics chain.

In this context, and without prejudice to the efforts being promoted and coordinated by the authority at the National Electric System level to avoid an eventual rationing, Colbun implemented an emergency plan during 2021 that includes several actions, the main ones being the following:

- Securing Liquefied Natural Gas (LNG) supply in 2021 and 2022.
- Strengthening the diesel supply chain.
- Adjustment of the maintenance program of one of the power generation units, maintaining the company's high safety levels.

However, during 2021 Colbun had a sufficient level of generation to fully meet its electricity supply commitments.

CUSTOMER RATES

F-EU-240.a.1	Customers		
	Residential	Commercial	Industrial
Retail electricity rate	N/A. As a generating company, we do not have residential customers.	Undeclared. The contract price with unregulated customers is confidential and cannot be disclosed.	Undeclared. The contract price with unregulated customers is confidential and cannot be disclosed.

RESIDENTIAL CUSTOMERS BILL

F-EU-240.a.2	500kWh	1000kWh
Average monthly bill for residential customers	N/A. As a generating company, we do not have residential customers.	N/A. As a generating company, we do not have residential customers.

RESIDENTIAL CUSTOMERS CUTS

IF-EU-240.a.3	Cut-off due to non-payment	% reconnected within 30 days
Residential Clients	N/A. As a generating company, we do not have residential customers.	N/A. As a generating company, we do not have residential customers.

TARIFF STRUCTURE

F-EU-420.a.1	Uncoupled	LRAM
% of revenues	N/A. U.S. Regulation.	N/A. U.S. Regulation.

ENERGY SUPPLIED BY SMART GRID

F-EU-F-EU-420.a.2.1	(%/MWh)
% electric charge	N/A. We do not possess electrical grids.



- 01** Who We Are
- 02** What and How We Do: Our Strategy
- 03** Economic and Operational Performance
- 04** Social Performance
- 05** Environmental Performance and Climate Change
- 06** General Information
- 07** Annexes
- 08** Financial Statements

CUSTOMER ENERGY EFFICIENCY

IF-EU-240a.1	Customers		
	Residential	Commercial	Industrial
Energy savings from efficiency measures in MWh	N/A. We do not count with residential customers	Through Colbun Soluciones by efizity, the Company offers Energy Management Systems (EMS) to achieve more efficient energy consumption. On average, companies that implement EMS achieve 4.5% savings in their energy consumption in the first cycle of operation of the system.	A través de Colbún Soluciones by efizity la Compañía ofrece Sistemas de Gestión de Energía (SGE) para lograr un consumo energético más eficiente. En promedio, las compañías que implementan SGE logran 4,5% de ahorro en sus consumos energéticos en el primer ciclo de operación del sistema.

NUMBER OF CUSTOMERS SUPPLIED

IF-EU-000.A	Residential	Commercial	Industrial
Number of customers	0	54	250

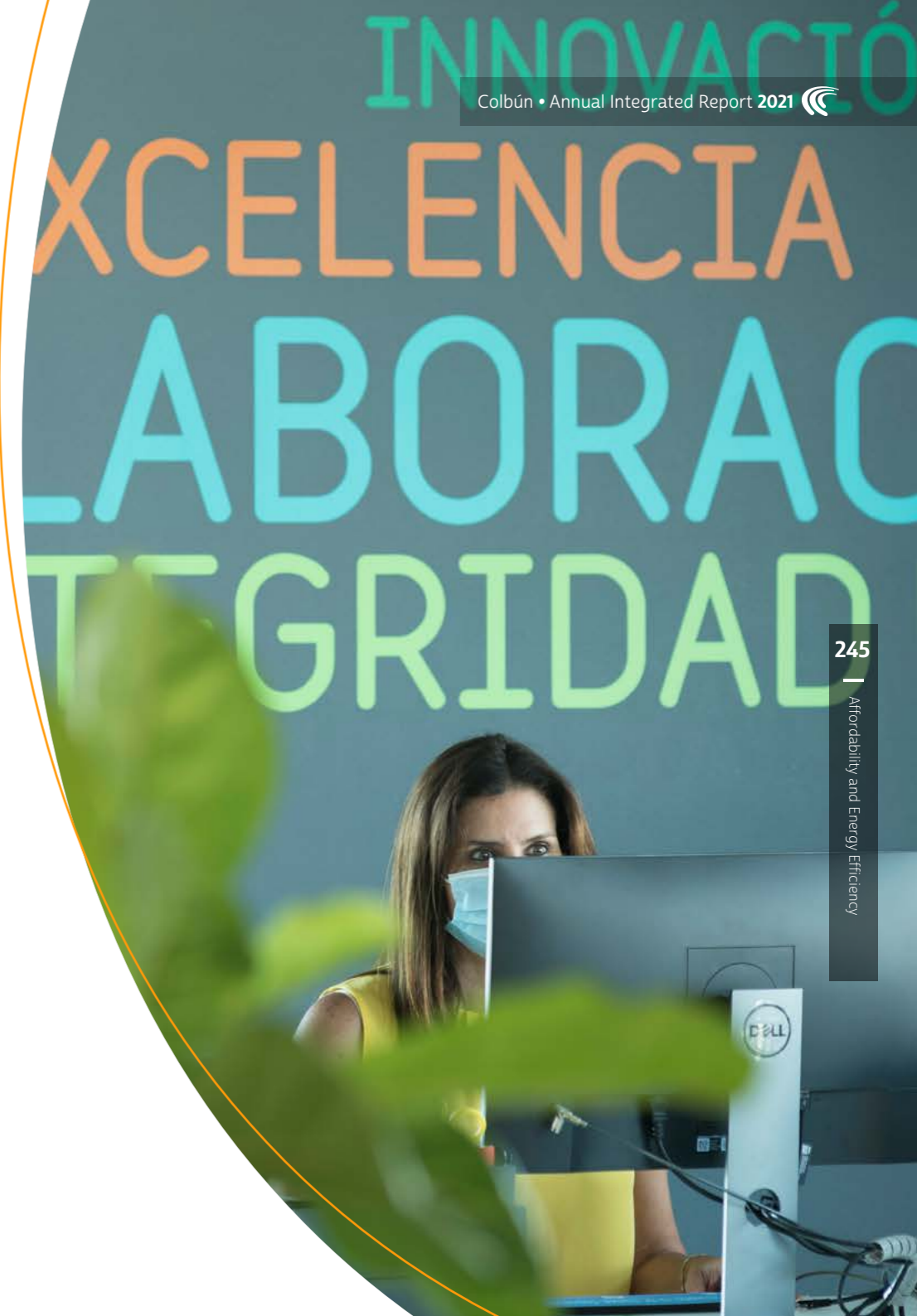
ENERGY SUPPLIED (MWh)

IF-EU-000.B	Residential	Commercial	Industrial	All other Retail	Wholesalers
Total power supplied to customers	0	445,400	6,121,140	0	3,111,344

Customer Satisfaction

Customer Satisfaction	Unit	2018	2019	2020	2021
Customer Satisfaction CHILE	% satisfied respondents	90%	88%	92%	95%
Coverage CHILE	% customers surveyed (respondents and non-respondents)	100%	100%	100%	94%
Customer Satisfaction PERÚ	% satisfied respondents	100%	96%	95%	100%
Coverage PERÚ	% customers surveyed (respondents and non-respondents)	100%	100%	100%	100%
CONSOLIDATED Customer Satisfaction	% satisfied respondents	91%	89%	92%	96%
CONSOLIDATED Coverage	% customers surveyed (respondents and non-respondents)	100%	100%	100%	94%

Note: Corresponds to the favorable responses to the statement "I am satisfied with the service of this company", included in the Annual Customer Survey. Regarding the use of Colbún's online platforms or services, based on the Annual Customer Survey, 32% indicated that they accessed them.





- 01 Who We Are
- 02 What and How We Do: Our Strategy
- 03 Economic and Operational Performance
- 04 Social Performance
- 05 Environmental Performance and Climate Change
- 06 General Information
- 07 Annexes
- 08 Financial Statements

Chapter 10
Financial
Statement





Consolidated Financial Statements
for the periods ended December 31, 2021 and 2020

COLBÚN S.A. AND SUBSIDIARIES
Thousand of U.S. dollars

This report contains the following:

- Independent Auditor's Report
- Consolidated Financial Statements
- Notes to the Consolidated Financial Statement

Colbún S.A. and Subsidiaries**Consolidated Classified Statements of Financial Position**

as of December 31, 2021 and December 31, 2020

(In thousands of U.S. dollars)

(Translation of the report originally issued in Spanish - See note 2)

ASSETS	Note N°	December 31, 2021 ThUS\$	December 31, 2020 ThUS\$
Current assets			
Cash and cash equivalents	9	392,418	254,107
Other financial assets, current	10	931,663	714,655
Other non-financial assets, current	22	57,478	37,900
Trade and other receivables, current	11	307,190	201,171
Receivables due from related parties, current	13.b	48	75
Inventories, current	14	70,598	33,646
Current tax assets	21.a	7,041	17,630
Total current assets		1,766,436	1,259,184
Non-current assets			
Other financial assets, non-current	10	99,931	10,283
Other non-financial assets, non-current	22	43,222	47,668
Trade and other receivables, non-current	11	3,356	109,282
Equity-accounted investees	17.a	14,195	26,849
Intangible assets other than goodwill	18	68,152	122,110
Goodwill	7	5,573	5,573
Property, plant and equipment	19	4,421,566	4,848,004
Right-of-use assets	20	113,387	123,491
Deferred tax assets	23.b	66,690	81,423
Total non-current assets		4,836,072	5,374,683
TOTAL ASSETS		6,602,508	6,633,867

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries
Consolidated Classified Statements of Financial Position
as of December 31, 2021 and December 31, 2020
(In thousands of U.S. dollars)
(Translation of the report originally issued in Spanish - See note 2)

LIABILITIES AND EQUITY	Note Nº	December 31, 2021 ThUS\$	31 de Diciembre, 2020 ThUS\$
Current liabilities			
Other financial liabilities, current	24.a	279,118	103,108
Short-term lease liabilities	25	9,746	9,308
Trade and other payables	26	205,706	117,728
Payables due to related parties, current	13.b	12,574	161
Other current provisions	27	43,344	29,370
Current tax liabilities	21.b	89,232	7
Current provisions for employee benefits	28	23,426	24,154
Other non-financial liabilities, current	29	15,858	22,696
Total current liabilities		679,004	306,532
Non-current liabilities			
Other financial liabilities, non-current	24.a	1,944,259	1,559,266
Long-term lease liabilities	25	116,572	125,449
Trade and other payables, non-current	26	9,475	12,952
Other provisions, non-current	27	56,858	46,785
Deferred tax liabilities	23.b	922,647	933,742
Provisions for employee benefits, non-current	28	25,941	42,998
Other non-financial liabilities, non-current	29	6,326	20,775
Total non-current liabilities		3,082,078	2,741,967
Total liabilities		3,761,082	3,048,499
Equity			
Share capital	30.a	1,282,793	1,282,793
Retained earnings	30.f	833,180	1,414,284
Share premium	30.c	52,595	52,595
Other reserves	30.e	552,059	709,779
Equity attributable to the shareholders of the Parent		2,720,627	3,459,451
Non-controlling interests	-	120,799	125,917
Total equity		2,841,426	3,585,368
TOTAL LIABILITIES AND EQUITY		6,602,508	6,633,867

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries**Consolidated Statements of Income for the Period and Other Comprehensive Income**

for the periods ended December 31, 2021 and 2020

(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	
		2021 ThUS\$	2020 ThUS\$
Revenue	8 y 31	1,439,744	1,348,868
Raw materials and consumables	32	(781,973)	(575,796)
Employee benefit expenses	33	(79,672)	(65,357)
Depreciation and amortization expenses	34	(213,163)	(246,615)
Other expenses, by nature	-	(57,903)	(25,203)
Other gains (losses)	38	606,647	(240,136)
Income from operations	-	913,680	195,761
Finance income	35	4,968	11,242
Finance costs	35	(86,347)	(90,459)
Share of profit of equity-accounted investees and joint ventures	17 and 37	6,697	9,950
Foreign currency translation differences	36	(13,826)	5,725
Profit before income taxes	-	825,172	132,219
Tax expense (benefit) from continuing operations	23.a	(284,992)	(42,751)
Profit (loss) from continuing operations		540,180	89,468
PROFIT (LOSS)		540,180	89,468
Net profit attributable to			
Shareholders of the Parent	30.h	545,298	162,893
Non-controlling interests	-	(5,118)	(73,425)
PROFIT (LOSS)		540,180	89,468
Earnings per share			
Basic earnings per share - Continuing operations US\$/share	30.h	0.03110	0.00929
Basic earnings per share		0.03110	0.00929
Diluted earnings per share - Continuing operations US\$/ share	30.h	0.03110	0.00929
Diluted earnings per share		0.03110	0.00929

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries**Consolidated Statements of Income for the Period and Other Comprehensive Income (continued)**

for the periods ended December 31, 2021 and 2020

(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	
		2021	2020
	N°	ThUS\$	ThUS\$
Net profit		540,180	89,468
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	-	13,808	(3,963)
Total other comprehensive (loss) income that will not be reclassified to profit or loss for the period, before taxes	-	13,808	(3,963)
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	17.a	2,941	516
Gain (loss) from cash flow hedges	-	(32,407)	(5,993)
Share of comprehensive income (loss) on associates and joint ventures using the equity	-	246	(18)
Total other comprehensive income (loss) that will be reclassified to profit or loss for the period, before taxes		(29,220)	(5,495)
Other components of other comprehensive income (loss), before taxes		(15,412)	(9,458)
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	23.c	(3,728)	1,070
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	23.c	(66)	5
Income tax related to cash flow hedges	23.c	8,750	1,618
Income tax related to components of other comprehensive income (loss)		4,956	2,693
Total other comprehensive income (loss)		(10,456)	(6,765)
Total comprehensive income (loss)		529,724	82,703
Comprehensive income (loss) attributable to:			
Shareholders of the Parent		534,842	156,128
Non-controlling interests		(5,118)	(73,425)
TOTAL COMPREHENSIVE INCOME		529,724	82,703

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 periods ended December 31, 2021 and 2020
(In thousands of U.S. dollars)
(Translation of the report originally issued in Spanish - See note 2)

STATEMENTS OF CASH FLOWS - DIRECT METHOD	Note N°	December 31, 2021 ThUS\$	December 31, 2020 ThUS\$
Cash flows from (used in) operating activities			
Cash receipts from operating activities			
Cash receipts from sale of goods and rendering of services	-	1,708,846	1,609,272
Cash receipts from premiums and services, annuities and other benefits of subscribed policies	-	-	21,792
Other cash receipts from operating activities	-	1,689	4,720
Cash payments for operating activities			
Cash payments to suppliers for goods and services	-	(1,098,903)	(778,145)
Cash payments to and on behalf of employees	-	(72,102)	(59,438)
Cash payments for premiums and services, annuities and other benefits of subscribed policies	-	(16,747)	(21,166)
Other cash payments for operating activities	-	(89,117)	(164,934)
Cash generated from operating activities	-	433,666	612,101
Dividends received	-	15,697	9,146
Interest received	-	3,441	10,201
Income taxes refunded (payments)	-	(117,423)	(99,921)
Other cash receipts (payments)	-	(963)	(5,903)
Net cash flows from operating activities		334,418	525,624
Cash flows from (used in) investing activities			
Other payments to acquire interests in joint ventures	-	-	(5,336)
Proceeds from the sale of other long-term assets, classified as investing activities	-	1,186,362	-
Acquisition of property, plant and equipment	-	(253,738)	(112,556)
Other cash receipts (payments)	-	(317,111)	(242,702)
Net cash flows from (used in) investing activities		615,513	(360,594)
Cash flows from (used in) financing activities			
Proceeds from borrowings	-	600,000	546,913
Amounts proceeds from long-term loans	-	600,000	500,000
Amounts proceeds from short-term loans	-	-	46,913
Payment of lease liabilities	-	(10,425)	(9,946)
Payment of loans	-	(68,957)	(416,562)
Dividends paid	-	(1,244,739)	(241,319)
Interest paid	-	(76,476)	(81,266)
Other cash (payments) receipts	-	405	(44,181)
Net cash used in financing activities	9.c	(800,192)	(246,361)
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held		149,739	(81,331)
Effects of movements in exchange rates on cash and cash equivalents			
Effects of movements in exchange rates on cash and cash equivalents		(11,428)	8,552
Net increase (decrease) in cash and cash equivalents		138,311	(72,779)
Cash and cash equivalents as of January 1		254,107	326,886
Cash and cash equivalents as of December 31	9	392,418	254,107

The accompanying notes are integral part of these consolidated financial statements

Colbún S.A. and Subsidiaries
Statements of Changes in Equity
for the periods ended December 31, 2021 and 2020
(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
		Changes in other reserves									Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
		Share capital	Share premium	Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves	ThUS\$	ThUS\$				
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Balance as of January 1, 2021		1,282,793	52,595	(256,115)	8,953	-	956,941	709,779	1,414,284	3,459,451	125,917	3,585,368		
Increase (decrease) of equity due an error		-	-	-	-	-	-	-	-	-	-	-		
Balance as of January 1, 2021, adjusted		1,282,793	52,595	(256,115)	8,953	-	956,941	709,779	1,414,284	3,459,451	125,917	3,585,368		
Changes in equity														
Comprehensive income														
Profit (loss) for the period									545,298	545,298	(5,118)	540,180		
Other comprehensive income				2,941	(23,477)	10,080	-	(10,456)	-	(10,456)	-	(10,456)		
Dividends									(1,273,666)	(1,273,666)	-	(1,273,666)		
Increase (decrease) from other changes		-	-	-	-	(10,080)	(137,184)	(147,264)	147,264	-	-	-		
Total changes in equity		-	-	2,941	(23,477)	-	(137,184)	(157,720)	(581,104)	(738,824)	(5,118)	(743,942)		
Equity as of December 31, 2021	30	1,282,793	52,595	(253,174)	(14,524)	-	819,757	552,059	833,180	2,720,627	120,799	2,841,426		

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent											Non-controlling interests	Equity
		Changes in other reserves									Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
		Share capital	Share premium	Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves	ThUS\$	ThUS\$				
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
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)	-	(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	30	1,282,793	52,595	(256,115)	8,953	-	956,941	709,779	1,414,284	3,459,451	125,917	3,585,368		

The accompanying notes are integral part of these consolidated financial statements

COLBÚN S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents	page
1. General information	256
2. Business description	257
3. Significant Accounting policies	260
4. Risk management	279
5. Critical Accounting policies	289
6. Non-current assets clasified as held for sale	292
7. Goodwill	293
8. Segment reporting	293
9. Cash and cash equivalents	298
10. Other financial assets	299
11. Trade and other receivables	299
12. Financial Instruments	301
13. Related parties disclosures	303
14. Inventories	308
15. Derivative instruments	308
16. Investment in subsidiaries	310
17. Equity-accounted investees	311
18. Intangible assets other than goodwill	314
19. Property, plant and equipment	316
20. Right-of-use assets	322
21. Current taxes	324
22. Other non-financial assets	324
23. Income taxes	325
24. Other financial liabilities	329
25. Lease Liabilities	335

26.	Trade and other payables	338
27.	Other provisions	339
28.	Provisions for employee benefits	340
29.	Other non-financial liabilities	342
30.	Disclosures on equity	342
31.	Revenue	347
32.	Raw materials and consumable	347
33.	Employee benefits expenses	348
34.	Depreciation and amortization expenses	348
35.	Total Financial income and financial cost	348
36.	Foreign currency translation and income (expense) from inflation-adjusted units	349
37.	Income (expense) from investments accounted for using the equity method	349
38.	Other gains (losses)	350
39.	Guarantees with third parties and contingent assets and liabilities	351
40.	Commitments	356
41.	Environment	357
42.	Events occurred after the date of the financial position	361
43.	Foreign currency	362
44.	Headcount (unaudited)	363
45.	Exhibit 1 Additional information required for XBRL taxonomy	363

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, 2021, Colbún is a power generation company and the Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of ten entities: Colbún S.A. and nine 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%); Sofía 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, 2021, 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 Pacifico 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

Corporate purpose of the Company

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.

For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish to English.

Description of business in Chile

Main assets

The power generation matrix 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.

Ovejería photovoltaic park (9 MW) located in the district of Tilti, Metropolitan Region.



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 2021 are: CGE Distribución S.A. and Enel Distribución Chile S.A.

The main unregulated customers supplied during 2021 are: Codelco for its divisions Salvador, Andina, Ventanas and El Teniente, 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-Bío 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. and Salmones Camanchaca S.A.), Sociedad Contractual Minera Franke, Minera Meridian Ltda, Molibdenos y Metales S.A., Inacal S.A., Concha y Toro S.A., Nuevo Sur S.A., Sonda S.A., Atacama Kozan and Essbio S.A., Grupo Errázuriz, Magotteaux Andino S.A. y Magotteaux Chile S.A..

The Energy Market

The Chilean power sector has a regulatory framework of almost three 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 2.4% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has three 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 13% 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 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 573 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 573 MW, which results in a market share of approximately 8% in the SEIN.

Main customers

Regulated customers with long-term contracts: Grupo Distriluz, formed by Electro Norte S.A., Electro Noreste S.A. and 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), Enel Distribución S.A.A, SEAL Distribución S.A, Grupo Distriluz S.A.A., COELVISAC and Adinelsa.

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 y Pesquera Altair, Induamerica Chiclayo, Cerámicos Lambayeque, Tejidos San Jacinto, Koplast, Minera Huinac, Procesadora Comercializadora Montenegro, Grupo Patio Oficinas, Clínicas Auna and Empresa Metal Mecánica.

The Energy 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 31, 2021, the Peruvian power market has an installed capacity, at a domestic level, of approximately 15.4 GW, of which 13.3 GW corresponds to the capacity installed in the National Interconnected Power System (SEIN); out of this amount, nearly 55% relates to thermal power, 40% 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 fourth quarter of 2021 was approximately 54 TWh, concentrated in the mining and residential sectors. In 2020, the system's demand was 49.2 TWh.

3. Significant Accounting policies

3.1 Accounting policies

These Consolidated Financial Statements of Colbún S.A. and subsidiaries as of December 31, 2021, 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 25, 2022.

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:

- Statements of Financial Position as of December 31, 2021 and 2020.
- Statement of Comprehensive Income as of December 31, 2021 and 2020.
- Statement of Cash Flows as of December 31, 2021 and 2020.
- Statements of Changes in Equity as of December 31, 2021 and 2020.
- 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				
				12.31.2021			12.31.2020	12.31.2020
				Direct	Indirect	Total	Total	Total
Termoeléctrica Nehuenco S.A., in liquidation ⁽¹⁾	Chile	US\$	76.528.870-3	-	-	-	100	100
Colbún Transmisión S.A. ⁽²⁾	Chile	US\$	76.218.856-2	-	-	-	100	100
Colbún Desarrollo SpA	Chile	US\$	76.442.095-0	100	-	100	100	100
Santa Sofía SpA	Chile	US\$	76.487.616-4	100	-	100	100	100
Colbún Perú S.A.	Peru	US\$	0-E	100	-	100	100	100
Inversiones de Las Canteras S.A.	Peru	US\$	0-E	-	51	51	51	51
Fenix Power Perú S.A.	Peru	US\$	0-E	-	51	51	51	51
Desaladora del Sur S.A. ⁽⁴⁾	Peru	PEN	0-E	-	51	51	-	51
Efizity Ingeniería SpA. ⁽³⁾	Chile	Ch\$	76.362.527-3	100	-	100	-	100
Efizity SpA	Chile	Ch\$	76.236.821-8	-	100	100	-	100
Efizity S.A.C.	Peru	PEN	0-E	-	100	100	-	100

Variations in the consolidation perimeter

During the 2021 period, we can see the following variations in the consolidation perimeter:

- (1) On February 12, 2021, the liquidation of the company was carried out.
- (2) On September 30, 2021, the sale of all Colbún Transmisión S.A. shares to Alfa Desarrollo SpA was completed, with which a purchase agreement was signed on March 30, 2021 and the Chilean National Economic Office granted the approval through resolution to carry out the sale on August 3, 2021.

During the 2020 period, we can see the following variations in the consolidation perimeter:

- (3) 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 joint 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.
- (3) 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.



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 interim 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		
					12.31.2021	12.31.2020	12.31.2020
					Direct	Direct	Direct
Associate	Electrogas S.A.	Chile	US\$	96.806.130-5	42.5	42.5	42.5
Joint Venture	Transmisora Eléctrica de Quillota Ltda. ⁽¹⁾	Chile	Ch\$	77.017.930-0	-	50.0	50.0

⁽¹⁾ On December 30, 2021, the sale of the entire participation in the Joint Venture of Transmisora Eléctrica de Quillota Ltda. (equivalent to 50% of the social rights) was materialized, to the companies APG Energy & Infra Investments Chile Expansion SpA, and CELEO Redes Chile Expansion SpA.

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	12.31.2021	12.31.2020
Chilean pesos	844.69	710.95
Euros	0.8839	0.8141
Peruvian soles	3.9980	3.6240
Inflation adjusted units	0.0273	0.0245



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:** correspond 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 interim 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 27 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. Transactions 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. Non-current assets held for sale - Non-current assets or groups of assets for their disposal are classified as available for sale when their book value will be recovered mainly through a sale transaction and the sale is considered highly probable within the next 12 months. These assets are recorded at book value or at fair value less the costs necessary to carry out their sale, whichever is lower, in accordance with IFRS 5.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2021. Those that may be relevant for the Group are indicated below:

3.2.1. Standards effective from January 1, 2021

Adopted Standards		Mandatory application date
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	April 1, 2021

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform - Phase 2: 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.

This standard is effective as of January 1, 2021.

Covid-19-Related Rent Concessions beyond 30 June 2021: 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 due to 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 who makes 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.

In March 2021, the IASB issued an amendment to IFRS 16 Leases to extend the availability of the practical solution that considers the assessment of Covid-19 related rent decreases for one more year.

The practical solution of 2021 applies to rental concessions where the reduction in the lease corresponds only to payments that are originally due before June 30, 2022, provided that the other conditions established for the application of the practical solution are met. The amendment will apply to annual periods beginning on or after April 1, 2021.

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 tenant applies the amendment for the first time. The lessee is not required to disclose the information required by paragraph 28 (f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, the lessee is required to apply the practical solution consistently with eligible contracts with similar characteristics and in similar circumstances, regardless of whether the contract became eligible for practical solution as a result of the application of the 2020 or 2021 amendment.

This Standard is effective as of April 1, 2021.

3.2.2. Accounting pronouncements effective starting from January 1, 2022 and thereafter:

Standards issued by the IASB yet to be adopted		Mandatory application date
IFRS 3	Reference to the Conceptual Framework	January 1, 2022
IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2023
IAS 1	Material accounting policies	January 1, 2023
IAS 8	Definition of an accounting estimate	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 - IFRS 9	Comparative Information	When IFRS 17 is first applied

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 retrospectively. 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 retrospectively to contracts for which an 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.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognized contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions.

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.

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.

Disclosure of Accounting Policies (Amendment IAS 1 Presentation of Financial Statements): In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement No. 2 Make materiality judgments, in which it provides guidance and examples to help entities apply material judgments to accounting policy disclosures.

The amendments are intended to help entities provide accounting policy disclosures that are most useful by:

- Replace the requirement that entities disclose their "significant" accounting policies with the requirement to disclose their "material" accounting policies.
- Include guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

When evaluating the relative importance of information on accounting policies, entities should consider both the size of the transactions and other events or conditions and the nature of these.

The amendment will be effective for annual periods beginning on or after January 1, 2023.



Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (Amendment to IAS 8 Accounting Policies): In February 2021, the IASB issued amendments to IAS 8, introducing a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop the accounting of estimates.

The amended standard clarifies that the effects on an accounting estimate resulting from a change in an input or a change in a measurement technique are changes in accounting estimates, provided that these are not the result of correcting errors from previous periods. This definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not bug fixes.

The amendment will be effective for annual periods beginning on or after January 1, 2023.

Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12 Income Taxes): The amendment establishes that the main change in deferred tax related to assets and liabilities arising from a single transaction (amendments to the IAS 12) is an exemption from initial recognition of the exemption provided for in IAS 12.15 (b) and IAS 12.24. Consequently, the initial recognition of the exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendment will be effective for annual periods beginning on or after January 1, 2023.

Sale or Contributions of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when the transaction involves a business (whether it is in a subsidiary or not), all the profit or loss generated is recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The mandatory application date of these amendments is yet to be determined as the IASB is awaiting the results of its research project on accounting under the equity method. These amendments must be applied retrospectively, and early adoption is allowed, which must be disclosed.

This modification does not have significant effects for the Company.

Comparative Information (IFRS 17 and IFRS 9): The amendment addresses the transition requirements of IFRS 17 for entities that apply IFRS 17 and IFRS 9 for the first time at the same time. The amendment refers to financial assets for which comparative information is presented in the initial application of IFRS 17 and IFRS 9, but it has not been restated for IFRS 9. According to the amendment, an entity can present comparative information on a financial asset as if the classification and measurement requirements of IFRS 9 had previously been applied to that financial asset. The option is applied instrument by instrument. When applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

On the other hand, there are no changes in the transition requirements of IFRS 9.

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 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.

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 situations 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. 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 (Pampa, PAE and Total), to complement the gas supply of LNG. Considering these new contracts, Colbún has agreements to import from Argentina totaling 2,500,000 m³ of gas per day, for the following months (January - April 2022).

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 March 2021), 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.



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 essential for the energy sector where investment projects require 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 a new Constitution, on May 15 and 16, 2021, the election of the 155 constituents in charge of its drafting. On October 7, 2021, the Constitutional Convention approved the regulations to begin the work of preparing a new Constitution. The Constitutional Convention must draft and approve a text proposal for a new Constitution within a maximum period of nine months, counted from its installation (July 4, 2021), a period that can be extended for three additional months, but only once. The constitutional process may result in changes to the institutional framework applicable to business activity in the country.

In the framework of the health crisis affecting the country, on January 5, 2021, Law No. 21,301 was enacted, which extending 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 that establishes the prohibition of the cut for non-payment of basic services and allows prorating bad debts. Later, through extensions, this initiative extends the term of benefits to end users (non-cut of supply due to late payment and the accumulation of debts with distribution companies) until December 31, 2021.



This rule 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. In response to the debt problem that has been accumulating among users of basic services, are currently being processed in the Senate two bills related to the Basic Services Law were entered:

- i. On August 19, 2021, a bill was entered that establishes a third extension of the Basic Services Law, the purpose of which is to extend the term until December 31, 2022 to prevent cuts and expand the coverage of the population protected to 100% vulnerability. This initiative was approved by the Chamber of Deputies and sent to the Senate.
- ii. On January 4, 2022, the Executive submitted a bill to the Senate that regulates the apportionment and payment of debts for basic services and establishes subsidies for vulnerable customers, the latter defined in the electricity sector as those who registered an average consumption during the year 2021 of up to 250 kWh/month. The initiative extends the term to receive the benefits of the Basic Services Law until March 31, 2022 and regulates the debt contracted between March 18, 2020 and December 31, 2021 by users benefited by said Law, for which it establishes an additional benefit for vulnerable clients that consists of an automatic proration in 48 months of the contracted debt. These monthly installments may not exceed 15% of the client's average account and will be covered by a state subsidy. The balance not covered during the period is extinguished. In this initiative, there is no warning of a burden on generating companies. This bill was reviewed and approved by the Senate's Finance and Economy Committees, so it is expected to be voted on in the Chamber before being dispatched to the Chamber of Deputies.

Additionally, the Chamber of Deputies sent the Senate to its second constitutional process the Bill that seeks to advance the decommissioning of coal-fired plants. 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. Currently, this bill is being reviewed by the Mining and Energy Senate Committee, which has received various guests to present their appreciations. 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 until 2040 along with reviews every 5 years in conjunction with the regulator. In relation to this discussion, a bill that prohibits injecting energy from fossil sources into the System as of January 1, 2030, recently entered the Senate for processing via motion. This initiative was approved by the Mining and Energy Commission of the Senate to be reviewed and voted on in Chamber.

Also, a parliamentary motion that regulates the construction, installation and operation, its environmental impact and the control of Wind Turbine Complexes continues to be processed in the Chamber of Deputies. The Bill, which establishes requirements in the design of projects, defines compensation for neighboring communities and includes an amendment to the law on general environmental bases, has no urgency and is under review by the Commission of Environment. Later, it will reviewed by the Chamber's Mining and Energy Commission. So far, there have been no major advances in this discussion.



Futhermore, it should be noted that the legislative agenda will be altered by the parliamentary recess during February and, later, by the installation in March of the government of the new President Elect. However, the recent entry by the Executive of 3 bills related to the promotion of storage systems and electromobility, the promotion of renewable energies and the impulse for the creation of a green hydrogen market in Chile stands out. These bills entered the Chamber of Deputies last December, they will be reviewed by the M&E Commission and by the Chamber's Finance Commission. However, it is highly likely that its processing will extend to the next parliamentary term.

On the other hand, the outgoing Government will transfer to the next administration other proposal 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” 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.
- 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. The Strategy defined by the Ministry of Energy considers three axes or pillars: (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, normative modifications are being developed at the regulatory and technical standards level, among which stands out the process of elaboration of a new Power Transfer Regulation that seeks to improve the mechanism for remuneration of sufficiency and introduce long-term market signals that encourage investment in technologies that provide flexibility to the electrical system. In the context of the Flexibility Strategy, in particular with regard to 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 electricity system. The final proposal for this new regulation considers modifications such as the redefinition of peak hours of the system, the use of a probabilistic methodology for the recognition of power, the incorporation of a cost-efficiency signal within the recognition of power, the modification of the theoretical power reserve margin, a transitory regime for its application, among others. In accordance with the Ministry's schedule and based on the Public Consultation performed, a final version of the new regulation should be released coming soon to be submitted to the Controller's Office for the record.



In August 2021, a "Preventive" Rationing Decree (DS No. 51/2021) was published by the Ministry of Energy that establishes a series of preventive measures to avoid electricity rationing, which will be in force until March 31, 2022, in order to "avoid, manage, reduce or overcome generation deficits that may occur in the National Electric System, thereby preserving safety." This Decree considered initiatives applicable to generation, transmission and distribution, in addition to other actions applicable to demand. The main measures include: the acceleration of the connection of advanced projects, the acceleration of the connection of small distributed generation facilities ("PMGD") and self-dispatch of small-scale generation facilities, the use of stored energy, the definition of the hydrological condition to be used in the programming of the operation by the Coordinator, the optimization of the maintenance of generating units, the registration of additional generation capacity, maximizing the availability of infrastructure for LNG, the monitoring of unavailability of fuels, the special treatment of transmission facilities, relaxation of service quality standards (voltage) in distribution systems, etc. In addition, the Decree authorizes generation and distribution companies to adopt measures such as promoting reductions in electricity consumption, agreeing with their customers to reduce consumption, suspend supply, in the cases indicated in the Decree. Finally, a procedure is established for deficit management and compensation payments, in addition to considerations on quality and continuity of supply and rationing conditions.

In this context, the Ministry of Energy is preparing to send a modification to the "Preventive" Rationing Decree to extend its validity period until September 30, 2022 and establish new measures that seek to implement a new acquisition scheme and special remuneration for the purchase of safety diesel, to ensure supply and reduce generation risk. In this scheme, it is considered that the exceptional requirements that are established will be remunerated in proportion to the withdrawals made by the generators in the system. Additionally, the new Decree establishes new rules for the recognition of power of thermoelectric plants that use diesel fuel and natural gas for their operation.

Peru

On May 4, 2021, a resolution was published that modifies the COES Technical Procedure "Calculation of Variable Costs of Generation Units", establishing a change in the methodology for calculating Marginal Costs in the short-term market. The regulator (OSINERGMIN) established that all the costs of the supply chain be used to determine the variable costs of gas, that is, cost of gas supply, transportation and distribution, a scheme that became fully effective as of July 1, 2021.

On the other hand, on May 19, 2021, Supreme Decree No. 012-2021-EM was published in the Official Gazette El Peruano, which (i) approves the Regulations to optimize the use of Natural Gas and creates the Gas Manager; and (ii) modifies and incorporates new provisions to the Regulation of the Natural Gas Secondary Market, approved by Supreme Decree No. 046-2010-EM. However, to start the operation of the Natural Gas Secondary Market requires the issuance of operating procedures by the Ministry of Energy and Mines.

In this context, on September 21, 2021, Directorial Resolution N ° 368-2021-MINEM / DGH was published in the Official Gazette El Peruano, which provides for the publication of the project of the "Operational Procedure of the electronic market for transfer auctions of supply volume and / or natural gas transportation capacity (MECAP)" and its Legal Technical Report, for the issuance of comments by the interested parties. Finally, on December 18, the Resolution of the Board of Directors No. 244-2021-OS/CD was published in the Official Gazette El Peruano, which modified the Technical Procedure of the COES No. 07 "Determination of Short-Term Marginal Costs" (PR-07) (Res. No. 244-2021-OS/CD). The modifications will come into force from July 1, 2022.

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, October 2017 and August 2021 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 sources.

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 about 5.5% during 4Q21 compared to 3Q20, while Peru has experienced an increase of approximately 3.0% compared to 2Q20.

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, 2021, the Company's financial debt 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, 2021, 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 12.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, 2021, Colbún has cash surpluses of approximately US\$1.419 million, invested in interest-bearing checking accounts, time deposits and Mutual funds with an average duration of 80 days and fixed-income investments with a term of 2 to 3 years that are estimated to be held until maturity. Time deposits with a duration of less than and greater than 90 days, where the latter are recorded as "Other financial assets, current" in the Consolidated Financial Statements).

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 uncommitted lines for a total of US \$25 million, contracted with three local banks.

Within the next twelve months, the Company will have to disburse approximately US\$100 million associated with interests on financial debt and debt repayments (excluding all local bonds, which were prepaid on January 24, 2022). The payment of interests and repayments are expected to be covered by the Company's internally generated cash flows.

As of December 31, 2021, 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, 2021, Fenix Power risk ratings are 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 24.c.2 of the Financial Statements.

4.3 Risk measurement

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, 2021, the Company's exposure to this risk relates to a potential impact of approximately US\$4.7 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 25%. 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. It should be noted that in derivatives, the counterparty that concentrates the largest share in notional terms reaches 51%.

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, 2021 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	31
Machinery	4 - 20	10
Transport equipment	5 - 15	6
Office equipment	5 - 12	8
IT equipment	3 - 10	6
Power-generating asset	2 - 100	42
Transmission line operation and maintenance	20	12
Right-of-use assets	2 - 14	11
Other property, plant and equipment	10 - 43	24

Additional detail per class of plants is presented below

Classes of plants	Useful life (years)	Average remaining useful life (years)
Power-generating facilities		
Hydroelectric power plants		
Civil works	10 - 100	70
Electromechanical equipment	2 - 100	20
Thermal power plants		
Civil works	10 - 60	21
Electromechanical equipment	2 - 60	15
Solar power plant		
Electromechanical equipment	5 - 25	21
Civil works	25	22

(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	10
Software	1 - 15	6

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.

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. Non-current assets clasified as held for sale

On March 30, 2021, Colbún S.A., together with its subsidiary Colbún Desarrollo SpA, entered into with Alfa Desarrollo SpA, 80% controlled by APG Energy and Infra Investments, S.L. (part of APG, Dutch pension fund) and 20% by Celeo Redes, S.L.U. (subsidiary of Celeo, Concesiones e Inversiones S.L.), a Purchase Price Agreement for the transfer to the last one, all the shares of the company Colbún Transmission S.A. (the "Transaction"). The closing of the Transaction and the transfer of the shares of Colbún Transmission S.A. was subject to certain usual conditions for this type of operations, including the approval that the National Economic Prosecutor's Office must grant in accordance with the provisions of D.L. 211 of 1973.

The company Colbún Transmission S.A. operates and owns of 899 kilometers of transmission lines and 27 electrical substations, divided into 37% of "national" assets, 8% of "zonal" and 55% of "dedicated" in the National Electric System (SEN).

On August 3, 2021, the National Economic Prosecutor's Office granted the necessary approval to materialize the transaction, which was carried out on September 30, 2021, in compliance with the clauses of the Purchase Agreement.

The transaction price amounted to approximately US \$ 1,185 million, with which the effect on income before taxes amounted to approximately US \$ 830 million.



7. 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.

The fair values of Efizity's identifiable assets acquired and assumed liabilities, at the acquisition date, were ThUS\$243, generating a goodwill of ThUS \$ 5,573.

8. 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 had, until the sale of Colbún Transmisión S.A., transmission lines and substations through which it traded 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 Colbún, in which all of the Transmission Assets were transferred to Colbún 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 Colbún's investors and the financial markets in general.

Before 2019, the majority of the transmission assets were part of Colbún's Balance Sheet and therefore reported consolidated as part of the Generation Business.

The table below presents information by operating segment:

Segment operating results as of 12.31.2021	Chile Generation	Chile Transmission (*)	Peru Generation	Operating segments	Elimination of intersegment revenue	Total operating segments
Revenue						
Revenue	1,231,576	19,383	171,821	1,422,780	16,964	1,439,744
Revenue from transactions with other operating segments	5,648	26,364	-	32,012	(32,012)	-
Total revenue from third parties and transactions with other operating segments	1,237,224	45,747	171,821	1,454,792	(15,048)	1,439,744
Raw materials and consumables	(716,583)	(8,930)	(88,472)	(813,985)	32,012	(781,973)
Employee benefit expenses	(73,289)	-	(6,383)	(79,672)	-	(79,672)
Interest expenses	(60,563)	(301)	(25,483)	(86,347)	-	(86,347)
Interest income	4,775	7	186	4,968	-	4,968
Depreciation and amortization expenses	(174,948)	(8,718)	(35,448)	(219,114)	5,951	(213,163)
Share of profit or loss of equity-accounted associates and joint ventures	21,014	-	-	21,014	(14,317)	6,697
Income tax expense from continuing operations	(262,815)	(7,252)	(14,925)	(284,992)	-	(284,992)
Profit (loss) before taxes	808,005	26,783	4,701	839,489	(14,317)	825,172
Profit (loss) from continuing operations	545,190	19,531	(10,224)	554,497	(14,317)	540,180
Profit (loss)	545,190	19,531	(10,224)	554,497	(14,317)	540,180
Assets	6,022,948	-	704,694	6,727,642	(125,134)	6,602,508
Equity-accounted investees	139,329	-	-	139,329	(125,134)	14,195
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	269,914	-	6,595	276,509	-	276,509
Liabilities	3,301,748	-	459,334	3,761,082	-	3,761,082
<i>Equity</i>						2,841,426
Liabilities and equity						6,602,508
Impairment losses recognized in profit or loss for the year	(144,190)	-	-	(144,190)	-	(144,190)
Cash flows from (used in) operating activities	301,417	58,319	65,569	425,305	(90,887)	334,418
Cash flows from (used in) investing activities	654,962	(27,190)	(12,259)	615,513	-	615,513
Cash flows from (used in) financing activities	(797,436)	(37,966)	(55,677)	(891,079)	90,887	(800,192)

(*) The company Colbún Transmission S.A. was disposed on September 30, 2021 as indicated in Note 6.

Continued

Segment operating results as of 12.31.2020	Chile Generation	Chile Transmission	Peru Generation	Operating segments	Elimination of intersegment revenue	Total operating segments
Revenue						
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)	-
Total revenue from third parties and transactions with other operating segments	1,134,278	80,218	159,440	1,373,936	(25,068)	1,348,868
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	128,171	-	-	128,171	(118,221)	9,950
Income tax expense from continuing operations	(70,621)	(15,519)	43,389	(42,751)	-	(42,751)
Profit (loss) before taxes	386,039	57,426	(193,025)	250,440	(118,221)	132,219
Profit (loss) from continuing operations	315,418	41,907	(149,636)	207,689	(118,221)	89,468
Profit (loss)	315,418	41,907	(149,636)	207,689	(118,221)	89,468
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
Liabilities and equity						6,633,867
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)

Information about products and services

Sales in the main geographical markets	January - December	
	2021 ThUS\$	2020 ThUS\$
Chile Generation		
Energy sales	966,381	855,655
Power sales	128,226	139,569
Other income	142,617	139,054
Subtotal	1,237,224	1,134,278
Chile Transmission		
Sales from tolls	45,747	80,218
Subtotal	45,747	80,218
Peru		
Energy sales	125,407	113,127
Power sales	40,729	40,697
Other income	5,685	5,616
Subtotal	171,821	159,440
Total reportable segments	1,454,792	1,373,936
Elimination of inter-segment revenue	(15,048)	(25,068)
Total sales	1,439,744	1,348,868

Information on sales to main customers

Main customers	January - December			
	2021		2020	
	ThUS\$	%	ThUS\$	%
Chile Generation				
Corporación Nacional del Cobre Chile	457,587	31%	374,498	27%
CGE Distribución S.A.	156,297	11%	174,057	13%
Enel Distribución Chile S.A.	101,385	7%	108,037	8%
Anglo American S.A.	518	0%	77,230	6%
Sociedad Austral del Sur S.A.	1,983	0%	3,013	0%
Colbún Transmisión S.A.	5,648	1%	250	0%
Otros	513,806	33%	397,193	29%
Subtotal	1,237,224	83%	1,134,278	83%
Chile Transmission				
Colbún S.A.	26,364	2%	28,818	2%
Corporación Nacional del Cobre Chile	7,444	1%	8,793	1%
Anglo American S.A.	3,129	0%	3,281	0%
Otros	8,810	1%	39,326	3%
Subtotal	45,747	4%	80,218	6%
Peru				
Luz del Sur S.A.A.	75,224	5%	75,063	5%
Enel Distribución Perú S.A.A.	19,572	1%	19,974	1%
Comité de Operación Económica del Sistema Interconectado Nacional	1,990	0%	7,348	1%
Compañía Eléctrica El Platana	8,640	1%	9,947	1%
Atria Energía S.A.C.	7,941	1%	9,276	1%
Electro Oriente S.A.	4,705	0%	-	0%
Kallpa Generación S.A.	7,291	1%	-	0%
Otros	46,459	3%	37,832	2%
Subtotal	171,821	12%	159,440	11%
Total reportable segments	1,454,792	99%	1,373,936	100%
Elimination of inter-segment revenue	(15,048)		(25,068)	
Total sales	1,439,744		1,348,868	

9. Cash and cash equivalents

a. Detail

As of December 31, 2021, and 2020, this caption is composed of the following:

Cash and cash equivalents	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Cash on hand	45	45
Cash in banks	346,545	192,327
Time deposits	22,922	22,208
Other cash equivalents	22,906	39,527
Total cash and cash equivalents	392,418	254,107

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, 2021, and 2020, 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 10.

b. Detail by currency

The detail of cash and cash equivalents by currency, considering the effects of derivatives, is as follows:

Currency	12.31.2021		12.31.2020	
	Currency	Currency	Currency	Currency
	ThUS\$	with derivative ⁽¹⁾ ThUS\$	ThUS\$	with derivative ⁽¹⁾ ThUS\$
EUR	300	300	2,042	2,042
CLP	80,972	80,972	79,005	79,005
PEN	7,088	7,088	7,124	7,124
USD	304,058	304,058	165,936	165,936
Total	392,418	392,418	254,107	254,107

⁽¹⁾ Considers the subscribed exchange rate forward effect to re-denominate in U.S. dollars certain term deposits in Chilean pesos.

c. Reconciliation of liabilities arising from financial activities

Liabilities arising from financing activities	Balance as of 01.01.2021 ThUS\$	Cash flow ThUS\$	Changes that do not represent cash flows				Balance as of 12.31.2021 ThUS\$
			Dividends ThUS\$	Interests ThUS\$	Valuation ThUS\$	Other ThUS\$	
Finance lease liabilities ⁽¹⁾	134,757	(21,050)	-	9,618	1,341	1,652	126,318
Banks payable	25,531	(990)	-	608	(103)	-	25,046
Bonds Payable ⁽²⁾	1,635,985	466,587	-	67,555	(1,990)	(8,982)	2,159,155
Dividends payable	254	(1,244,739)	1,246,392	-	-	-	1,907
Total	1,796,527	(800,192)	1,246,392	77,781	(752)	(7,330)	2,312,426

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 ⁽¹⁾	143,872	(20,698)	-	11,623	(158)	118	134,757
Banks payable	-	24,650	-	442	-	439	25,531
Bonds Payable ⁽²⁾	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

⁽¹⁾ See note 25.a

⁽²⁾ See note 24.a

10. Other financial assets

As of December 31, 2021, and 2020, this caption is composed of the following:

	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Time deposits ⁽¹⁾	926,961	713,293	-	-
Hedge derivative instruments ⁽²⁾ (see note 15.1)	4,702	1,362	-	10,199
Investment for share offering	-	-	126	84
Bonds fixed-income investments	-	-	99,805	-
Total	931,663	714,655	99,931	10,283

⁽¹⁾ As of December 31, 2021, 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).

⁽²⁾ Relates to the current positive mark-to-market adjustments of hedging derivatives in place at each reporting date.

11. Trade and other receivables

As of December 31, 2021, and 2020, this caption is composed of the following:

Caption	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Trade receivables by contract	285,506	191,740	3,356	109,282
Other receivables ⁽¹⁾	21,684	9,431	-	-
Total	307,190	201,171	3,356	109,282

⁽¹⁾ As of December 31, 2021, the current balance comprises recoverable taxes for ThUS\$ 3,533 and other minor items for ThUS\$ 18,151. (ThUS\$ 6,582 and ThUS\$ 2,849 as of December 31, 2020, 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 as of December 31, 2020, corresponds 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	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Opening balance	2,750	974
Increase (decrease) in the allowance	5,069	2,331
Impairment losses	7	(37)
Reversal of impairment losses	(5,482)	(518)
Closing balance	2,344	2,750

The fair value of trade and other receivables is not significantly different from their carrying amount.

As of December 31, 2021, and 2020, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio

Invoiced	Balance as of 12.31.2021					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	264	971	1	-	312	1,548
Trade receivables, unregulated	22,423	409	198	100	2,149	25,279
Other receivables	1,862	1,223	22	12	494	3,613
Allowance for impairment losses	(2,261)	(19)	(1)	-	(63)	(2,344)
Subtotal	22,288	2,584	220	112	2,892	28,096
Invoices to be issued	Balance as of 12.31.2021					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	84,905	-	-	-	-	84,905
Trade receivables, unregulated	72,100	-	-	-	-	72,100
Other receivables	100,405	-	-	-	-	100,405
Subtotal	257,410	-	-	-	-	257,410
Total Trade Receivables	279,698	2,584	220	112	2,892	285,506
No. of customers (unaudited)	341	70	36	20	108	

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	

b) Customers in legal collection

There are no trade and other receivables accounted for in legal collection.

12. 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, 2021	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 9)	-	346,590	346,590
Time deposits and other cash equivalents (see Note 9)	22,922	22,906	45,828
Trade and other receivables ⁽¹⁾ (see Note 11)	303,657	-	303,657
Trade receivables due from related parties (see Note 13.b.1)	48	-	48
Derivative financial instruments (see Note 15.1)	-	4,702	4,702
Other financial assets (see Note 10)	1,026,766	-	1,026,766
Total	1,353,393	374,198	1,727,591

December 31, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 9)	-	192,372	192,372
Time deposits and other cash equivalents (see Note 9)	22,208	39,527	61,735
Trade and other receivables ⁽¹⁾ (see Note 11)	194,589	-	194,589
Trade receivables due from related parties (see Note 13.b.1)	75	-	75
Derivative financial instruments (see Note 15.1)	-	11,561	11,561
Other financial assets (see Note 10)	713,293	-	713,293
Total	930,165	243,460	1,173,625

⁽¹⁾ As of December 31, 2021, recoverable taxes for ThUS\$ 3,533 are not considered. As of December 31, 2020, the balance related to current recoverable taxes amounted to ThUS\$ 6,582.

a.2 Liabilites

December 31, 2021	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 24.c.1 and c.2)	2,184,201	-	2,184,201
Lease liabilities (see Note 25)	126,318	-	126,318
Derivative financial instruments (see Note 15.1)	-	39,176	39,176
Trade and other payables (see Note 26)	215,181	-	215,181
Payables due to related parties (see Note 13.b.2)	12,574	-	12,574
Total	2,538,274	39,176	2,577,450

December 31, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 24.c.1 and c.2)	1,661,516	-	1,661,516
Lease liabilities (see Note 25)	134,757	-	134,757
Derivative financial instruments (see Note 15.1)	-	858	858
Trade and other payables (see Note 26)	130,680	-	130,680
Payables due to related parties (see Note 13.b.2)	161	-	161
Total	1,927,114	858	1,927,972

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	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Customers with local risk rating		
AAA	77,650	65,679
AA+	35,243	17,979
AA	1,371	289
AA-	11,649	33,875
A+	44,649	3,894
A	-	2,754
A-	-	26
Total	170,562	124,496
Customers with no local risk rating		
Total	114,944	67,244
Cash in banks and bank short-term deposits, local market		
AAA	808,912	661,639
AA	43,563	198
A+o inferior	27	-
Total	852,502	661,837
Cash in banks and bank short-term deposits, international market (*)		
AA-	5,318	-
A+o inferior	461,559	266,036
Total	466,877	266,036
Cash in international fixed-income investments (*)		
A	23,633	-
BBB+	20,369	-
BBB o inferior	55,803	-
Total	99,805	-
Counterparty derivative financial assets, national market		
AAA	720	10,429
AA	430	24
Total	1,150	10,453
Counterparty derivative financial assets, international market (*)		
AA-	1,776	817
A+o inferior	1,776	291
Total	3,552	1,108

(*) Foreign Risk classification

13. 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, 2021, the distribution of ownership interest is as follows:

Shareholders	Ownership %
Minera Valparaíso S.A. (*)	35.17
Forestal Cominco S.A. (*)	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. (**)	5.05
AFP Cuprum S.A. (**)	5.90
Banco de Chile por cuenta de State Street	2.42
Banco Santander - JP Morgan	1.92
Banchile Corredores de Bolsa S.A	1.78
Other shareholders	24.18
Total	100.00

(*) Entities owned by Parent Group (Matte Group).

(**) It relates to the consolidated interest for each Pension Fund Administrator.

b. Balances and transactions with related parties

Receivables from, payables due to and transactions with related parties were conducted under market terms and conditions and are adjusted in accordance with Article No. 44 of Law No. 18,046 (the "Public Company Act").

b. 1. Trade receivables due from related parties

Tax ID N°	Company	Country	Relationship	Currency	Current	
					12.31.2021 ThUS\$	12.31.2020 ThUS\$
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	11	16
96.853.150-6	Papeles Cordillera S.A.	Chile	Common business group	Ch\$	37	47
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	-	12
Total					48	75

b. 2. Trade payables due from related parties

Tax ID N°	Company	Country	Relationship	Currency	Current	
					12.31.2021 ThUS\$	12.31.2020 ThUS\$
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	1,392	15
97.080.000-K	Banco Bice	Chile	Common group	Ch\$	1	-
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	6	16
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	7,967	89
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	3,171	36
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	-	5
65.027.584-5	Fundación Colbún	Chile	Special purpose entity	Ch\$	37	-
Total					12,574	161

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			
						2021		2020	
						Amount ThUS\$	Effect on profit or loss (debit) credit ThUS\$	Amount ThUS\$	Effect on profit or loss (debit) credit ThUS\$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	Toll for using facilities	754	(633)	1,563	(1,313)
				UF	Revenue for services rendered	150	126	125	105
				US\$	Dividend received	1,625	-	-	-
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	Gas transport service	7,018	(5,898)	9,603	(8,070)
				US\$	Diesel transport service	37	(31)	117	(98)
				US\$	Dividend declared ⁽¹⁾	9,388	-	13,486	-
				US\$	Dividend received ⁽²⁾	9,405	-	9,146	-
97.080.000-K	Banco Bice	Chile	Common group	Ch\$	Expenses for services received	21	(18)	28	(24)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Parent common director	Ch\$	Easements	1,082	909	1,150	966
				Ch\$	Sale of energy and capacity	10,167	8,544	9,360	7,866
96.532.330-9	CMPC Celulosa S.A.	Chile	Common group	Ch\$	Sale of energy and capacity and energy transport	30,975	26,029	30,758	25,847
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling Shareholder	US\$	Dividend paid ⁽³⁾	177,586	-	33,850	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling Shareholder	US\$	Dividend paid ⁽³⁾	446,147	-	85,041	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	Diesel supply service	54,415	(45,727)	8,192	(6,884)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	Telephone services	209	(176)	223	(187)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Ch\$	Telephone services	-	-	15	(13)
96.925.430-1	Sercor S.A.	Chile	Common director	Ch\$	Stock administration service	142	(119)	97	(82)
90.844.000-5	Kupfer Hermanos S.A.	Chile	Common director	Ch\$	Purchase of personal protective equipment	52	(44)	125	(105)
				Ch\$	Sale of energy and capacity	180	151	204	171
76.351.385-8	Orion Power S.A.	Chile	Common group	Ch\$	Operation and maintenance service	201	(169)	178	(150)
76.138.547-K	Mega Archivos S.A.	Chile	Common director	Ch\$	Document storage service	27	(23)	22	(18)
93.628.000-5	Molibdenos y Metales S.A.	Chile	Common group	Ch\$	Sale of energy and capacity	3,557	2,989	4,915	4,131
79.943.600-0	Forsac SpA.	Chile	Common group	Ch\$	Sale of energy and capacity	403	339	417	350
95.304.000-K	CMPC Maderas SpA	Chile	Common group	Ch\$	Sale of energy and capacity	12,760	10,722	9,501	7,984
96.853.150-6	Papeles Cordillera S.A.	Chile	Common group	US\$	Income from services rendered	402	337	47,019	47,019
				US\$	Income from transformer lease	37	37	-	-
91.440.000-7	Forestal Mininco SpA	Chile	Common group	Ch\$	Sale of energy and capacity	180	151	206	173

⁽¹⁾ Dividends declared by Electrogas S.A

- In March 2021, Electrogas declared a provisional dividend charged to the profits of the year 2020 for ThUS\$ 14,090, of which to Colbún corresponds to ThUS\$ 5,988 (42,5%).
- In December 2021, Electrogas declared a provisional dividend charged to the profits of the year 2021 for ThUS\$8,000, of which Colbún corresponds to ThUS\$3,400 (42.5%).

⁽²⁾ Dividends paid by Electrogas S.A

- In May 2021, a dividend payment of ThUS \$ 3,825 is received, leaving a balance pending collection of ThUS \$ 2,163.

⁽³⁾ 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 29, 2021 and paid on May 12, 2021.
- Corresponds to the interim dividend and eventual dividend agreed at the Extraordinary Shareholders' Meeting on September 15, 2021 and paid on October 12, 2021.
- Corresponds to the final dividend agreed at the Shareholders' Meeting dated April 30, 2020 and paid on May 12, 2020.



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, 2021 and 2020

The Company is managed by the Board of Directors which is composed of 9 members, who remain in their position for a 3-year period and may be re-elected.

At the Ordinary Shareholders' Meeting held on April 29, 2021, the Company's Board of Directors was renewed, resulting in the election of Vivianne Blanlot Soza, María Emilia Correa Pérez and Marcela Angulo González, Rodrigo Donoso Munita, Bernardo Larraín Matte, Andrés Lehuedé Bromley, Bernardo Larraín Matte, Juan Carlos Altmann Martín and Hernán Rodríguez Wilson. Mrs. María Emilia Correa Pérez and Marcela Angulo González were elected as independent directors.

On April 29, 2021, in an Extraordinary Session of the Board of Directors, Hernán Rodríguez Wilson was appointed as Chairman of the Board and Bernardo Larraín Matte as Vice Chairman.

d. Board of Directors' Committee

As per Article 50 bis of Law No. 18.046 the "Public Company Act," Colbún and its subsidiaries have a Directors' Committee composed of 3 members, who are invested with the powers provided by such article.

On April 29, 2021, in an Extraordinary Board Meeting, Mr. Rodrigo Donoso Munita was appointed as members of the Directors' Committee, Mrs. María Emilia Correa Pérez and Mrs. Marcela Angulo Gonzalez.

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, 2021, and 2020, 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					
		2021			2020		
		Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors Committee ThUS\$
Hernán Rodríguez Wilson ⁽¹⁾	Chairman	142	100	-	130	131	-
Bernardo Larraín Matte ⁽¹⁾	Deputy-chairwoman	71	50	-	65	79	-
Vivianne Blanlot Soza ⁽¹⁾	Director	71	50	-	65	79	-
Luz Granier Bulnes	Director	25	50	8	65	79	22
Juan Eduardo Correa García	Director	25	50	-	65	105	-
Francisco Matte Izquierdo	Director	-	33	-	42	79	14
Andrés Lehedé Bromley ⁽¹⁾	Director	71	50	-	65	79	-
María Emilia Correa ⁽¹⁾	Director	71	50	24	65	52	22
Rodrigo José Donoso Munita ⁽¹⁾	Director	71	50	24	65	52	8
Jorge Matte Capdevila	Director	-	-	-	-	26	-
Bernardo Matte Larraín ⁽¹⁾	Director	71	17	-	23	-	-
Marcela Alejandra Angulo González ⁽¹⁾	Director	46	-	16	-	-	-
Juan Carlos Altmann Martín ⁽¹⁾	Director	46	-	-	-	-	-
María Ignacia Benítez Pereira	Director	-	-	-	-	13	-
TOTAL		710	500	72	650	774	66

⁽¹⁾ Current Directors as of December 31, 2021.

e.2 Board Counseling Expenses

For the periods ended December 31, 2021 and 2020, 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	Chief Executive Officer
Juan Eduardo Vásquez Moya	Business and Energy Officer
Sebastián Moraga Zúñiga	Finance and Administration Officer
Eduardo Lauer Rodríguez	Engineering and Project Officer
Rodrigo Pérez Stjepovic	Legal Affairs Officer
Paula Martínez Osorio	Organization and People Officer
Olivia Heuts Goen	Development Officer
Heraldo Alvarez Arenas	Internal Audit Officer
Heinz Müller Court	Innovation and Development Officer
Daniel Gordon Adam	Environmental Officer
Pedro Vial Lyon	Public Affairs Officer
Luis Le Fort Pizarro	Transmission Officer

The remuneration earned by key management personnel amounts to:

Concept	January - December	
	2021 ThUS\$	2020 ThUS\$
Short-term employee benefits	3,887	4,807
Other long-term benefits	377	856
Termination benefits	135	546
Total	4,399	6,209

e.4 Receivables and payables and other transactions

As of December 31, 2021, and 2020, 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, 2021, and 2020, 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, 2021 and 2020, 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.

14. Inventories

As of December 31, 2021, and 2020, this caption is composed of the following:

Inventory	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Spare parts for maintenance	22,806	19,204
Coal	43,955	14,054
Oil	4,910	3,732
Gas Line Pack	1,866	630
Allowance for obsolescence ⁽¹⁾	(2,939)	(3,974)
Total	70,598	33,646

⁽¹⁾ Relates to the impairment estimate on the spare part stock, which is applied in accordance with the Policy.

There is no inventory pledged as collateral to secure compliance with debt obligations.

Inventory costs recognized as expense

As of December 31, 2021, and 2020, the use of inventory recognized as expenses is detailed as follows:

Inventory Cost	January - December	
	2021	2020
	ThUS\$	ThUS\$
Warehouse consumption	8,906	8,203
Oil (see note 32)	49,346	9,523
Gas (see note 32)	394,380	245,413
Coal (see note 32)	89,660	70,351
Total	542,292	333,490

15. 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, 2021, the Company classified all its hedges as "Cash flow hedges".

15.1 Hedging instruments

As of December 31, 2021, and 2020, this caption includes the valuation of financial instruments for such periods, detailed as follows:

Hedging assets		Current		Non-current	
		12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Currency hedging instrument	Cash flow hedges	1,151	1,355	-	10,199
Fuel price hedge	Cash flow hedges	3,551	7	-	-
Total (see note 10)		4,702	1,362	-	10,199
Hedging liabilities		Current		Non-current	
		12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Currency hedging instrument	Cash flow hedges	39,176	858	-	-
Interest rate hedging instrument	Cash flow hedges	-	-	-	-
Total (see note 24.a)		39,176	858	-	-
Hedging instruments, net		(34,474)	504	-	10,199

The portfolio of hedging instruments at Colbún S.A. and subsidiaries is as follows:

Hedging instrument	Fair value Hedging instrument		Underlying asset hedged	Hedged risk	Type of hedge
	12.31.2021 ThUS\$	12.31.2020 ThUS\$			
Currency forwards	(17,931)	24	Future Project Disbursements	Exchange rate	Cash flow
Currency forwards	(16)	(763)	Customers	Exchange rate	Cash flow
Currency forwards	1,151	1,355	Financial Investments	Exchange rate	Cash flow
Currency forwards	(46)	-	Remuneration	Exchange rate	Cash flow
Cross Currency Swaps	(21,183)	10,080	Bonds payable	Exchange rate and interest rate	Cash flow
Coal options	3,551	7	Oil and gas purchases	Coal price	Cash flow
Total	(34,474)	10,703			

As of December 31, 2021, the Company determined no gains or losses associated with ineffective cash flow hedges that should be recognized in profit or loss.

15.2 Fair value hierarchy

The fair value of financial instruments recognized in the Statements of Financial Position has been determined based on the following hierarchy, in accordance with inputs used to conduct such measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2021, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the hierarchy.

16. Investment in subsidiaries

The consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of December 31, 2021, and 2020, is detailed below.

Subsidiary	12.31.2021						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Colbún Desarrollo SpA	160	-	1	-	159	-	(1)
Santa Sofia SpA	-	14,988	180	-	14,808	-	17
Colbún Perú S.A.	21,260	125,722	1,033	-	145,949	-	(6,015)
Inversiones de Las Canteras S.A.	742	247,018	658	589	246,513	-	(10,445)
Fenix Power Perú S.A.	65,125	639,569	86,174	373,160	245,360	171,821	(10,224)
Desaladora Del Sur S.A.	224	1	6	-	219	-	(6)
Efizity Ingeniería SpA	1,570	597	1,470	-	697	3,111	(292)

Subsidiary	12.31.2020						
	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 Sofia 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)

17. Equity-accounted investees

a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of December 31, 2021, and 2020, is described below.

Relationship	Company	Number of shares	Ownership percentage 12.31.2021 %	Balance as of 01.01.2021 ThUS\$	Accrued profit or loss ThUS\$	Dividends ThUS\$	Equity Reserve		Settlement ThUS\$	Other increase (decrease) ThUS\$	Total 12.31.2021 ThUS\$
							Foreign currency transaction difference	Reserve in hedge derivatives			
							ThUS\$	ThUS\$			
Associate	Electrogas S.A.	175,076	42.5%	16,368	7,035	(9,388)	-	180	-	-	14,195
Joint Venture	Transmisora Eléctrica de Quillota Ltda. ⁽¹⁾	-	50.0%	10,481	(338)	(6,171)	(1,844)	-	(2,128)	-	-
Total				26,849	6,697	(15,559)	(1,844)	180	(2,128)	-	14,195

Relationship	Company	Number of shares	Ownership percentage 12.31.2020 %	Balance as of 01.01.2020 ThUS\$	Accrued profit or loss ThUS\$	Dividends ThUS\$	Equity Reserve		Settlement ThUS\$	Other increase (decrease) ThUS\$	Total 12.31.2020 ThUS\$
							Foreign currency transaction difference	Reserve in hedge derivatives			
							ThUS\$	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
Total				24,718	9,950	(8,353)	534	-	-	-	26,849

⁽¹⁾ On December 30, 2021, the sale of the total share of the Joint Venture of Transmisora Eléctrica de Quillota Ltda. (equivalent to 50% of the social rights) was made, to the companies APG Energy & Infra Investments Chile Expansion SpA, and CELEO Redes Chile Expansion SpA.

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, 2021, and 2020, is as follows:

Relationship	Company	12.31.2021							
		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Operating costs	Retained earnings (accumulated deficit)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	8,286	37,074	3,933	8,027	33,400	33,314	(3,393)	16,554

Relationship	Company	12.31.2020							
		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Operating costs	Retained earnings (accumulated deficit)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	10,851	41,254	4,481	9,111	38,513	35,690	(3,267)	19,436
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	10,032	14,199	1,135	2,135	20,961	7,388	(857)	3,602



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, Enel Generación 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.

On December 30, 2021, the sale of the total share of the Joint Business of Transmisora Eléctrica de Quillota Ltda. (equivalent to 50% of the social rights) was made, to the companies APG Energy & Infra Investments Chile Expansion SpA, and CELEO Redes Chile Expansion SpA.

18. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of December 31, 2021, and 2020, is as follows:

Intangible assets, net		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	202	202
	Water rights	10,074	17,436
	Easements	15,667	58,288
	Intangible assets related to customers	30,658	33,834
Licenses	Software	1,969	2,768
Total		68,152	122,110
Intangible assets, gross		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	228	228
	Water rights	10,093	17,455
	Easements	16,849	60,140
	Intangible assets related to customers	46,815	46,815
Licenses	Software	17,110	17,069
Total		100,677	151,289
Accumulated amortization		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Rights not internally generated	Concessions	(26)	(26)
	Water rights	(19)	(19)
	Easements	(1,182)	(1,852)
	Intangible assets related to customers	(16,157)	(12,981)
Licenses	Software	(15,141)	(14,301)
Total		(32,525)	(29,179)

b. Movements in intangible assets

As of December 31, 2021, and 2020, this caption comprises the following:

Movements for the period 2021	Rights not internally generated					Licenses	Intangibles assets, net ThUS\$
	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 01.01.2021	9,582	202	17,436	58,288	33,834	2,768	122,110
Additions	-	-	-	790	-	-	790
Acquisition made through business combinations (see note 7)	-	-	-	-	-	-	-
Increase (decrease) resulting from other movements	-	-	-	-	-	-	-
Disposals	-	-	-	(39,644)	-	-	(39,644)
Accumulated depreciation of disposals	-	-	-	802	-	-	802
Transport from assets under construction	-	-	-	-	-	-	-
Impairment losses recognized in other comprehensive income	-	-	(7,362)	(4,437)	-	-	(11,799)
Transfer between assets	-	-	-	-	-	41	41
Amortization expenses (see Note 34)	-	-	-	(132)	(3,176)	(840)	(4,148)
Closing balance as of 12.31.2021	9,582	202	10,074	15,667	30,658	1,969	68,152

Movements for the period 2020	Rights not internally generated					Licenses	Intangibles assets, net ThUS\$
	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 7)	-	-	-	-	-	13	13
Increase (decrease) resulting from other movements	-	-	-	(296)	-	-	(296)
Disposals	-	-	-	(1,280)	-	-	(1,280)
Transport from assets under construction	-	-	-	264	-	930	1,194
Amortization expenses (see note 34)	-	-	-	(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

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.

19. Property, plant and equipment

a. Detail of property, plant and equipment

As of December 31, 2021, and 2020, the caption property, plant and equipment is detailed as follows:

Property, plant and equipment, net	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Land	303,766	306,647
Building, construction and facilities	81,896	86,064
Machinery	-	1,052
Transport equipment	332	363
Office equipment	762	918
IT equipment	11,281	2,127
Power-generating assets	3,554,259	3,721,350
Assets under construction	212,633	280,406
Other property, plant and equipment	256,637	449,077
Total	4,421,566	4,848,004
Property, plant and equipment, gross	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Land	303,766	306,647
Building, construction and facilities	143,458	143,438
Machinery	825	1,877
Transport equipment	1,492	1,631
Office equipment	6,894	6,894
IT equipment	20,063	10,328
Power-generating assets	5,917,731	5,897,608
Assets under construction	476,041	414,886
Other property, plant and equipment	389,588	578,399
Total	7,259,858	7,361,708
Accumulated depreciation and impairment of property, plant and equipment	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Building, construction and facilities	(61,562)	(57,374)
Machinery	(825)	(825)
Transport equipment	(1,160)	(1,268)
Office equipment	(6,132)	(5,976)
IT equipment	(8,782)	(8,201)
Power-generating assets	(2,363,472)	(2,176,258)
Assets under construction	(263,408)	(134,480)
Other property, plant and equipment	(132,951)	(129,322)
Total	(2,838,292)	(2,513,704)

Movements in property, plant and equipment

December 31, 2021, and 2020, the caption property, plant and equipment, net is composed of the following:

Movements for the period 2021	Land	Building, construction and facilities	Machinery	Transport equipment	Office equipment	IT equipment	Power-generating assets	Assets under construction	Other property, plant and equipment	Prop
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of 01.01.2021	306,647	86,064	1,052	363	918	2,127	3,721,350	280,406	449,077	
Increases resulting from other movements	14,837	1	-	45	-	2	8,675	177,168	72,860	
Decrease resulting from other movements	367	(1)	-	1	-	(1)	(1,228)	(19)	3	
Goodwill depreciation of disposals	(17,463)	-	-	(185)	-	(1)	-	(95,172)	(261,722)	
Goodwill depreciation of disposals	-	-	-	182	-	-	-	-	-	
Losses recognized in other comprehensive income	-	-	-	1	-	(3)	(5)	(128,928)	(5)	
Transfers from assets under construction	(622)	-	-	-	-	9,735	11,644	(20,822)	65	
Transfers between assets	-	20	(1,052)	-	-	-	1,032	-	(17)	
Goodwill depreciation, transport between assets	-	-	-	-	-	-	-	-	-	
Other expenses (see Note 34)	-	(4,188)	-	(75)	(156)	(578)	(187,209)	-	(3,624)	
Other movements	(2,881)	(4,168)	(1,052)	(31)	(156)	9,154	(167,091)	(67,773)	(192,440)	
Balance as of 12.31.2021	303,766	81,896	-	332	762	11,281	3,554,259	212,633	256,637	

Movements for the period 2020	Land	Building, construction and facilities	Machinery	Transport equipment	Office equipment	IT equipment	Power-generating assets	Assets under construction	Other property, plant and equipment	Prop
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of 01.01.2020	306,436	111,202	1,135	484	1,133	1,154	4,025,981	310,640	413,685	
Increases resulting from other movements	211	-	-	-	-	348	81	61,087	9	
Increases made through business combinations (see note 7)	-	-	3	4	6	32	-	-	31	
Decrease resulting from other movements	-	30	(1)	-	-	-	9,904	-	41,416	
Goodwill depreciation of disposals	-	(12)	-	-	(89)	(834)	(23,441)	(9,984)	(3)	
Goodwill depreciation of disposals	-	-	-	-	89	818	5,000	-	3	
Losses recognized in other comprehensive income	-	(26,661)	-	(10)	(34)	(64)	(148,384)	(739)	(2,232)	
Transfers from assets under construction	-	5,420	105	-	61	1,369	64,170	(80,598)	8,279	
Transfers between assets	-	325	-	-	-	122	(447)	-	-	
Goodwill depreciation, transport between assets	-	(20)	-	-	-	(27)	47	-	-	
Other expenses	-	(4,220)	(190)	(115)	(248)	(791)	(211,561)	-	(12,111)	
Other movements	211	(25,138)	(83)	(121)	(215)	973	(304,631)	(30,234)	35,392	
Balance as of 12.31.2020	306,647	86,064	1,052	363	918	2,127	3,721,350	280,406	449,077	



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, 2021, and 2020, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS\$ 727,412 and ThUS\$ 40,751, respectively. The companies with which it operates are Enercon GmbH, Enercon Chile SpA, Strabag spa, Promet Servicios SpA, Ing.Y Construccion Sigdo Koppers S.A., Wärtsila Finland OY, Siemens Energy Spa, Echeverria Izquierdo Montajes Industriales, Zimmermann Solar Chile SpA, among others.

iii) As of December 31, 2021, and 2020, the accrued capitalized interest costs (IAS 23), are as follows:

Concept	January - December	
	2021 ThUS\$	2020 ThUS\$
Interest costs		
Capitalized interest costs	6,087	165
Interest expenses	-	-
Total interest costs incurred	6,087	165
Cost capitalization rate for loans eligible for capitalization	8.68%	0.08%

iv) Operating leases - Lessor

As of December 31, 2021, and 2020, 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, 2021	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	124,506	522,163	2,104,448	2,751,117
Total	124,506	522,163	2,104,448	2,751,117
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
Total	124,328	497,299	2,116,330	2,737,957

v) Additional information required for XBRL taxonomy

1. Disbursements recognized during the construction

Disbursements recognized during the construction, gross	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Assets under construction	253,738	100,403
Total	253,738	100,403

2. Assets fully depreciated still in use

Assets fully depreciated still in use, gross	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Building, construction and facilities	1,596	1,407
Machinery	-	156
Transport equipment	678	676
Office equipment	5,139	5,035
IT equipment	7,208	6,762
Power-generating assets	129,414	124,468
Other property, plant and equipment	1,536	1,506
Total	145,571	140,010
Assets fully depreciated still in use, accumulated depreciation	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Building, construction and facilities	(1,444)	(1,407)
Machinery	-	(156)
Transport equipment	(676)	(676)
Office equipment	(5,139)	(5,035)
IT equipment	(7,208)	(6,762)
Power-generating assets	(116,694)	(110,475)
Other property, plant and equipment	(1,536)	(1,506)
Total	(132,697)	(126,017)

vi) Detail of other property, plant and equipment:

As of December 31, 2021, and 2020, this caption comprises the following:

Other property, plant and equipment, net	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Substations	7,873	153,230
Transmission lines	7,725	130,106
Spare parts classified as property, plant and equipment	236,238	160,050
Other property, plant and equipment	4,801	5,691
Other property, plant and equipment, net	256,637	449,077
Other property, plant and equipment, gross	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Substations	42,022	235,615
Transmission lines	39,728	170,425
Spare parts classified as property, plant and equipment	236,238	160,050
Other property, plant and equipment	10,077	10,077
Other property, plant and equipment, gross	328,065	576,167
Accumulated depreciation and impairment of other property plant and equipment	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Substations	(34,149)	(82,385)
Transmission lines	(32,003)	(40,319)
Other property, plant and equipment	(5,276)	(4,386)
Total depreciation and impairment	(71,428)	(127,090)



vii) Detail of power-generating assets

Power-generating assets, net		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Power-generating civil works	Hydropower	1,607,622	1,634,448
	Coal-fired thermal power	248,263	260,519
	Oil and gas-fired thermal power	44,583	46,451
	Solar power	131	145
Power-generating equipment and machinery	Hydropower	530,119	568,974
	Coal-fired thermal power	411,848	432,248
	Oil and gas-fired thermal power	703,845	770,277
	Solar power	7,848	8,288
Balance of power-generating assets, net		3,554,259	3,721,350
Power-generating assets, gross		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Power-generating civil works	Hydropower	2,232,780	2,232,362
	Coal-fired thermal power	359,190	359,193
	Oil and gas-fired thermal power	59,395	59,404
	Solar power	162	162
Power-generating equipment and machinery	Hydropower	954,700	952,033
	Coal-fired thermal power	639,658	632,120
	Oil and gas-fired thermal power	1,662,420	1,652,908
	Solar power	9,426	9,426
Balance of power-generating assets, gross		5,917,731	5,897,608
Accumulated depreciation and impairment of power-generating assets		12.31.2021	12.31.2020
		ThUS\$	ThUS\$
Power-generating civil works	Hydropower	(625,158)	(597,914)
	Coal-fired thermal power	(110,927)	(98,674)
	Oil and gas-fired thermal power	(14,812)	(12,953)
	Solar power	(31)	(17)
Power-generating equipment and machinery	Hydropower	(424,581)	(383,059)
	Coal-fired thermal power	(227,810)	(199,872)
	Oil and gas-fired thermal power	(958,575)	(882,631)
	Solar power	(1,578)	(1,138)
Total depreciation and impairment		(2,363,472)	(2,176,258)

20. Right-of-use assets

a. Detail Right-of-Use assets

The right-of-use assets recognized as of December 31, 2021, and 2020, are as follows:

Right-of-use assets, Net	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Transmission line operation and maintenance	9,449	9,067
Right-of-use office equipment	86	59
Right-of-use facilities	3,246	4,458
Right-of-use vehicles	366	364
Right-of-use Calidda gas pipeline	100,121	109,223
Right-of-use IT equipment	119	320
Total	113,387	123,491
Right-of-use assets, Gross	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Transmission line operation and maintenance	18,081	16,853
Right-of-use office equipment	377	239
Right-of-use facilities	8,267	7,860
Right-of-use vehicles	3,451	2,247
Right-of-use Calidda gas pipeline	127,427	127,427
Right-of-use IT equipment	603	603
Total	158,206	155,229
Accumulated depreciation right-of-use assets	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Transmission line operation and maintenance	(8,632)	(7,786)
Right-of-use office equipment	(291)	(180)
Right-of-use facilities	(5,021)	(3,402)
Right-of-use vehicles	(3,085)	(1,883)
Right-of-use Calidda gas pipeline	(27,306)	(18,204)
Right-of-use IT equipment	(484)	(283)
Total	(44,819)	(31,738)

As of December 31, 2021, and 2020, 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, 2021, and 2020, has been as follows:

Movements for the period 2021	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 01.01.2021	9,067	59	4,458	364	109,223	320	123,491
Additions	-	99	755	1,277	-	-	2,131
Increase (decrease) resulting from other movements	1,228	(3)	(32)	-	-	-	1,193
Decrease due to classification as held for sale	-	-	-	-	-	-	-
Disposals	-	(58)	(81)	(208)	-	-	(347)
Accumulated depreciation of disposals	-	58	-	46	-	-	104
Depreciation expenses (see Note 34)	(846)	(69)	(1,854)	(1,113)	(9,102)	(201)	(13,185)
Total movements	382	27	(1,212)	2	(9,102)	(201)	(10,104)
Closing balance as of 12.31.2021	9,449	86	3,246	366	100,121	119	113,387

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
Additions	-	-	201	-	-	91	292
Acquisition made through business combinations (see note 6)	-	75	-	50	-	-	125
Depreciation expenses	(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

As of December 31, 2021, and 2020, the present value of future payments arising from contracts recognized as leases are detailed as follows:

December 31, 2021	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	20,509	73,760	108,481	202,750
Interests	(10,764)	(35,340)	(30,328)	(76,432)
Present value (see note 25.a)	9,745	38,420	78,153	126,318

December 31, 2020	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	20,352	73,371	126,235	219,958
Interests	(11,044)	(36,296)	(37,861)	(85,201)
Present value (see note 25.a)	9,308	37,075	88,374	134,757

21. Current taxes

The balance of current taxes receivable and payable presented in current assets and liabilities as of December 31, 2021, and 2020, respectively, are detailed below:

a. Current tax assets

	Current	
	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Recoverable taxes from previous years	3,130	991
Recoverable taxes for the year (See note 23.a.1)	1,381	16,639
Other taxes to be recovered	2,530	-
Total	7,041	17,630

b. Current tax liabilities

	Current	
	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Payable taxes for the year (See note 23.a.1)	89,232	7
Total	89,232	7

22. Other non-financial assets

As of December 31, 2021, and 2020, this caption comprises the following:

	Current		Non-current	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Insurance premium for facilities and civil responsibility	16,207	15,191	-	-
Prepayments ⁽¹⁾	41,121	22,451	41,589	41,519
Patent for non-use of water rights ⁽²⁾	-	-	-	4,366
Other miscellaneous assets	150	258	1,633	1,783
Total	57,478	37,900	43,222	47,668

⁽¹⁾ Corresponds to advance payments to domestic and foreign suppliers.

⁽²⁾ Credit under Article No.129 bis 20 of the Chilean Water Code, Decree Law No.1.122. 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.



23. Income taxes

a. Income tax benefit (expense)

Income tax benefit (expense)	January - December	
	2021 ThUS\$	2020 ThUS\$
Current income tax (expense) benefit		
Current income taxes	(221,998)	(74,386)
Adjustments to prior-year current income tax expense	(96)	169
Total current income tax expense, net	(222,094)	(74,217)
Deferred income tax (expense) benefit		
Deferred income tax benefit arising from temporary differences	(62,898)	31,466
Total deferred income tax benefit, net	(62,898)	31,466
Income tax benefit (expense)	(284,992)	(42,751)

As of December 31, 2021, and 2020, income tax benefit (expense) and deferred taxes from foreign and domestic parties is detailed as follows:

Income tax benefit (expense)	January - December	
	2021 ThUS\$	2020 ThUS\$
Domestic current income tax (expense) benefit	(220,964)	(74,125)
Foreign current income tax (expense) benefit	(1,018)	(92)
Total current income tax (expense) benefit, net	(221,982)	(74,217)
Domestic deferred income tax benefit (expense)	(48,166)	(12,083)
Foreign deferred income tax benefit (expense)	(14,844)	43,549
Total deferred income tax benefit (expense)	(63,010)	31,466
Income tax expense charged to profit or loss	(284,992)	(42,751)

a.1 Reconciliation of current taxes

As of December 31, 2021, and 2020, the reconciliation of current taxes to income tax is as follows:

Current tax reconciliation		12.31.2021					
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.	(217,661)	7,584	120,876	932	-	-	(88,269)
Efizity Ingeniería SpA. ⁽¹⁾	-	-	7	10	-	17	-
Efizity SpA.	(106)	-	19	7	-	-	(80)
Efizity Perú SAC	-	-	1	-	-	1	-
Colbún Perú S.A.	(1,018)	-	135	-	-	-	(883)
Inversiones Las Canteras S.A.	-	-	9	-	-	9	-
Fenix Power S.A.	-	-	1,354	-	-	1,354	-
Totales	(218,785)	7,584	122,401	949	-	1,381	(89,232)

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. (1)	(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)

⁽¹⁾ Current tax result corresponds to balances recorded in the takeover balance sheet (See note 7).

As of December 31, 2021, Colbún S.A., together with its subsidiaries, it generated tax profits, for which a tax expense was recorded, regarding the Provision for Consolidated Income Tax, net of monthly provisional payments (PPM) and credits for ThUS\$ 89,232

In the case of the foreign subsidiary Fenix Power Perú S.A., as of December 31, 2021, it recognizes accumulated tax losses of ThUS\$ 193,096, 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 it 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			
	2021		2020	
	Amount	Rate	Amount	Rate
	ThUS\$	%	ThUS\$	%
Profit before income taxes	825,173		132,200	
Tax expense using the legal rate ⁽¹⁾	(222,797)	27.0%	(35,694)	27.0%
Differences between US dollars and tax financial accounting in local currency through deferred taxes ⁽²⁾	(13,542)	1.6%	(13,500)	10.2%
Other differences ⁽³⁾	(48,653)	5.9%	6,443	-4.9%
Income tax expense	(284,992)	34.5%	(42,751)	32.3%

⁽¹⁾ As of December 31, 2021, and 2020, 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.

⁽²⁾ In accordance with the International Financial Reporting Standards (IFRS), the Company and its subsidiaries recognize their tax and financial operations at their functional currency which is the U.S. dollar, except for the subsidiaries of the Efizity Group. With respect to the foreign subsidiaries, the local currency is used for tax purposes.

⁽³⁾ As of December 31, 2021, deferred income tax is recognized for the difference between the tax cost and the financial cost associated with the sale of the investment of Colbún Transmisión S.A. for (ThUS\$ 46,057) and other effects for ThUS\$ 2,596

b. Deferred taxes

At each reporting period, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Deferred taxes related to tax losses	57,132	57,162
Deferred taxes related to provisions	29,245	24,857
Deferred taxes related to obligations for post-employment benefits	8,060	12,152
Deferred taxes related to anticipated income	1,774	5,938
Deferred taxes related to rights-of-use	2,766	1,998
Deferred taxes related to investments in subsidiaries and associates	-	4,735
Deferred taxes related to contingencies	2,772	535
Deferred taxes related to unrealized gain or loss	292	292
Deferred tax assets	102,041	107,669
Deferred tax liabilities	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Deferred taxes related to depreciation ⁽¹⁾	(929,851)	(928,422)
Deferred taxes related to finance costs	(18,246)	(19,044)
Deferred taxes related to intangible assets	(9,849)	(11,787)
Deferred taxes related to inventory	(1,636)	(518)
Deferred taxes related to hedging instruments	1,584	(217)
Deferred tax liabilities	(957,998)	(959,988)
Total deferred tax assets and liabilities, net	(855,957)	(852,319)

⁽¹⁾ As of December 31, 2021, includes deferred tax for impairment in fixed assets.



Deferred taxes movements	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Deferred taxes as of January 1	(852,319)	(885,155)
Tax losses	(30)	9,058
Hedging instruments	1,801	(884)
Intangible assets	1,938	909
Rights-of-use assets	768	937
Contingencies	2,237	489
Obligations for post-employment benefits	(4,092)	2,316
Unearned revenue	(4,164)	(296)
Investments in associates ⁽¹⁾	(4,735)	-
Inventory	(848)	(2,008)
Provisions	4,118	3,554
Finance costs	798	(5,204)
Property, plant and equipment	(1,429)	23,965
Closing balance	(855,957)	(852,319)

⁽¹⁾ See note 3.1.c

The net position of deferred taxes per company is as follows:

Net deferred tax position by company				
Company	Net position			
	Non-current asset		Non-current liability	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Fenix Power Perú S.A.	66,191	81,122	-	-
Santa Sofia SpA.	173	156	-	-
Efizity SpA.	175	63	-	-
Efizity Ingeniería SpA.	130	49	-	-
Efizity Perú SAC	20	33	-	-
Desaladora del Sur S.A.	1	-	-	-
Inversiones de Las Canteras S.A.	-	-	(489)	(570)
Colbún Transmisión S.A.	-	-	-	(57,193)
Colbún S.A.	-	-	(922,158)	(875,979)
Total	66,690	81,423	(922,647)	(933,742)
			Net deferred taxes	(855,957)
				(852,319)



c. Income taxes in other comprehensive income

	January - December	
	2021 ThUS\$	2020 ThUS\$
Related to cash flow hedges	8,750	1,618
Related to defined benefit plans	(3,728)	1,070
Income tax related to components of other comprehensive income	5,022	2,688
Related to share of other comprehensive profit or loss on equity-accounted associates and joint ventures using the equity method	(66)	5
Income tax related to components of other comprehensive income	4,956	2,693

24. Other financial liabilities

As of December 31, 2021, and 2020, this caption comprises the following:

a. Obligations with financial institutions

Other financial liabilities	Corrientes		No corrientes	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Interest-Bearing Loans	25,046	25,313	-	218
Bond payables (Bonds, bills of exchange) ⁽¹⁾	214,896	76,937	1,944,259	1,559,048
Hedging derivatives ⁽²⁾	39,176	858	-	-
Total	279,118	103,108	1,944,259	1,559,266

⁽¹⁾ Interest accrued for bonds payable have been determined using the effective rate.

⁽²⁾ See note 15.1

b. Financial debt by currency

The financial debt value of Colbún (bank liabilities and bonds), considering only the effect of derivative instruments (liability position) is as follows:

Financial debt by currency	12.31.2021 ThUS\$	12.31.2020 ThUS\$
U.S. Dollar	2,186,236	1,606,384
Inflation-adjusted units	37,141	55,571
Pesos	-	419
Total	2,223,377	1,662,374

c. Maturity and currency of the obligations with financial institutions

c.1 Bank borrowings

As of December 31, 2021		
Debtor's Tax ID No.	0-E	0-E
Debtor's name	Fenix Power Perú S.A.	Fenix Power Perú S.A.
Debtor's country	Perú	Perú
Creditor's ID number	0-E	0-E
Creditor's name	Banco de Credito del Perú	Scotiabank
Country of the creditor company	Peru	Peru
Currency or inflation-adjusted unit	US\$	US\$
Amortization frequency	Annual	Annual
Interest type	Variable	Fixed
Basis	-	-
Effective rate	2.02%	2.1%
Nominal rate	2.02%	2.1%
Nominal amounts	ThUS\$	Total
Up to 90 days	-	-
90 days to 1 year	10,002	15,044
1-3 years	-	-
1-2 years	-	-
2-3 years	-	-
3-5 years	-	-
3-4 years	-	-
4-5 years	-	-
Over 5 years	-	-
Subtotal nominal amounts	10,002	15,044
Carrying amounts	ThUS\$	Total
Up to 90 days	-	-
90 days to 1 year	10,002	15,044
Current Interest-Bearing Loans	10,002	15,044
1-3 years	-	-
1-2 years	-	-
2-3 years	-	-
3-5 years	-	-
3-4 years	-	-
4-5 years	-	-
Over 5 years	-	-
Non-current Interest-Bearing Loans	-	-
Total Interest-Bearing Loans	10,002	15,044



Bank borrowings (continued)

As of December 31, 2020						
Debtor's Tax ID No.	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	Peru	Peru	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	
Country of the creditor company	Peru	Peru	Chile	Chile	Chile	
Currency or inflation-adjusted unit	US\$	US\$	Ch\$	Ch\$	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\$					Total
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\$					Total
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 December 31, 2021								
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	0-E	
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	Peru	
Creditor's ID number	499	538	-	-	-	-	-	
Serie	Serie F	Serie I	144A/RegS	144A/RegS	144A/RegS	144A/RegS	144A/RegS	
Maturity date	05-01-2028	06-10-2029	10-10-2027	07-10-2024	03-06-2030	01-19-2032	09-20-2027	
Currency or inflation-adjusted unit	UF	UF	US\$	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	4.46%	5.02%	5.11%	4.80%	3.89%	3.33%	4.57%	
Nominal rate	3.40%	4.50%	3.95%	4.50%	3.15%	3.15%	4.32%	
Nominal amounts	ThUS\$							Total ThUS\$
Up to 90 days	95,902	75,223	-	3,345	4,988	-	13,500	192,958
90 days to 1 year	-	-	4,334	-	-	3,728	13,500	21,562
1-3 years	-	-	-	157,410	-	-	52,000	209,410
1-2 years	-	-	-	-	-	-	28,000	28,000
2-3 years	-	-	-	157,410	-	-	24,000	181,410
3-5 years	-	-	-	-	-	-	34,000	34,000
3-4 years	-	-	-	-	-	-	16,000	16,000
4-5 years	-	-	-	-	-	-	18,000	18,000
Over 5 years	-	-	500,000	-	500,000	600,000	168,000	1,768,000
Subtotal nominal amounts	95,902	75,223	504,334	160,755	504,988	603,728	281,000	2,225,930
Carrying amounts	ThUS\$							Total ThUS\$
Up to 90 days	93,850	74,282	-	3,345	4,988	-	16,870	193,335
90 days to 1 year	-	-	4,334	-	-	3,727	13,500	21,561
Current performance bonds	93,850	74,282	4,334	3,345	4,988	3,727	30,370	214,896
1-3 years	-	-	-	156,513	-	-	50,981	207,494
1-2 years	-	-	-	-	-	-	27,468	27,468
2-3 years	-	-	-	156,513	-	-	23,513	180,026
3-5 years	-	-	-	-	-	-	33,117	33,117
3-4 years	-	-	-	-	-	-	15,548	15,548
4-5 years	-	-	-	-	-	-	17,569	17,569
Over 5 years	-	-	471,485	-	474,077	590,889	167,197	1,703,648
Non-current performance bonds	-	-	471,485	156,513	474,077	590,889	251,295	1,944,259
Total performance bonds	93,850	74,282	475,819	159,858	479,065	594,616	281,665	2,159,155

Bonds payable (continued)

As of December 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	0-E	
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	Peru	
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

c.3 Expected interests by currency of the obligations with financial institutions:

Liability	Currency	Interests as of 12.31.2021		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Peru)	US\$	3,437	51,810	281,000	20-09-2027	6,065	5,774	20,160	16,383	6,865	55,247	336,247
Series F Bond	UF	14	292	2,600	01-24-2022	306	-	-	-	-	306	2,906
Series I Bond	UF	5	359	2,045	01-24-2022	364	-	-	-	-	364	2,409
Bond 144A/RegS 2014	US\$	3,345	17,905	157,410	06-10-2029	3,542	3,542	14,166	-	-	21,250	178,660
Bond 144A/RegS 2017	US\$	4,334	114,166	500,000	07-10-2024	-	19,750	39,500	39,500	19,750	118,500	618,500
Bond 144A/RegS 2020	US\$	4,988	128,887	500,000	10-11-2027	7,875	7,875	31,500	31,500	55,125	133,875	633,875
Bond 144A/RegS 2021	US\$	3,728	189,997	600,000	03-06-2030	-	14,175	37,800	37,800	103,950	193,725	793,725

Liability	Currency	Interests as of 12.31.2020		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Peru)	US\$	10,769	57,386	305,000	09-20-2027	6,584	6,324	22,502	18,045	14,700	68,155	373,155
Series C Bond	UF	3	8	212	10-15-2021	-	11	-	-	-	11	223
Series F Bond	UF	17	388	3,000	05-01-2028	-	98	155	101	51	405	3,405
Series I Bond	UF	6	458	2,318	06-10-2029	-	100	164	115	85	464	2,782
Bond 144A/RegS 2014	US\$	3,345	24,989	157,410	07-10-2024	3,542	3,542	14,167	7,083	-	28,334	185,744
Bond 144A/RegS 2017	US\$	4,334	252,416	500,000	10-11-2027	-	19,750	39,500	39,500	158,000	256,750	756,750
Bond 144A/RegS 2020	US\$	4,987	73,763	500,000	03-06-2030	7,875	7,875	31,500	31,500	-	78,750	578,750



d. Committed and uncommitted revolving credit facilities

The Company has uncommitted bank lines for an approximate amount of US\$ 150 million.

Fenix Power has uncommitted lines for a total of US\$ 25 million, contracted with two local banks.

Other Lines:

The Company has three bond lines registered in the CMF, one for an amount of UF 7 million with a term of thirty years (since its approval in August 2009), and two for a joint amount of UF 7 million with a term of ten and thirty years (since its approval in February 2020), and against which no placements have been performed as of to date.

25. Lease Liabilities

As of December 31, 2021, and 2020, this caption comprises the following:

Lease liabilities	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Lease liabilities	9,746	9,308	116,572	125,449
Total	9,746	9,308	116,572	125,449

Lease obligation

As of December 31, 2021														
Debtor's Tax ID No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	0-E	0-E	0-E	0-E	0-E	0-E	0-E	
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.	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.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	Peru	Peru	
Creditor's Tax ID No.	96656410-5	96860250-0	96565580-8	96587380-5	76497459-k	79812610-5	0-E	0-E	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	Inmobiliaria Arturo Prat Ltda.	Laila Fatima Gaber B.	Renta Equipos SA	Renta Equipos SA	Ricoh del Perú SAC	Inversiones Nuevo Capital Perú	Calidda ⁽¹⁾	Consorcio Transmataro S.A.	
Creditor's country	Chile	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	Peru	Peru	
Currency or inflation-adjusted unit	UF	UF	UF	UF	UF	U.F.	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	-	Annual	-	-	-	-	-	-	
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	1.31%	5.50%	3.40%	4.00%	3.40%	4.00%	7.00%	12.00%	
Nominal rate	5.00%	5.00%	5.00%	5.00%	0.40%	1.31%	5.50%	3.40%	4.00%	3.40%	4.00%	7.00%	12.00%	
Nominal amounts	ThUS\$													Total ThUS\$
Up to 90 days	214	185	178	51	(102)	18	2	8	1	2	9	1,730	165	2,461
90 days to 1 year	659	568	-	136	43	49	10	30	4	6	35	5,192	525	7,257
1-3 years	530	456	-	326	-	-	67	143	24	14	6	15,333	1,655	18,554
1-2 years	530	456	-	186	-	-	23	57	10	12	6	7,407	778	9,465
2-3 years	-	-	-	140	-	-	44	86	14	2	-	7,926	877	9,089
3-5 years	-	-	-	142	-	-	193	9	13	-	-	17,554	1,957	19,868
3-4 years	-	-	-	142	-	-	83	9	13	-	-	8,480	923	9,650
4-5 years	-	-	-	-	-	-	110	-	-	-	-	9,074	1,034	10,218
Over 5 years	-	-	-	-	-	-	-	-	-	-	-	69,451	8,702	78,153
Subtotal nominal amounts	1,403	1,209	178	655	(59)	67	272	190	42	22	50	109,260	13,004	126,293
Carrying amounts	ThUS\$													Total ThUS\$
Up to 90 days	214	185	178	51	(102)	18	2	8	1	2	9	1,730	165	2,461
90 days to 1 year	659	568	-	136	43	49	36	30	5	6	36	5,192	525	7,285
Liabilities under lease agreements, current	873	753	178	187	(59)	67	38	38	6	8	45	6,922	690	9,746
1-3 years	530	456	-	326	-	-	67	143	24	14	5	15,333	1,655	18,553
1-2 years	530	456	-	186	-	-	23	57	10	12	5	7,407	778	9,464
2-3 years	-	-	-	140	-	-	44	86	14	2	-	7,926	877	9,089
3-5 years	-	-	-	142	-	-	193	9	12	-	-	17,554	1,957	19,867
3-4 years	-	-	-	142	-	-	83	9	12	-	-	8,480	923	9,649
4-5 years	-	-	-	-	-	-	110	-	-	-	-	9,074	1,034	10,218
Over 5 years	-	-	-	-	-	-	-	-	-	-	-	69,450	8,702	78,152
Liabilities under lease agreements, non-current	530	456	-	468	-	-	260	152	36	14	5	102,337	12,314	116,572
Total liabilities under lease agreements	1,403	1,209	178	655	(59)	67	298	190	42	22	50	109,259	13,004	126,318

(1) See note 20.a.2

Lease obligation (continued)

As of December 31, 2020																			
Debtor's Tax ID No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	76218856-2	76218856-2	76218856-2	76362527-3	76236821-8	76236821-8	76236821-8	0-E	0-E	0-E	0-E	0-E	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún Transmisión S.A.	Colbún Transmisión S.A.	Colbún Transmisión S.A.	Efizity Ingeniería SPA	Efizity SPA	Efizity SPA	Efizity SPA	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.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	Peru	
Creditor's Tax ID No.	96656410-5	96860250-0	96565580-8	96587380-5	76497459-k	96565580-8	7065425-3	88723500-7	79812610-5	97006000-6	97006000-6	97006000-6	0-E	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	Cia. De Leasing Tattersall S.A.	Jorge Rocco Pizarro	Constructora Costa Brava Ltda.	Inmobiliaria Arturo Prat Ltda.	BCI Leasing	BCI Leasing	BCI Leasing	Laila Fatima Gaber B.	Atrendamiento Operativo CB S.A.	T-COPIA	Inversiones Nuevo Capital Perú	Calidda (1)	Consortio Transmataro S.A.	
Creditor's country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	Peru	
Currency or inflation-adjusted unit	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	US\$	US\$	US\$	US\$	US\$	US\$	
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	-	-	-	Annual	Annual	Annual	Annual	-	-	-	-	-	-	
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.00%	1.70%	0.00%	1.31%	7.37%	11.75%	8.27%	5.50%	5.50%	4.10%	4.00%	7.00%	12.00%	
Nominal amounts	ThUS\$																		Total ThUS\$
Up to 90 days	205	176	140	12	82	36	10	6	19	1	1	1	1	8	6	6	1,617	146	2,473
90 days to 1 year	628	542	-	36	128	-	29	18	45	2	4	5	6	17	-	22	4,852	467	6,801
1-3 years	1,402	1,209	-	98	85	-	50	-	-	-	8	10	35	-	-	50	14,329	1,468	18,744
1-2 years	873	753	-	48	85	-	40	-	-	-	7	8	12	-	-	45	6,922	690	9,483
2-3 years	529	456	-	50	-	-	10	-	-	-	1	2	23	-	-	5	7,407	778	9,261
3-5 years	-	-	-	-	-	-	-	-	-	-	-	-	127	-	-	-	16,405	1,800	18,332
3-4 years	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	7,925	877	8,846
4-5 years	-	-	-	-	-	-	-	-	-	-	-	-	83	-	-	-	8,480	923	9,486
Over 5 years	-	-	-	-	-	-	-	-	-	-	-	-	109	-	-	-	78,527	9,736	88,372
Subtotal nominal amounts	2,235	1,927	140	146	295	36	89	24	64	3	13	16	278	25	6	78	115,730	13,617	134,722
Carrying amounts	ThUS\$																		Total ThUS\$
Up to 90 days	205	176	140	12	82	36	10	6	19	2	2	1	1	8	6	6	1,617	146	2,475
90 days to 1 year	628	542	-	36	128	-	29	18	45	3	6	7	33	17	-	22	4,852	467	6,833
Liabilities under lease agreements, current	833	718	140	48	210	36	39	24	64	5	8	8	34	25	6	28	6,469	613	9,308
1-3 years	1,402	1,209	-	98	85	-	50	-	-	-	8	10	35	-	-	50	14,329	1,468	18,744
1-2 years	873	753	-	48	85	-	40	-	-	-	7	7	12	-	-	45	6,922	690	9,482
2-3 years	529	456	-	50	-	-	10	-	-	-	1	3	23	-	-	5	7,407	778	9,262
3-5 years	-	-	-	-	-	-	-	-	-	-	-	-	127	-	-	-	16,405	1,800	18,332
3-4 years	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	7,925	877	8,846
4-5 years	-	-	-	-	-	-	-	-	-	-	-	-	83	-	-	-	8,480	923	9,486
Over 5 years	-	-	-	-	-	-	-	-	-	-	-	-	110	-	-	-	78,527	9,736	88,373
Liabilities under lease agreements, non-current	1,402	1,209	-	98	85	-	50	-	-	-	8	10	272	-	-	50	109,261	13,004	125,449
Total liabilities under lease agreements	2,235	1,927	140	146	295	36	89	24	64	5	16	18	306	25	6	78	115,730	13,617	134,757

26. Trade and other payables

As of December 31, 2021, and 2020, trade and other payables are composed of the following:

	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Trade payables	190,576	108,776	-	-
Dividends payable	1,907	942	-	-
Other payables	13,223	8,010	9,475	12,952
Total	205,706	117,728	9,475	12,952

The main suppliers or creditors, with their respective representativeness percentages as of December 31, 2021, are:

Main Commercial Creditors	%
GE Global Parts & Products GmbH	5.01%
Ing. y Construcción Sigdo Koppers S.A.	4.32%
Trina Solar (Chile) SpA	4.22%
CMC - Coal Marketing Dac	2.73%
Comité de Operación Económica del Sist.Interconectado Naciona	2.02%
Transportadora de Gas del Perú S.A.	1.70%
Ingeniería Agrosonda Ltda.	1.70%
Gas Natural de Lima y Callao S.A.	1.39%
Pluspetrol Peru Corporation S.A.	1.27%
Zimmerman PV Tracker GmbH	1.26%
Siemens Energy, Inc.	1.15%
Otros	73.22%
	100.00%

Aging of the portfolio of trade and other payables:

Concept	Balance as of 12.31.2021		Balance as of 12.31.2020	
	Current ThUS\$	Total ThUS\$	Current ThUS\$	Total ThUS\$
Goods	80,817	80,817	29,545	29,545
Services	82,051	82,051	74,631	74,631
Others	27,708	27,708	4,600	4,600
Total	190,576	190,576	108,776	108,776

As of December 31, 2021, the amounts payable for invoices receivable for goods and services amount to ThUS\$ 159,487; as of December 31, 2020, it amounted to ThUS\$ 74,446.

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.

27. Other provisions

a. Description of provisions

As of December 31, 2021, and 2020, this caption comprises the following:

Provisions	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
From legal proceedings	12,478	3,785	-	-
Decommissioning, restoration and rehabilitation costs	-	-	56,858	46,785
Related to the environment	30,866	25,585	-	-
Total	43,344	29,370	56,858	46,785

b. Movements in provisions during the period

As of December 31, 2021, and 2020, this caption comprises the following:

Movements in provisions	From legal proceedings ⁽¹⁾	Decommissioning, restoration and rehabilitation costs	Related to the environment ⁽²⁾	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2021	3,785	46,785	25,585	76,155
Increase (decrease) related to transfers and other changes, other provisions	(1,220)	-	-	(1,220)
Increase in existing provisions, other provisions	9,913	10,073	24,794	44,780
Provisions used, other provisions	-	-	(19,513)	(19,513)
Balance as of 12.31.2021	12,478	56,858	30,866	100,202

Movements in provisions	From legal proceedings ⁽¹⁾	Decommissioning, restoration and rehabilitation costs	Related to the environment ⁽²⁾	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2020	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)
Balance as of 12.31.2020	3,785	46,785	25,585	76,155

⁽¹⁾ Provisions for differences and/or tax administrative contingencies (see note 39.c).

⁽²⁾ 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, 2021, and 2020, the Company recognized provisions for litigation in accordance with IAS 37 (see note 39, letter c).

28. 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, 2021, and 2020, this caption comprises the following:

Employee benefits	Current		Non-current	
	12.31.2021 ThUS\$	12.31.2020 ThUS\$	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Accrued vacations, current	5,935	5,655	-	-
Performance bonus, current	9,439	11,439	-	-
Other benefits	-	-	2,025	2,398
Provision for severance indemnity payments	8,052	7,060	23,916	40,600
Total	23,426	24,154	25,941	42,998

b. Movements in provision during the period

As of December 31, 2021, and 2020, this caption comprises the following:

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2021	5,655	11,439	-	7,060	24,154
Increase in existing provisions, other provisions	280	9,203	-	992	10,475
Provision used, other provisions	-	(11,203)	-	-	(11,203)
Balance as of 12.31.2021	5,935	9,439	-	8,052	23,426

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2020	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)
Balance as of 12.31.2020	5,655	11,439	-	7,060	24,154

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, 2021, 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, 2021, and 2020, this caption comprises the following:

Provision for employee benefits	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Severance indemnity payments	31,968	47,660
Total	31,968	47,660
Present value of the obligation for defined benefit plans	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Opening balance as of January 1	47,660	37,039
Cost of current service	4,775	5,086
Interest cost	687	151
Foreign currency translation differences	(7,546)	1,969
Actuarial gain (loss)	(12,196)	4,384
Payments	(1,412)	(969)
Closing balance	31,968	47,660

ii) **Actuarial assumptions** - The main assumptions used for actuarial calculation purposes are as follows:

Actuarial basis used	12.31.2021	12.31.2020
Discount rate	2.49%	0.20%
Expected rate of salary increases	1.62%	1.62%
Turnover rate	Voluntary	4.20%
	Dismissal	3.40%
Retirement age	Men	65
	Women	60
Mortality rate	RV-2014	RV-2014

Discount rate: Corresponds to the interest rate to be used to show in present value terms the disbursements expected to be realized in the future. The discount rate was determined based on the bonds denominated in inflation-adjusted units (UF) of the Chilean Central Bank with a 20-year term as of December 31, 2021. 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	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
	%	%	ThUS\$	ThUS\$
Period rate	2.49	0.20	31,968	47,660
Rate decrease by 50 b.p.	1.99	-0.30	33,907	51,428
Rate increased by 50 b.p.	2.99	0.70	30,207	44,274

29. Other non-financial liabilities

As of December 31, 2021, and 2020, this caption comprises the following:

	Current		Non-current	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Withholdings	15,317	21,375	-	-
Unearned revenue ⁽¹⁾	541	1,321	6,326	20,775
Total	15,858	22,696	6,326	20,775

⁽¹⁾ Corresponds to prepayments received related to the operations and maintenance services. Revenue is recognized when the service is rendered. Non-current balance includes ThUS\$ 6,326 corresponding to the recognition of the lease agreement entered into between the Company and Codelco. As of December 31, 2020, such balance amounted to ThUS\$ 20,775.

30. 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, 2021, 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	12.31.2021	12.31.2020
No. of outstanding shares as of January 1	17,536,167,720	17,536,167,720
Changes in outstanding shares		
Increase (decrease) in outstanding shares	-	-
No. of outstanding shares at the end of the period	17,536,167,720	17,536,167,720

a.2 N° of shareholders

As of December 31, 2021, the number of shareholders is 3,274.

b. Share capital

Share capital corresponds to the paid-in capital indicated in letter a.

c. Share premium

As of December 31, 2021, and 2020, 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 29, 2021, established that the Company will distribute at least 50% of net profit. In accordance with IFRS, there is a legal and assumed obligation requiring the accounting for of a liability at each reporting date for the concept of the minimum legal dividend.

At the Extraordinary Shareholders' Meeting held on September 15, 2021, it was approved to distribute an eventual dividend, charged to the accumulated profits of the Company for the amount of ThUS\$ 750,000 corresponding to US \$ 0.94277 per share, payable in dollars or pesos, at the election of the shareholders, from October 12, 2021. Additionally, the Board of Directors was empowered, so that, if it deems it necessary for any reason, to suspend the payment of the dividend referred to above, setting, in the same act or subsequently, a new payment date, which may not be later than December 31, 2021. This power may be exercised by the Board of Directors until before the publication of the notice of payment of the aforementioned dividend.

The Extraordinary Board of Directors dated August 10, 2021 approved the distribution of a provisional dividend, charged to the net profits corresponding to the year ending December 31, 2021 for the amount of ThUS \$ 250,000 corresponding to US\$0.01426 per share, payable in dollars or pesos, at the election of the shareholders, as of October 12, 2021.

At the Shareholders' Meeting held on April 29, 2021, it was approved to distribute a final dividend in the amount of ThUS \$ 81,675 corresponding to US \$ 0.00465 per share, and an eventual dividend charged to accumulated earnings of previous years of ThUS \$ 164,580, corresponding to US \$ 0.00939 per share, which began to be paid on May 12, 2021.

At the Board of Directors' Meeting held on March 31, 2021, 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\$ 81,675 corresponding to US\$ 0.00465 per share, which in addition to a provisional dividend of ThUS\$ 81,217 corresponding to US\$ 0.00463 per share, would amount to Net Distributable Profit for 2020 of ThUS\$ 162,892; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$ 164,850, corresponding to US\$ 0.00939 per share.

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 to be paid 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.

e. Detail of Other reserves

This caption comprises the following:

Other reserves	12.31.2021	12.31.2020
	ThUS\$	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	278,017	400,112
Revaluation of deferred taxes	(104,445)	(108,361)
Merger reserve	155,959	174,967
Affiliate translation effects	(37,714)	(40,658)
Subsidiaries' reserve	(12,051)	(12,051)
Hedging reserve	(14,838)	8,819
Associate hedging effects	311	131
Total	552,059	709,779

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, 2021, and 2020, changes in reserves for retained earnings are detailed as follows:

Distributable retained earnings	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Opening balance as of January 1	1,414,284	1,458,332
Profit or loss for the year	545,298	162,893
Effect of actuarial profit (loss)	10,080	(2,893)
Dividends	(1,273,666)	(232,970)
Realized retained earnings	137,184	28,922
Total distributable retained earnings	833,180	1,414,284

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, 2021, and 2020, the indebtedness level detailed is as follows:

	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Total liabilities	3,761,082	3,048,499
Total current liabilities	679,004	306,532
Total non-current liabilities	3,082,078	2,741,967
Total equity	2,841,426	3,585,368
Equity attributable to the Parent	2,720,627	3,459,451
Non-controlling interest	120,799	125,917
Indebtedness ratio	1.32	0.85

The Company should report the compliance of commitments entered with financial institutions on a quarterly basis. As of December 31, 2021, the Company complies with all the financial indicators required in such contracts (See note 40).

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.

	12.31.2021	12.31.2020
Profit (loss) attributable to shareholders of the Parent (ThUS\$)	545,298	162,893
Profit (loss) available for common shareholders, basic (ThUS\$)	545,298	162,893
Weighted average number of shares, basic (No. of shares)	17,536,167,720	17,536,167,720
Basic earnings per share (U.S. dollars per share)	0.03110	0.00929

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)	12.31.2021	12.31.2020
	ThUS\$	ThUS\$
Shareholders of the Parent	545,298	162,893
Cash flow for the year charged to prior years	-	-
Effect on unrealized finance income that generated no cash flows	-	-
Net cash flow for the year	-	-
Net distributable profit	545,298	162,893
Mandatory minimum dividend	272,649	81,447

31. Revenue

For the periods ended December 31, 2021 and 2020, this caption comprises the following:

	January - December	
	2021	2020
	ThUS\$	ThUS\$
Regulated customer sales	454,501	438,374
Unregulated customer sales	689,425	698,794
Toll charges	35,390	54,842
Spot market sales	210,866	131,216
Other income	49,562	25,642
Total	1,439,744	1,348,868

32. Raw materials and consumable

For the periods ended December 31, 2021 and 2020, this caption comprises the following:

Inventories	January - December	
	2021	2020
	ThUS\$	ThUS\$
Oil consumption (see Note 14)	(49,346)	(9,523)
Gas consumption (see Note 14)	(394,380)	(245,413)
Coal consumption (see Note 14)	(89,660)	(70,351)
Purchase of energy and capacity	(70,648)	(54,098)
Toll charges	(114,954)	(112,760)
Third-party work and supplies	(62,985)	(83,651)
Total	(781,973)	(575,796)

33. Employee benefits expenses

For the periods ended December 31, 2021 and 2020, this caption comprises the following (see note 3.1.m. and 3.1.o.):

	January - December	
	2021 ThUS\$	2020 ThUS\$
Salaries and wages	(63,436)	(52,075)
Short-term employee benefits	(6,129)	(5,224)
Severance indemnity payments	(7,375)	(5,985)
Other personnel expenses	(2,732)	(2,073)
Total	(79,672)	(65,357)

34. Depreciation and amortization expenses

For the periods ended December 31, 2021 and 2020, this caption comprises the following:

	January - December	
	2021 ThUS\$	2020 ThUS\$
Depreciation (see Note 19.b)	(195,830)	(229,236)
Depreciation right-of-use assets (see note 20.b)	(13,185)	(12,752)
Amortization of intangible assets (see Note 18.b)	(4,148)	(4,627)
Total	(213,163)	(246,615)

35. Total Financial income and financial cost

For the periods ended December 31, 2021 and 2020, this caption comprises the following:

Income (loss) from investments	January - December	
	2021 ThUS\$	2020 ThUS\$
Income on cash and other cash equivalents	4,968	11,242
Total financial income	4,968	11,242
Financial cost	January - December	
	2021 ThUS\$	2020 ThUS\$
Expenses on bonds	(67,555)	(65,745)
Interest expense for lease liabilities ⁽¹⁾	(8,615)	(9,077)
Expense incurred for financial provisions	(10,694)	(9,865)
Borrowing costs	(2,602)	(2,666)
Income/expense on the valuation of net financial derivatives	(1,592)	(2,265)
Other expenses (bank expenses)	(564)	(396)
Other expenses (commissions)	(812)	(610)
Capital financial expenses (see note 19.c.iv)	6,087	165
Total financial cost	(86,347)	(90,459)
Total financial income and financial costs	(81,379)	(79,217)

⁽¹⁾ Leases recognized under IFRS 16

36. 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	
		2021 ThUS\$	2020 ThUS\$
Cash and cash equivalents	Ch\$	(10,711)	8,882
Cash and cash equivalents	PEN	(716)	(1,195)
Trade and other receivables	Ch\$	(14,328)	49
Trade and other receivables	PEN	(459)	(1,060)
Current tax assets	Ch\$	310	9,029
Current tax assets	PEN	(572)	(1,093)
Other non-financial assets, non-current	Ch\$	(1,073)	1,308
Other non-financial assets, non-current	PEN	-	(132)
Foreign currency translation difference - assets		(27,549)	15,788
Other financial liabilities, current	UF	9,081	(6,326)
Other financial liabilities, current	PEN	106	227
Trade and other payables	Ch\$	(1,115)	(581)
Trade and other payables	PEN	(18)	53
Other non-financial liabilities	Ch\$	(3,218)	(57)
Provisions for employee benefits	Ch\$	8,887	(3,379)
Foreign currency translation difference - liabilities		13,723	(10,063)
Total foreign currency translation difference		(13,826)	5,725

37. Income (expense) from investments accounted for using the equity method

Income from investments accounted by equity method for the period ended December 31, 2021, and 2020, respectively, are presented in the following breakdown:

Net interest in affiliates' income	January - December	
	2021 ThUS\$	2020 ThUS\$
Electrogas S.A.	7,035	8,149
Transmisora Eléctrica de Quillota Ltda ⁽¹⁾	(338)	1,801
Total	6,697	9,950

⁽¹⁾ On December 30, 2021, the sale of the total share of the Joint Venture of Transmisora Eléctrica de Quillota Ltda. (equivalent to 50% of the social rights) was made, to the companies APG Energy & Infra Investments Chile Expansion SpA, and CELEO Redes Chile Expansion SpA.

38. Other gains (losses)

For the periods ended December 31, 2021 and 2020, this caption comprises the following:

Other gains	January - December	
	2021 ThUS\$	2020 ThUS\$
Insurance	-	21,280
Sale of shares Colbún Transmisión S.A. ⁽¹⁾	841,948	-
Sale of shares Quillota Ltda ⁽²⁾	11,734	-
Other income	6,403	8,350
Total other gains	860,085	29,630
Other losses	January - December	
	2021 ThUS\$	2020 ThUS\$
Impairment projects ⁽³⁾	(139,951)	-
Financial cost for sale of portfolio associated with PEC ⁽⁴⁾	(26,906)	-
Bond prepayment costs ⁽⁵⁾	(14,901)	-
Emissions of thermoelectric plants ⁽⁶⁾	(12,515)	(13,362)
Donations and community contributions	(5,556)	(3,720)
Impairment of water rights	(4,239)	(4,517)
Decommissioning cost	(1,397)	(1,350)
Loss from derivative contracts	(825)	(354)
Litigation-related legal fees	(636)	(1,153)
Write-offs and fines	(292)	(60)
Disposal of property, plant and equipment	(69)	(27,000)
Allowance for doubtful customers	398	(2,230)
Inventory obsolescence	1,022	(3)
Impairment CGU Peru ⁽⁷⁾	-	(179,615)
Commission for prepayment of bond ⁽⁸⁾	-	(17,391)
Others	(47,571)	(19,011)
Total other losses	(253,438)	(269,766)
Total other gains (losses)	606,647	(240,136)

⁽¹⁾ On September 30, 2021, the shares of Colbún Transmisión S.A. were sold to Alfa Desarrollo SpA.

⁽²⁾ On December 30, 2021, the sale of the total share of the Joint Venture of Transmisora Eléctrica de Quillota Ltda. (equivalent to 50% of the social rights) was made, to the companies APG Energy & Infra Investments Chile Expansion SpA, and CELEO Redes Chile Expansion SpA.

⁽³⁾ In the Board of Director meeting held on November 30, the impairment of the San Pedro Hydroelectric Power Plant and Guaiquivilo Melado Hydroelectric Power Plant projects was approved.

⁽⁴⁾ Corresponds to Financial cost related with the sale of accounts receivables balances generated by the energy price stabilization mechanism ("PEC" in its Spanish acronym).

⁽⁵⁾ Corresponds to the prepaid cost of Local Bonds Series F and I.

⁽⁶⁾ Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

⁽⁷⁾ Corresponds to the impairment of the assets of the subsidiary Fenix Power Perú S.A. (see Note 5.b)

⁽⁸⁾ 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.

39. Guarantees with third parties and contingent assets and liabilities

a. Guarantees with third parties

a.1 Direct guarantees: As of December 31, 2021, and 2020, the Company has provided direct guarantees for ThUS\$ 31,707.

Assets committed			Outstanding balance	
Type of guarantee	Currency	Carrying amount	12.31.2021	12.31.2020
			ThUS\$	ThUS\$
Performance bond	Ch\$	796,125,559	943	1,776
Performance bond	US\$	22,671,500	22,672	25,707
Performance bond	UF	220,395	8,086	21,165
Guarantee check	UF	167	6	7
Total			31,707	48,655

b. Third-party guarantees

b.1 Current guarantees denominated in U.S. dollars as of December 31, 2021

Deposited by	Relationship	Total ThUS\$
Enercon Chile SpA	Suppliers	56,995
General Electric International, Inc.	Suppliers	15,000
Wartsila Finland OY	Suppliers	3,068
Siemens Energy SpA	Suppliers	1,899
Rhona S.A.	Suppliers	260
Voith Hydro S.A.	Suppliers	250
LS Cable And System Ltd.	Suppliers	187
ABB Power Grids Brasil Ltda.	Suppliers	99
Siemens S.A.	Suppliers	67
Ing. y Ases. en Comp. y Comunicación Neosecure S.A.	Suppliers	37
Soc. de Ventas Servicios Instrumentación Ltda.	Suppliers	23
Campbell Scientific Centro Caribe S.A.	Suppliers	18
Acanto S.A.	Suppliers	8
MEE S.A.	Suppliers	5
Total		77,916

b.2 Current guarantees denominated in Euros as of December 31, 2021

Deposited by	Relationship	Total ThUS\$
Enercon GmbH	Suppliers	18,142
Siemens Energy SpA	Suppliers	498
Andritz Hydro S.R.L.	Suppliers	295
Weidmuller S.A.	Suppliers	41
Andritz Chile Ltda.	Suppliers	5
Total		18,981

b.3 Current guarantees denominated in Chilean pesos as of December 31, 2021

Deposited by	Relationship	Total ThUS\$
Vecchiola Ingeniería y Construcción S.A.	Suppliers	288
Constructora y Maquinarias Pulmahue SpA	Suppliers	44
SG Ingeniería Eléctrica Ltda.	Suppliers	32
Eduardo Antonio Gómez Miranda	Suppliers	29
DPLGrout Construcciones SpA	Suppliers	19
ST Ingeniería y Construcción SpA	Suppliers	19
Sodexo Chile SpA	Suppliers	16
Ingeniería y Comercial San Andrés Ltda.	Suppliers	13
Serv. de Ingeniería y Desarrollo de Proyectos S.A.	Suppliers	13
Jaime Fuentes y Cía. Ltda.	Suppliers	13
Target-Ts SpA	Suppliers	12
Desarrollo Marítimo Servicios y Equipamiento SpA	Suppliers	12
Sodexo Chile S.A.	Suppliers	10
Soc. Asociación Canales Maule Sur Ltda.	Suppliers	9
Dimetales SpA	Suppliers	8
Ximena Marieela Soto Orellana	Suppliers	7
Prosing Ingeniería y Servicios Ltda.	Suppliers	6
Rhona S.A.	Suppliers	5
Constructora Javag SpA	Suppliers	3
Total		558

b.4 Current guarantees denominated in Inflation-adjusted units as of December 31, 2021

Deposited by	Relationship	Total ThUS\$
Promet Servicios SpA	Suppliers	3,475
Ingeniería Agrosonda SpA	Suppliers	1,398
Barlovento Recursos Naturales SI Tax Id.	Suppliers	499
DNV GL Chile Ltda.	Suppliers	266
Serv. Industriales Ltda.	Suppliers	225
Contract Chile S.A.	Suppliers	177
Algoritmos y Mediciones Ambientales SpA	Suppliers	170
Securitas S.A.	Suppliers	103
Ricoh Chile S.A.	Suppliers	73
Vigatec S.A.	Suppliers	65
Servicios Emca Spa	Suppliers	65
Integración de Tecnologías ITQ Ltda.	Suppliers	62
Ateme Consultores SpA	Suppliers	58
Universidad de Concepción	Suppliers	56
WSP Ambiental S.A.	Suppliers	55
Siemens S.A.	Suppliers	53
Novis S.A.	Suppliers	49
Arkanosoft Chile SpA	Suppliers	42
Marcelo Javier Urrea Caro EIRL	Suppliers	41
Soc. Comercial San Cristóbal Ltda.	Suppliers	37
Empresa Nacional de Telecomunicaciones S.A.	Suppliers	36
Transportes José Carrasco Retamal EIRL	Suppliers	34
OHL Servicios Ingesan S.A. Agencia en Chile	Suppliers	33
Mario Francisco Segura Caballero	Suppliers	32
Soc. Comercial Camin Ltda.	Suppliers	31
Constructora Javag SpA	Suppliers	31
Bessertec SpA	Suppliers	29
Sodexo Chile SpA	Suppliers	28
Sistema Integral de Telecomunicaciones Ltda.	Suppliers	28
XPE Consult SpA	Suppliers	27
Buses Ahumada Ltda.	Suppliers	25
Latinamericana Serv. de Ingeniería y Construcción Ltda.	Suppliers	21
Sodexo Chile S.A.	Suppliers	19
J.E.J. Ingeniería S.A.	Suppliers	18
SIGA Ingeniería y Consultoría S.A.	Suppliers	18
Tecnored S.A.	Suppliers	18
MYA Chile Soluciones contra Incendio e Industriales Ltda.	Suppliers	17
ISS Facility Services S.A.	Suppliers	17
Serv. Industriales Euroambiente Ltda.	Suppliers	14
Conecta Ingeniería S.A.	Suppliers	13
Soc. de Transportes Turismos e Invers.	Suppliers	12
Serv. Eduardo Sebastián Velásquez Negrón E.I.R.L.	Suppliers	12
GS3 Consultores SpA	Suppliers	9
Soc. Comercial y de Inversiones Conyser Ltda.	Suppliers	9
Enertis Chile SpA	Suppliers	8
Aguasín SpA	Suppliers	8
Barlovento Chile Ltda.	Suppliers	8
SGS Chile Ltda. Soc. de Control	Suppliers	7
Mantenimiento de Jardines Arcoiris Ltda.	Suppliers	5
Victoria S.A.	Suppliers	5
Target-TS SpA	Suppliers	4
GHD S.A.	Suppliers	3
Servicios GEA Ltda.	Suppliers	3
Arcadis Chile SpA	Suppliers	3
Empresa de Servicios Himce Ltda.	Suppliers	3
Andritz Chile Ltda.	Suppliers	1
Total		7,558

Fenix Power Perú S.A.**b.1 Current guarantees denominated in Peruvian soles as of December 31, 2021**

Deposited by	Relationship	Total ThUS\$
Empresa Regional de Serv. Público del Oriente S.A.	Suppliers	1,478
Unicontrol	Suppliers	49
Procarvi S.A.	Suppliers	37
Busser SAC	Suppliers	27
J&V Resguardo SAC	Suppliers	25
M&D Consultores	Suppliers	4
People Intermediacion SAC	Suppliers	4
Advanced Services In Decotations SAC	Suppliers	1
Total		1,625

b.2 Current guarantees denominated in U.S. dollars as of December 31, 2021

Deposited by	Relationship	Total ThUS\$
Barlovento Renovables Latinoamérica SAC	Suppliers	201
Aptim Perú SAC	Suppliers	15
JC Soluciones Técnicas	Suppliers	6
VYT Contratistas SAC	Suppliers	5
Total		227

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, 2021, the detail of litigation in accordance with IAS 37 is as follows:



Chile

1.- 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. The SMA decided to apply a fine for minor infraction of UTA 345, regarding this resolution of the SMA, Colbún filed a claim to the Environmental Court of Valdivia and the Plaintiffs filed an Appeal for Reversal to the same SMA.

2.- 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 basis, 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. The process is awaiting the arguments that will be on January 6 and then the case remains for final judgment.

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.

3.- 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.

As of December 31, 2021, the process is in the probationary period.

4. Invalidation of RCA Diego de Almagro Sur photovoltaic project

By Exempt Resolution of June 11, 2021, the Environmental Assessment Service (“SEA” for its Spanish acronym) notified the request for invalidation of the RCA that approved the project’s EIS, presented by a Colla-Diaguita indigenous community, represented by Wilfredo Cerda; based on the project’s impact on this community due to the alleged existence of ceremonial sites, destruction of the Inca Trail, impact of Los Gemelos hill due to the extraction of stone material, among other issues.

Colbún presented the response and its defense before the SEA, in which the environmental evaluation carried out is defended, since the project does not generate significant impacts that could have justified an indigenous consultation. The SEA, by resolution dated November 11, 2021, rejected the Claim presented, without prejudice to which the Claimants filed an Appeal before the Environmental Court of Antofagasta insisting on their thesis. Colbún is studying the way to become part of the process.

The Management, in compliance with IAS 37, estimates a contingency as remote, therefore, it has proceeded to disclose it, but has not constituted a provision to date, because it is not possible to reliably measure or estimate the liability arising from it, likewise, there are no claimable reimbursements in the event of an unfavorable judgment.

5. Pataguillas Tunnel Accident.

As a result of the accident of the “Pataguilla Tunnel” of the “Canal Las Mercedes” that occurred at the end of November 2020, and which carries water for HPP Carena and also irrigates agricultural properties in the communes of María Pinto and Curacaví, on September 6, 2021, Colbún S.A. was notified a claim for compensation for damages filed by Mr. César Véliz ch\$ 1,135 million.

6. Puerto Coronel Arbitration

On September 23, 2021, an arbitration was established to Mr. Manuel José Vial Vial, between Colbún S.A. and Puerto de Coronel, to learn about the differences in interpretation of the tax clause of the service contract for coal unloading at the Santa María Thermal Power Plant, located in the Coronel commune.

40. Commitments

Commitments entered with financial institutions

As of the date of publication of the Financial Statements, Colbún S.A does not maintain loans with financial entities or with bondholders that impose obligations to comply with financial indicators.

41. 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:

Horizonte Wind Project: Horizonte project is a wind farm located 130 km northeast of Taltal and 170 km southwest of Antofagasta, considering the displacement along Route 5. It considers an installed capacity of 778 MW, which is made up of 140 machines of 5,56 MW each one and an average annual generation of approximately 2,380 GWh. It considers the connection to the SEN in the future S/E Parinas located 22 km away.

On September 13, 2021, the SEA issued the Environmental Qualification Resolution (RCA) for the project and on September 21, at a meeting held in Taltal, the approval by the Board of Directors of the start of construction was announced.

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 installed capacity of 220MW and an average annual generation of approximately 615 GWh. This project has its Environmental Impact Study secured.

The construction phase of the project began during the month of September 2020 and roads and has an advance of 70%.

San Pedro hydroelectric power plant: Run of the river hydroelectric power plant located in Los Ríos Region.

The project has reached a 15% of progress 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 Project has completed its construction phase and is waiting to enter into operation.

Additionally, there are disbursements associated with 25 power generation plants in operation, including the Fenix plant (Chilca, Peru)

As of December 31, 2021, and 2020, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:

Accrued expenses as of 12.31.2021

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.	Central Nehuenco	Environmental Management of Power Plant	Expense	Cost	560	dec-21
Colbún S.A.	Central Santa María	Environmental Management of Power Plant	Expense	Cost	448	dec-21
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	386	dec-21
Colbún S.A.	Complejo Angostura	Environmental Management of Power Plant	Expense	Cost	283	dec-21
Colbún S.A.	Central Candelaria	Environmental Management of Power Plant	Expense	Cost	242	dec-21
Colbún S.A.	Central Angostura	Environmental Management of Power Plant	Expense	Cost	228	dec-21
Colbún S.A.	Central Los Pinos	Environmental Management of Power Plant	Expense	Cost	209	dec-21
Colbún S.A.	Central Quilleco	Environmental Management of Power Plant	Expense	Cost	106	dec-21
Colbún S.A.	Complejo Colbún	Environmental Management of Power Plant	Expense	Cost	93	dec-21
Colbún S.A.	Central Canutillar	Environmental Management of Power Plant	Expense	Cost	64	dec-21
Colbún S.A.	Central Rucúe	Environmental Management of Power Plant	Expense	Cost	30	dec-21
Colbún S.A.	Central Carena	Environmental Management of Power Plant	Expense	Cost	6	dec-21
Colbún S.A.	Central Canutillar	Environmental Management of Power Plant	Expense	Expense	1	dec-21
Total					2,656	

Future expenses as of 12.31.2021

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.	Central Candelaria	Environmental Management of Power Plant	Expense	Cost	123	dec-22
Colbún S.A.	Central Santa María	Environmental Management of Power Plant	Expense	Cost	97	jan-22
Colbún S.A.	Central Angostura	Environmental Management of Power Plant	Expense	Cost	32	jun-22
Colbún S.A.	Central Quilleco	Environmental Management of Power Plant	Expense	Cost	23	jun-22
Colbún S.A.	Central Rucúe	Environmental Management of Power Plant	Expense	Cost	12	jun-22
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	7	jan-22
Colbún S.A.	Complejo Colbún	Environmental Management of Power Plant	Expense	Cost	3	apr-22
Total					297	

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.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	508	dec-20
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	401	dec-20
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	284	dec-20
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	203	dec-20
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	191	dec-20
Colbún S.A.	Candelaria	Environmental Management of Parent	Expense	Cost	166	dec-20
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	134	dec-20
Colbún S.A.	Corporate environmental management	Environmental Management of Power Plant	Expense	Expense	109	dec-20
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	86	dec-20
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	77	dec-20
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	69	dec-20
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	35	dec-20
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Expense	9	dec-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 1	Environmental Management of Power Plant	Expense	Cost	45	mar-21
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	21	mar-21
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	12	mar-21
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	5	mar-21
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	4	mar-21
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	4	mar-21
Colbún S.A.	Corporate environmental management	Environmental Management of Power Plant	Expense	Expense	2	mar-21
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	1	mar-21
Colbún S.A.	Candelaria	Environmental Management of Parent	Expense	Cost	1	mar-21

Total 95

Disbursements in Peru

Accrued expenses as of 12.31.2021

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.	Chilca Power Plant	Environmental Management of Power Plant	Expense	Cost	305	dic-21
Total					305	

Future expenses as of 12.31.2021

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.	Chilca Power Plant	Environmental Management of Power Plant	Expense	Cost	86	dic-22
Total					86	

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.	Environmental monitoring and management	Environmental Monitoring and 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.	Environmental monitoring and management	Environmental Monitoring and Management	Expense	Cost	36	mar-21
Total					36	



42. Events occurred after the date of the financial position

At a meeting held on January 25, 2022, the Company's Board of Directors approved the consolidated financial statements as of December 31, 2021, prepared in accordance with International Financial Reporting Standards (IFRS), issued by the IASB.

On December 22, 2021, the company announced the total early redemption of the local bonds in force to date, corresponding to series F and I, for a notional amount of UF 4.6 million. The payment of said obligation, made in accordance with the clauses provided for such purposes in the respective bond issuance contracts, was made on January 24, 2022.

No other subsequent events have occurred between January 1, 2022 and the date of issuance of these Financial Statements.

43. 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	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Total current assets				
Cash and cash equivalents	Ch\$	US\$	80,972	79,005
Cash and cash equivalents	EUR	US\$	300	2,042
Cash and cash equivalents	PEN	US\$	7,088	7,124
Other non-financial assets, current	Ch\$	US\$	4,012	19,802
Other non-financial assets, current	EUR	US\$	19,576	-
Other non-financial assets, current	UF	US\$	98	-
Trade and other receivables, current	Ch\$	US\$	40,062	155,915
Trade and other receivables, current	PEN	US\$	18,905	24,992
Trade receivables due from related parties, current	Ch\$	US\$	-	12
Current tax assets	Ch\$	US\$	32	11
Current tax assets	PEN	US\$	1,364	3,910
Total current assets			172,409	292,813
Other non-financial assets, non-current	Ch\$	US\$	18,967	5,737
Total non-current assets			18,967	5,737
Total assets			191,376	298,550

Pasivos	Moneda Extranjera	Moneda Funcional	12.31.2021 MUS\$	12.31.2020 MUS\$
Total current liabilities				
Other financial liabilities, current	Ch\$	US\$	-	221
Other financial liabilities, current	UF	US\$	37,141	14,326
Lease liabilities, current	UF	US\$	1,932	1,988
Trade and other payables	Ch\$	US\$	196,551	102,546
Trade and other payables	PEN	US\$	5,397	12,552
Trade and other payables	EUR	US\$	3,758	2,630
Payables due to related parties, current	Ch\$	US\$	1,399	31
Other current provisions	Ch\$	US\$	43,344	29,370
Provisions for employee benefits, current	Ch\$	US\$	22,184	22,688
Provisions for employee benefits, current	PEN	US\$	1,242	1,319
Other non-financial liabilities, current	Ch\$	US\$	14,231	21,229
Other non-financial liabilities, current	PEN	US\$	1,627	1,382
Total current liabilities			328,806	210,282
Non-current liabilities				
Other financial liabilities, non-current	Ch\$	US\$	-	218
Other financial liabilities, non-current	UF	US\$	-	41,225
Lease liabilities, non-current	UF	US\$	1,454	2,844
Provisions for employee benefits, non-current	Ch\$	US\$	25,941	42,998
Other non-financial liabilities, non-current	Ch\$	US\$	6,326	9,952
Total non-current liabilities			33,721	97,237
Total liabilities			362,527	307,519

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 3', letter e).

Maturity profile of other financial liabilities in foreign currency

As of 12.31.2021	Foreign currency	Currency	Up to 91 days	91 days to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities	UF	US\$	37,141	-	-	-	-	37,141
Total			37,141	-	-	-	-	37,141

As of 12.31.2020	Foreign currency	Currency	Up to 91 days	91 days to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	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
Total			69	14,478	11,211	10,993	19,239	55,990

44. Headcount (unaudited)

As of December 31, 2021, and 2020, this caption comprises the following:

	No. of employees					
	12.31.2021			12.31.2020		
	Chile	Peru	Total	Chile	Peru	Total
Managers and main executives	87	9	96	82	9	91
Professionals and technical staff	754	86	840	717	73	790
Other	237	20	257	244	21	265
Total	1,078	115	1,193	1,043	103	1,146
Average of the year	1,074	107	1,181	1,029	95	1,124

45. Exhibit 1 Additional information required for XBRL taxonomy

This exhibit forms an integral part of the Company's interim consolidated financial statements.

Fees for external auditors

As of December 31, 2021, and 2020, this caption comprises the following:

Concept	January - December	
	2021	2020
	ThUS\$	ThUS\$
Audit services	249	335
Tax services	108	6
Other services	417	307
Auditor's fees	774	648

* * * * *



4th Q U A R T E R 2021



QUARTERLY EARNINGS REPORT

As of December 31, 2021

CONTENTS

4Q21 EARNINGS REPORT

HIGHLIGHTS	3
PHYSICAL SALES AND GENERATION BALANCE	5
Physical sales and generation balance Chile	5
Physical sales and generation balance Peru	7
INCOME STATEMENT ANALYSIS	8
Operating Income analysis Generation Chile	9
Operating Income analysis Transmission Chile	10
Operating Income analysis Peru	11
Consolidated Non-Operating Result analysis	12
CONSOLIDATED BALANCE SHEET ANALYSIS	13
CONSOLIDATED FINANCIAL RATIOS	15
CONSOLIDATED CASH FLOW ANALYSIS	17
ENVIROMENT AND RISKS ANALYSIS	18
Medium-term outlook in Chile	18
Medium-term outlook in Peru	19
Growth plan and long-term actions	19
Risk Management	22

Conference Call
4Q21

Date: Friday January 28th, 2021

Time: 09:00 AM Eastern Time
11:00 AM Chilean Time

US Toll Free: +1 877 545 0320
International Dial: +1 973 528 0002
Event Link:
<https://www.webcaster4.com/Webcast/Page/1997/44391>

Investor Relations Team Contact:

Miguel Alarcón V.
malarcon@colbun.cl
+ (56) 2 24604394

Soledad Errázuriz V.
serrazuriz@colbun.cl
+ (56) 2 24604450

Isidora Zaldívar S.
izaldivar@colbun.cl
+ (56) 2 24604308

1. HIGHLIGHTS

Main Figures at a Consolidated Level:

■ ■ ■ **Operating Income** for the fourth quarter of 2021 (4Q21) amounted to **US\$374.9 million**, increasing 12% compared to the operating income recorded in the fourth quarter of 2020 (4Q20) mainly explained by (1) higher physical sales in the spot market in Chile; and (2) a higher average sale price in Chile. These effects were partially offset by lower physical sales to unregulated clients, driven by Anglo American's contract expiration in Dic20.

In cumulative terms, operating income from ordinary activities as of Dec21 reached **US\$1,439.7 million**, increasing 7% compared to the income recorded as of Dec20 mainly explained by (1) higher sales in the spot market driven by the system's higher marginal cost; despite of lower physical sales in that market; (2) higher incomes related to IT and tolls provision collections and (3) higher sales to regulated clients associated with a higher average sale price for the application of the indexation clauses stipulated in the contracts. These effects were partially offset by lower tolls income as a result of Colbún Transmisión's sale on Sep21 (in 2021 9 months are included in this segment, while the complete year was included in 2020) and lower physical sales to unregulated clients, driven by Anglo American's contract expiration in Dic20.

■ ■ ■ Consolidated **EBITDA** in 4Q21 reached **US\$164.3 million**, decreasing 9% compared to the US\$179.9 million EBITDA in 4Q20. The decrease is mainly explained by (1) a significantly lower hydroelectric generation (consequence of the extreme drought that affects Chile) which was replaced by higher gas generation, increasing the Company's variable cost.

In cumulative terms EBITDA as of Dec21 totaled **US\$520.2 million**, decreasing 24% compared to Dec20. The decrease is mainly explained by the same reasons for the variation in quarterly terms and by a significant increase on thermal generation costs and purchases in the spot market given higher system's marginal costs driven by higher fossil fuel prices on international markets.

■ ■ ■ **Non-operating result** in 4Q21 recorded losses of **US\$182.1 million**, compared to the losses of US\$207.4 million in 4Q20. The lower losses are mainly explained by lower impairment provisions recorded on individual assets. During 4Q21, provisions were recorded for an amount net of deferred taxes of US\$102 million for this concept, of which US\$100 million corresponds to the San Pedro hydroelectric project. This project continues with its environmental assessment process. On the other hand, during 4Q20 an accounting impairment provision was recorded in the subsidiary Fenix in Peru for an amount net of deferred taxes of US\$127 million.

In cumulative terms, non-operating result as of Dec21 recorded a profit of **US\$518.1 million**, compared with the loss of US\$303.7 million recorded as of Dec20. The profit as of Dec21 is mainly explained by the extraordinary effect on results of Colbún Transmisión S.A's sale. The sale price amounted to US\$1,185 million with which the effect on results before taxes of this transaction amounted to US\$830 million. This effect was partially offset by the provisions for impairment recorded, previously explained.

■ ■ ■ In 4Q21 **tax profits** of **US\$18.1 million** were recorded, compared to US\$27.5 million profits in 4Q20. Tax profits are explained in both periods by the effects on results of the accounting record of impairment provisions previously mentioned, which decreased Colbun's deferred tax liability.

In cumulative terms, tax expenses as of Dec21 recorded **US\$285.0 million** compared to US\$42.8 million in Dec20. The higher tax expenses are explained by (1) the higher profit before taxes recorded during the year due to the subsidiary Colbún Transmisión S.A's sale and (2) higher tax expenses in Peru, due to the depreciation of the PEN/USD exchange rate during the period and its impact on deferred taxes given that Fenix's tax accounting is in Peruvian soles, according to the Peruvian tax legislation.

■ ■ ■ In 4Q21, the Company recorded a loss of **US\$52.4 million**, compared to the loss of US\$62.9 million in 4Q20, mainly explained by the impairment provisions recorded, previously mentioned. **In cumulative terms**, the Company recorded a **profit of US\$540.2 million** as of Dec21, compared to the profit of US\$89.5 million as of Dec20. The higher profit is mainly explained by the higher non-operational profits recorded previously mentioned.

Highlights of the year:

■ ■ ■ Regarding the **COVID-19 pandemic contingency**, the Company's power plants continue 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. Reflecting the rebound in economic activity with the decrease in quarantines in 2021, compared to 2020, the energy demand in Chile experienced a growth of approximately 5.5% during 4Q21 compared to 4Q20 and 4.6 % in the last 12 months, while in Peru demand grown approximately 3.0% during the quarter, compared to the same period of the year 2020 and 9.8% in the last 12 months.

■ ■ ■ Within the framework of an agreement signed with Goldman Sachs, IDB Invest and Allianz, during the first half of 2021 **Colbún sold to Chile Electricity PEC SpA accounts receivable originated by the energy price stabilization mechanism** to regulated clients (Law 21,185), for a total face value of US\$96 million. The difference between the nominal amount of the balances sold and the purchase price was recorded as "Other losses" for the year. The agreement contemplates carrying out successive sales of the accounts receivable that originate by virtue of the aforementioned law.

■ ■ ■ On September 30th, the **sale of all the shares of Colbún Transmission S.A.** to Alfa Desarrollo SpA was executed. The final sale price was US\$1,185 million, with which the effect on income before taxes amounted to US\$830 million.

■ ■ ■ As a result of the extraordinary income received from the sale of Colbún Transmission S.A. and the Company's liquidity position, on October 12th, the Company distributed **dividends for US\$1,000 million**. This payment is comprised of (1) a provisional dividend for US\$250 million, charged to this 2021's profits, and (2) an eventual dividend, charged to the profits of the previous fiscal years, for US\$750 million.

■ ■ ■ Regarding the progress in the development of our projects during the year, the following stand out:

- i. **Diego de Almagro Sur Photovoltaic Projects I and II (232 MW)**: As of 4Q21, presents progress of 93%, according to budget. As of December 21, the project is progressively injecting energy into the system. The commissioning of the entire park is scheduled for 1Q22. The investment approved for this project reaches US\$147 million.
- ii. **Horizonte Wind Project (778 MW)**: On September 21, the Board of Directors approved its construction, which began during 4Q21. The investment for this project amounts to US\$850 million. We estimate it will start injecting energy to the system in 4Q23 and the entry into operation of the last wind turbines is estimated towards 4Q24.
- iii. **Jardín Solar photovoltaic project (537 MW)**: On September 21, its RCA (Environmental Qualification Resolution) was obtained. This project has not yet received Board approval to begin construction.
- iv. Colbún has other renewable projects in its portfolio for more than 1,800 MW, in various stages of development (for more information, see the section "Long-term Growth Plan and Actions").

■ ■ ■ On October 14th, Colbún issued its first “**green bond**” in international markets, for **US\$ 600 million** (Rule 144A / Regulation S), with a 10-year maturity (January 2032), obtaining a coupon rate of 3.15%, with a yield of 3.17%. The funds will be used to finance renewable energy projects, eligible in accordance with our Green Financing Framework, adopted based on the criteria of the Sustainability Bond Guidelines and the Green Bond Principles 2021, of the International Capital Markets Association (ICMA).

■ ■ ■ Colbún was selected to list for the sixth consecutive year in **DJSI Chile** index and for the fifth year in **DJSI Pacific Alliance**. Also, obtained the second place for its 2020 Integrated Annual Report by **Informe Reporta**, which evaluates the information flow that companies give to the market.

■ ■ ■ In Nov21, in the context of the annual review of provisions in order to assess the application of impairments in accordance with IFRS standards, an **impairment provision** was recorded on certain assets for an amount net of deferred taxes for an approximate value of US\$102 million. These include a provision for impairment of approximately US\$100 million for the San Pedro Hydroelectric Project (170 MW), which continues with its environmental processing process.

■ ■ ■ On December 30, 2021 Colbún S.A. sold its full participation (50%) in **Transmisora Eléctrica de Quillota Ltda.** to APG Energy & Infra Investments Chile Expansion SpA and Celeo Redes Chile Expansion SpA. Transmisora Eléctrica de Quillota Ltda's main assets are San Luis Substation and the San Luis-Quillota transmission line. The sale price for the 50% associated to Colbun's participation in the company was US\$14 million. This sale generated a profit before taxes for Colbún of approximately US\$12 million.

Subsequent highlights:

■ ■ ■ In Dec21 Colbún announced the total prepayment of its outstanding bonds in the local debt capital market (Series F and I), which was executed on January 24, 2022. The total current notional amount of those bonds amounted to UF4.6 million. As of Dec21, a provision was recorded for the accounting costs associated with the prepayment, which had an effect net of taxes on the year's result of US\$13 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 4Q20, 4Q21 and cumulative as of Dec20 and Dec21.

Table 1: Physical sales and generation in Chile

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
12,069	10,922	Total Physical Sales (GWh)	2,677	2,569	(10%)	(4%)
3,153	3,099	Regulated Clients	753	737	(2%)	(2%)
7,191	6,680	Unregulated Clients	1,889	1,652	(7%)	(13%)
1,725	1,142	Sales to the Spot Market	35	180	(34%)	411%
1,452	1,319	Capacity Sales (MW)	1,469	1,316	(9%)	(10%)

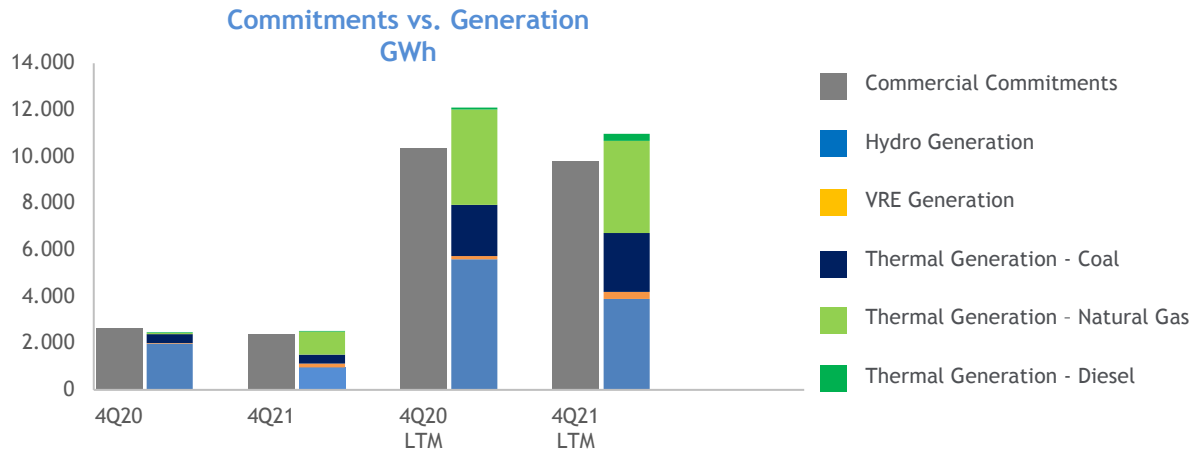
Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
12,103	10,982	Total Generation (GWh)	2,458	2,528	(9%)	3%
5,596	3,905	Hydraulic	1,965	964	(30%)	(51%)
6,375	6,781	Thermal	450	1,410	6%	213%
4,108	3,966	Gas	62	997	(3%)	-
72	294	Diesel	6	28	306%	374%
2,195	2,520	Coal	382	384	15%	0%
131	296	VRE*	42	154	125%	264%
111	99	Wind Farm	35	29	(10%)	(16%)
21	197	Solar	7	125	846%	-
281	286	Spot Market Purchases (GWh)	281	105	2%	(63%)
1,444	857	Sales - Purchases to the Spot Market (GWh)	(246)	74	(41%)	(130%)

(*): Corresponds to the energy purchased from Punta Palmeras wind farm owned by Acciona and Santa Isabel owned by Total Sun Power.
VRE: Variable renewable energies.

Physical sales reached **2,569 GWh** during 4Q21, decreasing 4% compared to 4Q20, mainly explained by (1) lower sales to unregulated clients, given the expiration of Anglo-American contract in Dic20, partially offset by higher sales to the spot market. On the other hand, quarterly **generation** increased 3% compared to 4Q20, mainly explained by higher gas generation (+935 GWh) and diesel (+22 GWh) due to a higher economic dispatch and system's decoupling. VRE generation also increased (+112 GWh) mainly driven by the entry into force of an energy purchase agreement with Total SunPower, in Aug21. These effects were partially offset by lower hydroelectric generation (-1,001 GWh), mainly due to drier hydrological conditions during 4Q21.

In cumulative terms, physical sales as of Dec21 reached **10,922 GWh**, decreasing 10% compared to Dec20, mainly explained by (1) lower sales to the spot market due to the lower generation recorded during the year, (2) lower sales to unregulated clients explained by the expiration of Anglo-American contract previously mentioned and (3) lower sales to regulated clients. **Cumulative generation** as of Dec21 decreased 9% compared to Dec20, mainly explained by (1) lower hydro generation (-1,691 GWh) driven by very unfavorable hydro conditions and (2) lower gas generation (-141 GWh) due to lower LNG importation and the lower availability of Argentinean gas compared to last year. These effects were partially offset by higher coal generation (+325 GWh) and diesel generation (+222 GWh) due to the higher economic dispatch and a higher REVS generation (+165 GWh), mainly explained by the entry into force of the energy purchase agreement with Total Sunpower.

■ ■ ■ The **spot market balance** during the quarter recorded net sales for 74 GWh, compared to the net purchases of 246 GWh recorded in 4Q20. The variation is mainly explained by the higher generation during the quarter. In cumulative terms, as of Dec21, the spot market balance sheet recorded net sales for 857 GWh. The variation is mainly explained by a lower cumulative generation as of Dec21.



■ ■ ■ **Generation Mix in Chile:** As of Dec21, the hydrological year (Apr21-Mar22) has presented lower rainfalls compared to an average year in the main SEN basins. In this sense, deficits were Aconcagua: -70%; Maule: -52%; Laja: -20%; Bío Bío: -32% and Chapo: -15%. Average marginal cost measured in Alto Jahuel reached US\$70.5/MWh in 4Q21, increasing compared to the average of US\$35.9/MWh in 4Q20.

Accumulated Figures		SEN Generation	Quarterly Figures		Var %	Var %
dic-20	dic-21		4T20	4T21	Acc/Acc	Q/Q
77,709	81,486	Total Generation (GWh)	19,667	20,663	5%	5%
20,633	16,475	Hydraulic	7,256	4,794	(20%)	(34%)
13,710	14,484	Gas Thermal	1,341	3,196	6%	138%
565	1,857	Diesel Thermal	40	249	229%	522%
27,349	28,013	Coal Thermal	6,110	5,710	2%	(7%)
5,516	7,235	Wind Farm	1,724	2,294	31%	33%
7,626	10,769	Solar	2,610	3,794	41%	45%
2,310	2,651	Others	586	628	15%	7%

2.2. Physical sales and generation balance in Peru

Table 2 shows a comparison between physical energy and capacity sales and generation in 4Q20, 4Q21 and cumulative as of Dec20 and Dec21.

Table 2: Physical sales and generation in Peru

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
3,127	3,529	Total Physical Sales (GWh)	966	907	13%	(6%)
1,531	1,548	Regulated Clients	384	386	1%	1%
354	498	Unregulated Clients	106	139	41%	32%
1,242	1,483	Sales to the Spot Market	476	381	19%	(20%)
559	564	Capacity Sales (MW)	558	566	1%	1%

Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
2,887	3,439	Total Generation (GWh)	989	930	19%	(6%)
2,887	3,439	Gas	989	930	19%	(6%)
313	178	Spot Market Purchases (GWh)	-	-	(43%)	-
929	1,306	Sales - Purchases to the Spot Market (GWh)	476	381	41%	(20%)

■ ■ ■ **Physical sales** during 4Q21 reached **907 GWh**, decreasing 6% compared to 4Q20. The lower physical sales are mainly explained by lower sales to the spot market as a result of a lower economic dispatch of gas power plants in the Peruvian system, and, in a small extent, the lower availability of the plant during the quarter. These effects were partially offset by higher sales to unregulated clients due to new contracts signed in this segment. On the other hand, **thermal generation** reached **930 GWh**, decreasing 6% compared to 4Q20 mainly driven by a lower economic dispatch and plant availability.

■ ■ ■ **In cumulative terms**, physical sales as of Dec21 reached **3,529 GWh** increasing 13% compared to Dec20, mainly explained by (1) higher sales to the spot market given the greater generation of the plant explained by the higher system's demand and the higher availability of the plant; (2) higher sales to unregulated clients given the entry of new energy sale agreements such as Distriluz Mercado Libre (25 MW), Tejidos San Jacinto (7.9 MW) and Seal Mercado Libre (5 MW) and (3) higher sales to regulated clients due to the demand's recovery. On the other hand, **cumulative generation** as of Dec21 reached **3,439 GWh**, increasing 19% compared to Dec20 mainly due to the demand's recovery on the Peruvian energy market and the higher plant's availability during the year.

■ ■ ■ The **balance in the spot market** during 4Q21 recorded net sales for 381 GWh, compared to the net sales for 476 GWh during the same quarter of the previous year, due to the lower generation recorded in the quarter. In cumulative terms, the balance in the spot market as of Dec21 recorded net sales of 1,306 GWh, compared to net sales of 929 GWh recorded as of Dec20 due the higher generation of the year.

■ ■ ■ **Generation mix in Peru:** Hydroelectric generation in the SEIN (National Interconnected Electrical System) increased 14.8% compared to 4Q20 mainly due to more wet hydrological conditions presented during the quarter. As a result, thermoelectric generation decreased by 10.0% during 4Q21 compared to 4Q20.

The accumulated energy demand growth rate in 4Q21 was 3.0%, mainly due to the recovery the system's demand.

3. INCOME STATEMENT ANALYSIS

Table 3 presents a summary of the Consolidated Income Statement in 4Q20 and 4Q21 and cumulative as of Dec20 and Dec21, for Chile and Peru.

Table 3: Income Statement (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
1,348.9	1,439.7	OPERATING INCOME	335.7	374.9	7%	12%
438.4	454.5	Regulated Customers Sales	110.3	114.8	4%	4%
697.9	689.4	Unregulated Customers Sales	188.3	200.7	(1%)	7%
131.6	210.9	Energy and Capacity Sales	24.3	53.0	60%	118%
55.3	41.9	Transmission Tolls	6.1	-	(24%)	-
25.6	43.1	Other Operating Income	6.6	6.5	68%	(2%)
(554.4)	(782.0)	RAW MATERIALS AND CONSUMABLES USED	(123.6)	(176.0)	41%	42%
(112.8)	(115.0)	Transmission Tolls	(38.1)	(30.2)	2%	(21%)
(54.1)	(70.6)	Energy and Capacity Purchases	(22.7)	(22.9)	31%	1%
(245.4)	(394.4)	Gas Consumption	(31.7)	(84.1)	61%	165%
(9.5)	(49.3)	Diesel Consumption	(1.9)	(6.2)	418%	232%
(70.4)	(89.7)	Coal Consumption	(10.8)	(16.7)	27%	55%
(62.3)	(63.0)	Other Operating Expenses (*)	(18.4)	(15.9)	1%	(14%)
794.5	657.8	GROSS PROFIT	212.1	199.0	(17%)	(6%)
(65.4)	(79.7)	Personnel Expenses	(17.7)	(17.6)	22%	(1%)
(46.6)	(57.9)	Other Expenses, by Nature (*)	(14.5)	(17.1)	24%	18%
(246.6)	(213.2)	Depreciation and Amortization Expenses	(63.0)	(52.7)	(14%)	(16%)
435.9	307.0	OPERATING INCOME (LOSS) (**)	117.0	111.6	(30%)	(5%)
682.5	520.2	EBITDA	179.9	164.3	(24%)	(9%)
11.2	5.0	Financial Income	1.5	1.6	(56%)	9%
(90.5)	(86.3)	Financial Expenses	(22.3)	(21.8)	(5%)	(2%)
5.7	(13.8)	Exchange rate Differences	3.5	(1.3)	(342%)	-
9.9	6.7	Profit (Loss) of Companies Accounted for Using the Equity Method	3.3	1.3	(33%)	(60%)
(240.2)	606.6	Other Profit (Loss)	(193.3)	(161.9)	(353%)	(16%)
(303.7)	518.1	NON-OPERATING INCOME	(207.4)	(182.1)	-	(12%)
132.2	825.2	PRE-TAX PROFIT (LOSS)	(90.4)	(70.5)	524%	(22%)
(42.8)	(285.0)	Income Tax Expense	27.5	18.1	567%	(34%)
89.5	540.2	AFTER TAX PROFIT (LOSS)	(62.9)	(52.4)	504%	(17%)
162.9	545.3	PROFIT (LOSS) OF CONTROLLER	0.5	(55.1)	235%	-
(73.4)	(5.1)	PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	(63.3)	2.7	(93%)	-

(*) 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 4Q20 and accumulated as of Dec20 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	Dec-21
Chile (CLP / US\$)	710.95	844.69
Chile UF (CLP/UF)	29,070.33	30,991.74
Peru (PEN / US\$)	3.62	4.00

3.1. Operating Income analysis of the generation business in Chile

Table 5 presents a summary of Operating Income and EBITDA in 4Q20 and 4Q21 and cumulative as of Dec20 and Dec21. Subsequently, the major accounts and/or variations will be analyzed.

Table 5: EBITDA generation business in Chile (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	T/T
1,134.0	1,237.0	OPERATING INCOME	285.4	330.0	9%	16%
329.8	349.2	Regulated Customers Sales	82.9	87.6	6%	6%
675.5	666.9	Unregulated Customers Sales	182.3	195.1	(1%)	7%
108.8	172.6	Energy and Capacity Sales	15.1	42.5	59%	181%
19.9	48.4	Other Operating Income	5.0	4.9	143%	(2%)
(484.4)	(716.2)	RAW MATERIALS AND CONSUMABLES USED	(104.9)	(152.8)	48%	46%
(130.4)	(135.4)	Transmission Tolls	(45.1)	(28.7)	4%	(36%)
(52.2)	(69.4)	Energy and Capacity Purchases	(22.7)	(22.7)	33%	0%
(179.5)	(320.8)	Gas Consumption	(12.2)	(64.6)	79%	431%
(8.6)	(49.1)	Diesel Consumption	(0.9)	(6.2)	470%	555%
(70.4)	(89.7)	Coal Consumption	(10.8)	(16.7)	27%	55%
(43.2)	(51.9)	Other Operating Expenses (*)	(13.2)	(13.8)	20%	5%
649.7	520.8	GROSS PROFIT	180.5	177.2	(20%)	(2%)
(59.3)	(73.3)	Personnel Expenses	(16.2)	(16.1)	24%	(1%)
(39.9)	(50.1)	Other Expenses, by Nature (*)	(12.3)	(15.1)	25%	22%
(189.0)	(174.9)	Depreciation and Amortization Expenses	(48.5)	(43.7)	(7%)	(10%)
361.4	222.5	OPERATING INCOME (LOSS) (**)	103.5	102.4	(38%)	(1%)
550.4	397.5	EBITDA	152.0	146.1	(28%)	(4%)

(*) 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 4Q20 and accumulated as of Dec20 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 for 4Q21 amounted to **US\$330.0 million**, increasing 16% compared to the operating income of US\$285.4 million recorded in 4Q20, mainly explained by (1) higher physical sales to the spot market; and (2) a higher average sale price for both regulated and unregulated clients. These effects were partially offset by lower physical sales to unregulated customers, due to the expiration of Anglo-American contract in Dec20.

In cumulative terms, operating income from ordinary activities as of Dec21 reached **US\$1,237.0 million**, increasing 9% compared to the income recorded as of Dec20, mainly due to (1) higher sales to the spot market driven by a higher marginal cost, despite lower physical sales to that market; (2) higher "Other Income" mainly explained by IT and tolls provisions collections; and (3) higher sales to regulated clients associated with higher average sale price. These effects were partially offset by lower physical sales to unregulated customers, due to the expiration of Anglo-American contract in Dec20.

Raw materials and consumables used costs recorded **US\$152.8 million** in 4Q21, increasing 46% compared to 4Q20, mainly due to (1) higher gas and diesel consumption costs due to a higher generation with those fuels during the quarter; (2) higher coal consumption costs driven by a higher average purchase price of this fuel. These effects were partially offset by lower toll costs because during 4Q20 an extraordinary additional charge was included in transmission tolls.

In cumulative terms, the raw materials and consumables used costs as of Dec21 reached **US\$716.2 million**, increasing 48% compared to Dec20, mainly due to (1) higher gas consumption costs as a result of a higher average purchase price, (2) higher coal and diesel consumption cost associated with a higher generation with those fuels and (3) higher energy purchases cost in the spot market driven by a higher marginal cost compared to last year.

EBITDA in 4Q21 reached **US\$146.1 million**, decreasing 4% compared to the EBITDA of US\$152.0 million recorded in 4Q20, mainly due to higher consumption and raw material costs previously mentioned and higher "Other expenses, by Nature" associated to a lower comparative base considering that in 4Q20, third-party

services, trainings, travels among others were mostly suspended as a result of the pandemic. These effects were partially offset by higher operating income previously mentioned.

In cumulative terms, EBITDA as of Dec21 totaled US\$397.5 million, decreasing 28% compared to Dec20, mainly due to (1) higher raw materials and consumable used cost previously mentioned; (2) higher expenses in dollars of items in local currency, especially in salaries, as a result of the exchange rate appreciation during the first half of 2021 and; (3) a lower comparative base considering that in 2020, third-party services, trainings, travels among others were mostly suspended as a result of the pandemic.

3.2. Operating Income analysis of the transmission business in Chile (Colbun Transmisión S.A.)

On September 30, Colbún executed the sale of its subsidiary Colbún Transmisión S.A. to Alfa Desarrollo SpA, controlled 80% by APG Energy and Infra Investments and 20% by Celeo Redes. The energy transmission infrastructure sold corresponds to 899 km of transmission lines divided into 335 km of lines belonging to the National segment, 70 km belonging to the Zonal segment and 494 km belonging to the Dedicated segment. Additionally, Colbún Transmisión S.A. owns 27 substations. **Given this, for the year 2021 the results of Colbún Transmisión S.A. are consolidated in Colbún S.A. only until Sep21 (period of 9 months).**

Table 6 shows a summary of the Operating Income and EBITDA for the quarters 4Q20 and 4Q21 and cumulative as of Dec20 and Dec21. Subsequently, the main accounts and/or variations will be analyzed.

Table 6: EBITDA transmission business in Chile (US\$ million) - Consolidated in Colbún S.A.

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	T/T
80.2	45.7	OPERATING INCOME	14.8	-	(43%)	-
80.2	45.7	Transmission Tolls	14.8	-	(43%)	-
(12.2)	(8.9)	RAW MATERIALS AND CONSUMABLES USED	(2.7)	-	(27%)	-
(1.9)	(0.3)	Transmission Tolls	(0.4)	-	(82%)	-
(10.3)	(8.6)	Other Operating Expenses (*)	(2.4)	-	(17%)	-
68.0	36.8	GROSS PROFIT	12.0	-	(46%)	-
(1.1)	(0.6)	Other Expenses, by Nature (*)	(0.4)	-	(47%)	-
(11.0)	(8.7)	Depreciation and Amortization Expenses	(2.8)	-	(21%)	-
55.8	27.5	OPERATING INCOME (LOSS) (**)	8.9	-	(51%)	-
66.8	36.2	EBITDA	11.6	-	(46%)	-

(*) 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 4Q20 and accumulated as of Dec20 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.

EBITDA of the consolidated transmission business in Colbún S.A as of Dec21 amounts to **US\$36.2 million**, compared with the EBITDA of US\$66.8 million for this segment as of Dec20. The lower EBITDA is explained because 2021's results consider the consolidation of Colbún Transmisión for only 9 months, while the results of 2020 consider the full year.

3.3. Operating Income analysis in Peru

Table 7 shows a summary of Fenix's Operating Income and EBITDA for the quarters 4Q20 and 4Q21 and cumulative as of Dec20 and Dec21. Subsequently, the main accounts and/or variations will be analyzed.

Table 7: EBITDA in Peru (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
159.6	171.8	OPERATING INCOME	44.1	45.0	8%	2%
108.6	105.3	Regulated Customers Sales	27.4	27.2	(3%)	(1%)
22.4	22.6	Unregulated Customers Sales	6.0	5.6	1%	(7%)
22.9	38.3	Sales to Other Generators	9.1	10.5	67%	15%
5.6	5.7	Other Operating Income	1.5	1.8	1%	16%
(82.7)	(88.5)	RAW MATERIALS AND CONSUMABLES USED	(24.6)	(23.1)	7%	(6%)
(5.3)	(4.7)	Transmission Tolls	(1.2)	(1.5)	(12%)	26%
(1.8)	(1.8)	Energy and Capacity Purchases	(0.0)	(0.1)	(5%)	-
(65.9)	(73.6)	Gas Consumption	(19.6)	(19.5)	12%	(0%)
(0.9)	(0.3)	Diesel Consumption	(0.9)	0.0	(70%)	-
(8.7)	(8.1)	Other Operating Expenses (*)	(2.9)	(2.1)	(7%)	(30%)
76.9	83.3	GROSS PROFIT	19.5	21.9	8%	12%
(6.2)	(6.4)	Personnel Expenses	(1.5)	(1.5)	3%	(3%)
(5.5)	(7.4)	Other Expenses, by Nature (*)	(1.7)	(2.1)	35%	24%
(46.6)	(35.4)	Depreciation and Amortization Expenses	(11.7)	(8.9)	(24%)	(24%)
18.6	34.1	OPERATING INCOME (LOSS) (**)	4.6	9.3	83%	104%
65.2	69.5	EBITDA	16.3	18.3	7%	12%

(*) 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 4Q20 and accumulated as of Dec20 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 4Q21 totaled **US\$45.0 million**, increasing 2% compared to the income of US\$44.1 million recorded in 4Q20, mainly due to higher sales in the spot market as a result of a higher average sale price, driven by the entry into force of the new standard which establish that the complete gas supply chain must be considered for the variable cost determination, this is, supply, transport and distribution gas cost, scheme which entered into force from July 1st, 2021 onwards.

In cumulative terms, operating income from ordinary activities as of Dec21 amounted **US\$171.8 million**, increasing 8% compared to the US\$159.6 million operating income as of Dec20, mainly due to the higher sales to the spot market as a result of a higher generation recorded during the year and a higher average sale price.

Raw materials and consumables used costs reached **US\$23.1 million** in 4Q21, decreasing 6% compared to 4Q20, mainly explained by (1) lower diesel consumption cost while during 4Q20 Fenix generated with that fuel because TGP (Transportadora de Gas del Perú) carried out tests that restricted the dispatch of gas.

In cumulative terms, raw materials and consumables used cost reached **US\$88.5 million**, increasing 7% compared to Dec20, mainly due to a higher gas consumption driven by a higher generation recorded during the period.

Fenix's **EBITDA** reached **US\$18.3 million** in 4Q21, increasing 12% compared to the EBITDA of US\$16.3 million recorded in 4Q20, mainly due to the higher operating income and lower raw materials and consumable costs previously explained.

In cumulative terms, EBITDA totaled **US\$69.5 million** as of Dec21, increasing 7% compared to the EBITDA recorded as of Dec20, mainly due to the same reasons that explain the variations in quarterly terms.

3.4. Consolidated Non-Operating Result analysis (Chile & Peru)

Table 8 shows a summary of the Consolidated Non-Operating Result (Chile and Peru) in 4Q20 and 4Q21 and cumulative as of Dec20 and Dec21. Subsequently, the main accounts and/or variations will be analyzed.

Table 8: Consolidated Non-Operating Result (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
11.2	5.0	Financial Income	1.5	1.6	(56%)	9%
(90.5)	(86.3)	Financial Expenses	(22.3)	(21.8)	(5%)	(2%)
5.7	(13.8)	Exchange rate Differences	3.5	(1.3)	-	-
9.9	6.7	Profit (Loss) of Companies Accounted for Using the Equity Method	3.3	1.3	(33%)	(60%)
(240.2)	606.6	Other Profit (Loss)	(193.3)	(161.9)	-	(16%)
(303.7)	518.1	NON-OPERATING INCOME	(207.4)	(182.1)	-	(12%)
132.2	825.2	PRE-TAX PROFIT (LOSS)	(90.4)	(70.5)	524%	(22%)
(42.8)	(285.0)	Income Tax Expense	27.5	18.1	567%	(34%)
89.5	540.2	AFTER TAX PROFIT (LOSS)	(62.9)	(52.4)	504%	(17%)
162.9	545.3	PROFIT (LOSS) OF CONTROLLER	0.5	(55.1)	235%	-
(73.4)	(5.1)	PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	(63.3)	2.7	(93%)	-

Non-operating result in 4Q21 recorded losses of **US\$182.1 million**, compared to the losses of US\$207.4 million in 4Q20. The lower losses are mainly explained by lower impairment provisions recorded on individual assets. During 4Q21, provisions were recorded for an amount net of deferred taxes of US\$102 million for this concept, of which US\$100 million corresponds to the San Pedro hydroelectric project. This project continues with its environmental assessment process. On the other hand, during 4Q20 an accounting impairment provision was recorded in the subsidiary Fenix in Peru for an amount net of deferred taxes of US\$127 million.

In cumulative terms, non-operating result as of Dec21 recorded a profit of **US\$518.1 million**, compared with the loss of US\$303.7 million recorded as of Dec20. The profit as of Dec21 is mainly explained by the extraordinary effect on results of Colbún Transmisión S.A.'s sale. The sale price amounted to US\$1,185 million with which the effect on results before taxes of this transaction amounted to US\$830 million. This effect was partially offset by the provisions for impairment recorded, previously explained.

In 4Q21 tax profits of **US\$18.1 million** were recorded, compared to US\$27.5 million profits in 4Q20. Tax profits are explained in both periods by the effects on results of the accounting record of impairment provisions previously mentioned, which decreased Colbún's deferred tax liability.

In cumulative terms, tax expenses as of Dec21 recorded **US\$285.0 million** compared to US\$42.8 million in Dec20. The higher tax expenses are explained by (1) the higher profit before taxes recorded during the year due to the subsidiary Colbún Transmisión S.A.'s sale and (2) higher tax expenses in Peru, due to the depreciation of the PEN/USD exchange rate during the period and its impact on deferred taxes given that Fenix's tax accounting is in Peruvian soles, according to the Peruvian tax legislation.

In 4Q21, the Company recorded a loss of **US\$52.4 million**, compared to the loss of US\$62.9 million in 4Q20, mainly explained by the impairment provisions recorded, previously mentioned.

In cumulative terms, the Company recorded a **profit** of **US\$540.2 million** as of Dec21, compared to the profit of US\$89.5 million as of Dec20. The higher profit is mainly explained by the higher non-operational profits recorded previously mentioned.

4. CONSOLIDATED BALANCE SHEET ANALYSIS

Table 9 shows an analysis of the Balance Sheet's relevant accounts as of Dec20 and Dec21. Subsequently, the main variations will be analyzed.

Table 9: Consolidated Balance Sheet Main Accounts for Chile and Peru (US\$ million)

	Dec-20	Dec-21	Var	Var %
Current assets	1,259.2	1,766.4	507.3	40%
Non-current assets	5,374.7	4,836.1	(538.6)	(10%)
TOTAL ASSETS	6,633.9	6,602.5	(31.4)	(0%)
Current liabilities	306.5	679.0	372.5	122%
Non-current liabilities	2,742.0	3,082.1	340.1	12%
Total net equity	3,585.4	2,841.4	(743.9)	(21%)
TOTAL LIABILITIES AND NET EQUITY	6,633.9	6,602.5	(31.4)	(0%)

Current Assets: Recorded US\$1,766.4 million as of Dec21, increasing 40% compared to current assets recorded as of Dec20, mainly due to the increase in Cash and Financial Investments, mainly explained by the issuance of an international bond for US\$600 million in Oct21.

Non-current Assets: Recorded US\$4,836.1 million as of Dec21, decreasing 10% compared to the non-current assets registered as of Dec20, mainly due to a decrease in property, plant and equipment for US\$430 million, mainly associated with the sale of the subsidiary Colbún Transmisión S.A.

Current Liabilities: Totalled US\$679.0 million as of Dec21, increasing 121% compared to current liabilities recorded as of Dec20, mainly due to (1) the reclassification from non-current liabilities to current of all the local bonds (Series F and I), for a total amount of US\$151 million, given the prepayment announcement of those bonds published in Dec21. These bonds were prepaid on January 24, 2022; and (2) an increase in current tax liabilities of US\$136 million, due to the higher tax expense recorded in the period associated with the sale of the subsidiary Colbún Transmisión S.A.

Non-current Liabilities: Reached US\$3,082.1 million as of Dec21, increasing 12% compared to the non-current liabilities recorded as of Dec20, mainly due to (1) the issuance of an international bond for US\$600 million, previously explained. This effect was partially offset by (1) the short-term reclassification of all the local bonds, due to the aforementioned prepayment announcement, (2) lower deferred tax liabilities and other non-current non-financial liabilities of approximately US\$21 million and US\$15 million, respectively, associated with the sale of the subsidiary Colbún Transmisión S.A.

Total Net Equity: The Company reached a net equity of US\$2,841.4 million, decreasing 21% compared to the net equity registered as of Dec20, mainly due to the dividend distribution for US\$1,246 million during the year, of which US\$1,000 million were distributed in Oct21, as a result of the extraordinary income received from the sale of Colbún Transmisión S.A. and the Company's liquidity position. This effect was partially offset by the gains recorded during the period.

Table 10: Main Debt Items (US\$ million)

	Dec-20	Dec-21	Var	Var %
Gross Financial Debt*	1,796.3	2,310.5	514.2	29%
Financial Investments**	967.4	1,419.2	451.8	47%
Net Debt	828.9	891.2	62.4	8%
EBITDA LTM	682.5	520.2	(162.3)	(24%)
Net Debt/EBITDA LTM	1.2	1.7	0.5	41%

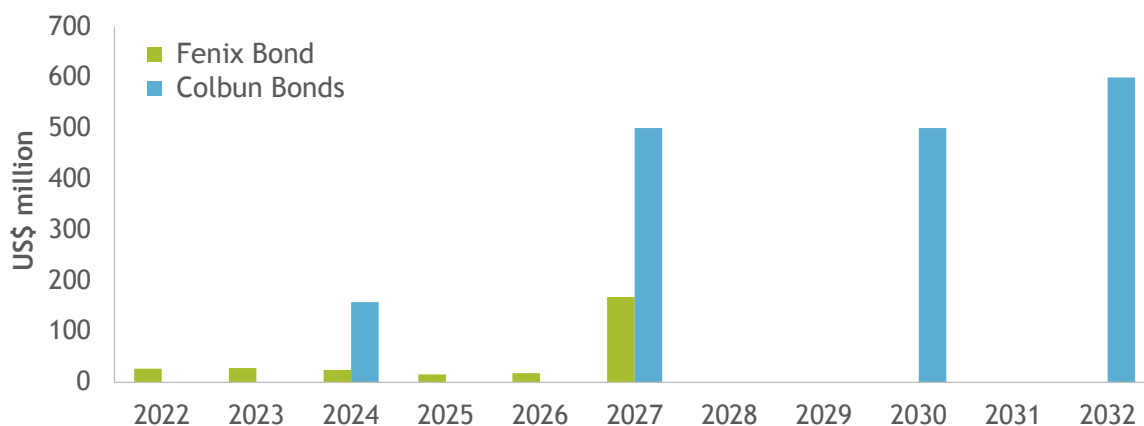
(*) The amount includes debt associated with Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US\$281.0 million, (2) a financial leasing for US\$13.0 million associated with a transmission contract with Consorcio Transmataro, and (3) a US\$109.3 million financial leasing associated with a gas distribution contract with Calidda.

(**) The account "Financial Investments" presented includes the amount associated to time deposits that, by having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.

Table 11: Long Term Financial Debt (*)

Average Life	7.2 years
Average Interest Rate	3.6% (100% fixed rate)
Currency	100% USD

(*) Includes financial derivatives.



(*) Does not include local bonds for US\$185 mm (Series F and I), which were prepaid on January 24, 2021.

5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators as of Dec20 and Dec21 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	Dec-21	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	4.11	2.60	(37%)
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	4.00	2.55	(36%)
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	0.85	1.32	55%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	10.06%	18.05%	79%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	89.94%	81.95%	(9%)
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	2.46	10.56	329%
Equity Profitability (%): Profit (Loss) After Taxes. Continuing Activities / Average Net Equity	2.44%	16.81%	588%
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	2.44%	8.24%	238%
Performance of Operating Assets (%) Operating Income / Property, Plant and Equipment, Net (Average)	8.48%	6.54%	(23%)

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 **2.60x** and **2.55x** as of Dec21, decreasing 37% and 36% respectively compared to Dec20, mainly due to the increase in current liabilities associated with (1) the reclassification from non-current liabilities to current of all local bonds, given the prepayment announcement of those bonds published in Dec21. These bonds were prepaid on January 24, 2022; and (2) an increase in current tax liabilities due to higher tax expense recorded in the period associated with the sale of the subsidiary Colbún Transmisión S.A.

■ ■ The **Indebtedness Ratio** recorded **1.32x** as of Dec21, increasing 55% compared to the value of 0.85x as of Dec20, mainly explained by (1) the decrease in equity as of Dec21 due to the dividend distribution for US\$1,246 million made during the year, partially offset by these year's profits; and (2) the increase in liabilities, mainly due to the issuance of an international bond for US\$600 million.

■ ■ The percentage of **Short-Term Debt** as of Dec21 was **18.05%**, increasing compared to the 10.06% value as of Dec20, mainly due to the increase in current liabilities after the sale of the subsidiary Colbún Transmisión S.A.

■ ■ The percentage of **Long-Term Debt** as of Dec21 was **81.95%**, decreasing compared to the value of 89.94% in Dec20, mainly due to the reclassification from non-current liabilities to current of all local bonds previously mentioned; and by an increase in current tax liabilities due to higher tax expense recorded in the period associated with the sale of the subsidiary Colbún Transmisión S.A. These effects were partially offset by the issuance of an international bond for US\$600 million.

■ ■ The **Financial Expenses Coverage** as of Dec21 reached **10.56x**, increasing by 329% compared to the value obtained in Dec20, mainly due to the higher profit recorded in the last 12 months, compared to 2020, mainly explained by the sale of the subsidiary Colbún Transmisión S.A.

■ ■ The **Equity Profitability** as of Dec21 was **16.81%**, increasing 588% compared to the value of 2.44% as of Dec20. The variation is mainly explained by the higher profits recorded in the last 12 months, compared to 2020, mainly explained by the sale of the subsidiary Colbún Transmisión S.A.

■ ■ **Asset Profitability** as of Dec21 was **8.24%**, increasing 238% compared to the value of 2.44% as of Dec20, mainly due to the higher profit recorded in the last 12 months, compared to 2020, mainly explained by the sale of the subsidiary Colbún Transmisión S.A.

■ ■ The **Performance of Operating Assets** as of Dec21 was **6.54%**, decreasing 23% compared to the value of 8.48% in Dec20, mainly as a result of the lower operating income recorded during the period.

6. CONSOLIDATED CASH FLOW ANALYSIS

The Company's Cash Flow changes are shown in the following table.

Table 13: Cash Flow Summary for Chile and Peru (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-20	Dec-21		4Q20	4Q21	Ac/Ac	Q/Q
797.4	967.4	Cash Equivalents, Beg. of Period*	966.0	1,886.0	21%	95%
525.4	334.5	Net cash flows provided by (used in) operating activities	148.9	17.9	(36%)	(88%)
(246.5)	(800.2)	Net cash flows provided by (used in) financing activities	(119.2)	(441.7)	225%	271%
(117.9)	929.2	Net cash flows provided by (used in) investing activities**	(38.7)	(41.6)	-	7%
161.0	463.5	Net Cash Flows for the Period	(9.0)	(465.3)	188%	-
9.0	(11.7)	Effects of exchange rate changes on cash and cash equivalents	10.4	(1.4)	-	-
967.4	1,419.2	Cash Equivalents, End of Period	967.4	1,419.2	47%	47%

(*) 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 4Q21, the Company presented a **negative net cash flow of US\$465.3 million**, compared to the negative net cash flow of US\$9.0 million in 4Q20.

Operating activities: During 4Q21, a positive net flow of US\$17.9 million was generated, which compares with the positive net flow of US\$148.9 million in 4Q20, mainly explained by higher operating costs registered during the quarter.

In cumulative terms, as of Dec21 a positive net flow of US\$334.5 million was registered, which compares to the positive net flow of US\$525.4 million as of Dec20, mainly due to the same reasons that explain the variations in quarterly terms.

Financing activities: Recorded a negative net flow of US\$441.7 million during 4Q21, which compares to the negative net flow of US\$119.2 million in 4Q20, mainly explained by the extraordinary dividend distribution for US\$1,000 million in Oct21, as a result of the extraordinary income received as a result of the sale of Colbún Transmisión S.A. and the Company liquidity position. These effects were partially offset by the issuance of an international bond of US\$600 million in Oct21.

In cumulative terms, a negative flow of US\$800.2 million was generated as of Dec21, compared to the US\$246.5 million as of Dec20, mainly explained by the same reasons that explain the variations in quarterly terms.

Investment activities: Recorded a positive net flow of US\$41.6 million during 4Q2, in line with the negative net flow of US\$38.7 million in 4Q20.

In cumulative terms, a negative net flow of US\$929.2 million was registered, which compares with the negative flow of US\$117.9 million as of Dec20, mainly explained by the resources received for the sale of the subsidiary Colbún Transmission, partially offset by the disbursements for the construction of Diego de Almagro and Horizonte.

7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 3,795 MW composed by 2,159 MW of thermal units, 1,626 MW of hydraulic units and 9 MW of the Ovejería solar photovoltaic power plant. The Company operates in the National Electric System (SEN) in Chile, representing 13% 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.

On September 30th, Colbun carried out the sale of its subsidiary Colbun Transmission S.A. to Alfa Desarrollo SpA, controlled 80% by APG Energy and Infra Investments and 20% by Celeo Redes. The electricity transmission infrastructure sold corresponds to 899 km of transmission lines divided into 335 km of lines belonging to the National segment, 70 km belonging to the Zonal segment and 494 km belonging to the Dedicated segment. Additionally, Colbun Transmission S.A. owns 27 substations.

7.1 Medium-term outlook in Chile

As of Dec-21, the hydrological year (Abr21-Mar22) has presented cumulative lower rainfalls compared to an average year in the main SEN basins the deficits: Aconcagua: -70%; Maule: -50%; Laja: -27%; Biobío: -36%; and Chapo: -22%. Compared to 2020, Aconcagua basin has presented a 54% decrease in rainfalls and the Maule basin presented 36% lower rainfalls, which resulted in lower affluents. In the same line, but at more moderate levels, the Laja, Biobío and Chapo basins presented lower rainfalls than in 2020, at -27%; -24% and -23% respectively.

In terms of energy inflow, as of Dec-21 the hydrological current year presents a Probability of Exceedance of 95%.

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 (Pampa, PAE and Total) have been signed to complement the supply of liquified natural gas. These contracts consider the import of 2,500,000 m³ of gas per day for the next months (January-April 2022).

During 2021, Colbún has 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 have been signed with 48 clients for 434 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 ability to reach a 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 and the terms in which the purchase of natural gas is contracted if the extreme dry hydrological condition continues.

7.2 Medium-term outlook in Peru

During 2021, the SEIN registered a hydrological condition with a probability of exceedance of 51%, compared to 53% recorded during 2020.

In 2021, energy demand growth reached 9.8% compared to the same period of 2020, due to the electricity demand recovery. On the other hand, compared to the previous quarter, in 4Q21 the energy demand raised by 3.0%.

Marginal costs of the system increased after the entry into force of the new regulation that establishes that all the supply chain costs must be included to determine the variable costs of gas, that is, the cost of supply, transportation and distribution of gas, a scheme that became fully effective as of July 1, 2021. The average marginal cost of Santa Rosa during the months of January to June 2021 reached US\$9.5/MWh, while the average for the months of July as of December of the same year reached US\$25.1/MWh.


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 started 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.

On September 13th, 2021, the SEA issued the Environmental Qualification Resolution (RCA) for the project and on September 21st, at a meeting held in Taltal, the Board of Directors announced the approval for starting construction. On November 8, the beginning of the Construction Phase of the Project was declared before the Environment Superintendence.

The first activities on site began with the installation of fiber optics for communications and the start of construction of the access to Route 5. We estimate it will start injecting energy to the system in 4Q23 and the entry into operation of the last wind turbines is estimated towards 4Q24.

■ ■ ■ 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 fourth quarter of 2021, progress in site is 93%, in line with budget. The main construction and supply contracts are in progress, with 100% of the photovoltaic panels on site. Since December 9th, the project has been injecting power into the system, progressively entering 50 MW by December. Commissioning of the entire park is scheduled for 1Q22.

■ ■ ■ Batteries - Diego de Almagro Project (8 MW/32 MWh): The Project considers the installation of a battery pack with a capacity of 8 MW for 4 hours (32 MWh) in the installations of the Diego de Almagro photovoltaic park. The evacuation of energy will be through the existing infrastructure of the photovoltaic park.

During the fourth quarter, the engineering was developed by Colbún and background information was prepared to be sent to the authority. Total investment of the project reaches US\$11 million.

■ ■ ■ 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 considered 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 fourth quarter of 2021, the plant is injecting power into the system, starting progressively.

Total investment of the project reached US\$7 million.

■ ■ ■ Photovoltaic Solar Project Inti Pacha I, II and III (250 MW each): 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 generation park in three phases, which has an installed capacity of close to 250 MW per phase and a total annual generation of approximately 2,000 GWh considering the three phases.

This project started with the award of 2 tenders for Onerous Use Concession Agreements conducted by the Ministry of National Assets.

The project obtained its environmental qualification resolution (RCA) in 4Q20. During the fourth quarter of 2021 National Assets Ministry authorizes the creation of traffic easements for access roads.

■ ■ ■ 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 fourth quarter, advanced basic engineering studies, optimization of the high-voltage line and processing of permits for alternative access to the site continued.

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 through an 11 km transmission line to Mulchén substation.

To date, the environmental campaign for spring, summer, autumn and the archeology and human environment campaigns have been concluded. The Advance Citizen Participations (PACAs) are being prepared, to be held in January and March 2022. The project is expected to enter environmental processing in mid-2022.

Celda Solar Photovoltaic Project (156 MW +90 MW of storage): The project considers the installation of a solar power generation park that has an installed capacity close to 156 MW and an average annual generation of approximately 428 GWh. This solar park is located approximately 76 km south of Arica, in the Camarones commune in the Arica and Parinacota Region, and uses a total area of approximately 960 ha.

The energy generated will be injected into the Interconnected System through an electrical transmission line, which begins at the S/E associated with the park, and has an approximate length of 5 km, connecting to the new Roncacho substation.

During the fourth quarter, processing and development of the Environmental Impact Study continued, carrying out soil mechanics studies, human environment investigation, hydrological studies, driving tests and flora and fauna studies.

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.

Environmental resolution qualification was approved during 3T21.

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 4Q21 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, and on November 4, 2020, ADDENDUM N° 1 was entered with their respective responses. A second citizen participation process was carried out between September and October 2021. On November 9th, 2021, the second ICSARA was issued. This ICSARA 2 was answered by means of Addendum No. 2, which must be delivered by May 31, 2022. The issuance of Citizen ICSARA No. 2 is pending by the SEA.

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 (Pampa, PAE and Total) have been signed to complement the supply of liquified natural gas. These contracts consider the import of 2,500,000 m³ of gas per day for the next months (January-April 2022).

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 July 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.

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 a ceremony held on May 15th and 16th the 155 constituents in charge of its drafting were elected. On October 7th, 2021, the Constitutional Convention approved the regulations to begin preparing a new Constitution. The Constitutional process, which culminates in the submission of the constitutional text to a new plebiscite in 2022, may result in changes to the institutional framework applicable to business activity in the country.

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, establishing the prohibition of cutting basic services due to non-payment and allows prorating bad debts. This initiative extended the term of benefits to end users (non-cut of supply due to delayed payments and the accumulation of debts with distribution companies) until December 2021. This norm 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. In response to the debt problem that has been accumulating among users of basic services, two bills are currently being processed in the Senate:

- i. On August 19, 2021, a bill that establishes a third extension of the Basic Services Law was entered, aiming to extend the term by one year to prevent cuts and expand the coverage of the population protected to 100% vulnerability.

- ii. On January 4th, 2022, the Executive submitted a bill to the Senate that regulates the apportionment and debt payments for basic services and establishes subsidies for vulnerable customers, the latter defined in the power sector as those who registered an average consumption during the year 2021 of up to 250 kWh/month. The initiative extends the term to receive the benefits of the Basic Services Law until March 31, 2022 and regulates the debt contracted between March 18, 2020 and December 31, 2021 by users benefited by the Law, for which it establishes an additional benefit for vulnerable clients that consists of an automatic proration in 48 months of the contracted debt. These monthly installments may not exceed 15% of the client's average account and will be covered by a state subsidy. The balance not covered during the period is extinguished. In this initiative, there is no warning of a burden on generating companies. This bill was reviewed and approved by the Senate's Finance and Economy Committees, and it is expected to be voted on in the Chamber before being dispatched to the Chamber of Deputies.

Also, in the Senate a bill that aims to advance the phasing out of coal-fired plants is being processed. This bill, initiated by parliamentary motion, seeks to prohibit the installation and operation of coal-fired thermoelectric generation plants throughout the national territory from January 1, 2026 onwards. Currently, this initiative is being reviewed by the Senate's Mining and Energy Commission, which has received various guests to present their assessments. It is important to recall that in 2019 the generators signed a voluntary agreement with the government by means of which they committed not to build new coal-fired plants and the progressive closure of the coal-fired plants was agreed until 2040, along with reviews every 5 years in conjunction with the regulator. In the framework of this discussion, a bill that prohibits injecting energy from fossil sources into the System from January 1, 2030 onwards. This initiative was approved by the Mining and Energy Commission to be reviewed and will be voted in Chamber.

The parliamentary motion that regulates the construction, installation and operation, its environmental impact and the inspection of Wind Turbine Complexes is still being analyzed by the Chamber of Deputies. The Bill, which establishes requirements in the design of projects, defines compensation for neighboring communities and includes an amendment to the law on general environmental bases, has no urgency and the Chamber agreed that this be known by the Commission of Environment and then by the Chamber's Mining and Energy Commission. So far there have been no major advances in this discussion.

Additionally, it should be noted that the legislative agenda will be altered by the parliamentary recess during February and, later, by the installation in March of the new President Elect government. However, the recent entry by the Executive of 3 bills related to the promotion of storage systems and electromobility, the promotion of renewable energies and the impulse for the creation of a green hydrogen market in Chile stands out. These bills entered the Chamber of Deputies last December, they will be reviewed by the M&E Commission and by the Chamber's Finance Commission. However, it is highly likely that its processing will extend to the next parliamentary term.

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.
- (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. The Strategy defined by the Ministry of Energy considers three axes or pillars: (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, normative modifications are being developed at the regulatory and technical standards level, among which the process of elaboration of a new Regulation of Power Transfers that seeks to enhance the remuneration mechanism of sufficiency and introduce signals of long-term market that encourage investment in technologies that provide flexibility to the electrical system. The final proposal for this new regulation considers modifications such as the redefinition of the peak hours of the system, the use of a probabilistic methodology for the recognition of power, the incorporation of a cost-efficiency signal within the recognition of power, the modification to the margin of theoretical power reserve, a transitory regime for its application, among others. According to the Ministry's schedule, and based on the Public Consultation carried out, a final version of the new regulation should be released soon to be submitted to the Comptroller's Office for its decision.

In August 2021, a "Preventive" Rationing Decree (DS No. 51/2021) was published by the Ministry of Energy that establishes a series of preventive measures to avoid power rationing, which will be in force until March 31st, 2022, in order to "avoid, manage, reduce or overcome generation deficits that may occur in the National Electric System, thereby preserving safety." This Decree considered initiatives applicable to generation, transmission and distribution, in addition to other actions applicable to demand. The main measures include: the acceleration of advanced projects connection, small distributed generation facilities connection acceleration and self-dispatch of small-scale generation facilities, stored energy use, definition of the hydrological condition to be used in the programming of the operation by the Coordinator, the optimization of generating units maintenance, additional generation capacity registration, maximizing the availability of infrastructure for LNG, monitoring of unavailability of fuels, the special treatment of transmission facilities, relaxation of service quality standards (voltage) in distribution systems, etc. In addition, the Decree authorizes generation and distribution companies to adopt measures such as promoting reductions in power consumption, agreeing with their customers to reduce consumption, suspend supply, in the cases indicated in the Decree. Finally, a procedure is established for deficit management and compensation payments, in addition to considerations on quality and continuity of supply and rationing conditions.

In this context, the Ministry of Energy is preparing to send a modification to the "Preventive" Rationing Decree to extend its validity period until September 30th, 2022 and establish new measures that seek to implement a new acquisition scheme and special remuneration for the purchase of safety diesel, in order to ensure supply and reduce generation risk. In this scheme, it is considered that the exceptional requirements that are established will be remunerated in proportion to the withdrawals made by the generators in the system. Additionally, the new Decree establishes new rules for the recognition of power of thermoelectric plants that use diesel fuel and natural gas for their operation.

Peru

On May 4, 2021, a resolution was published that modifies the COES Technical Procedure "Calculation of Variable Costs of Generation Units", establishing a change in the methodology for calculating Marginal Costs in the short-term market. The regulator (OSINERGMIN) established that for the determination of the variable costs of gas all the costs of the supply chain must be used, that is, the cost of the supply, transportation and distribution of gas, a scheme that entered into force as of 1 July, 2021.

On the other hand, on May 19, 2021, Supreme Decree N° 012-2021-EM was published in the Official Journal El Peruano, which (i) approves the Regulations to optimize the use of Natural Gas and creates the Gas Manager; and (ii) modifies and incorporates new provisions to the Regulation of the Natural Gas Secondary Market, approved by Supreme Decree N° 046-2010-EM. However, to start the operation of the Natural Gas Secondary Market, the issuance of operating procedures by the Ministry of Energy and Mines is required.

Finally, on December 18th, the Board of Directors No. 244-2021-OS/CD Resolution was published in the Official Journal El Peruano, which modified the Technical Procedure of the COES No. 07 "Determination of Short-Term Marginal Costs" (PR-07) (Res. No. 244-2021-OS/CD). The aforementioned modifications will come into force from July 1st, 2022.

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, October 2017 and August 2021 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 increased 5.5% during 4Q21 respect to 4Q20, while in Peru, there was an increase of 3.0% in relation to 4Q20.

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 December 2021, the Company's financial debt, 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 December 2021, cash surpluses are invested in interest-bearing current accounts, mutual funds (of subsidiaries of banks) and in time deposits in local and international banks. The latter corresponds to short-term mutual funds with maturities of less than 90 days, which are known as "money market".

Information on contractual maturities of the main financial liabilities is disclosed in note 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 December 31, 2021, Colbún has cash surpluses of approximately US\$1,419 million, invested in remunerated current accounts, time deposits and mutual funds with an average duration of 80 days and fixed income investments with a term of 2 to 3 years that it is estimated to be held until maturity. Deposits with a duration of less than and greater than 90 days, the latter being recorded as "Other Current Financial Assets" in the Consolidated Financial Statements).

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 has uncommitted lines for a total of US\$25 mm, contracted with two local banks.

In the next 12 months, the Company must disburse approximately US\$100 million in interests and principal amortization (excluding all local bonds, which were prepaid on January 24th, 2022). These obligations are expected to be funded with the Company's own cash flow generation.

As of December 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 December 2021, Fenix has international credit rating of BBB- by S&P and Fitch Ratings, both 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 December 2021, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US\$4.7 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 25%. 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 51% 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) 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.