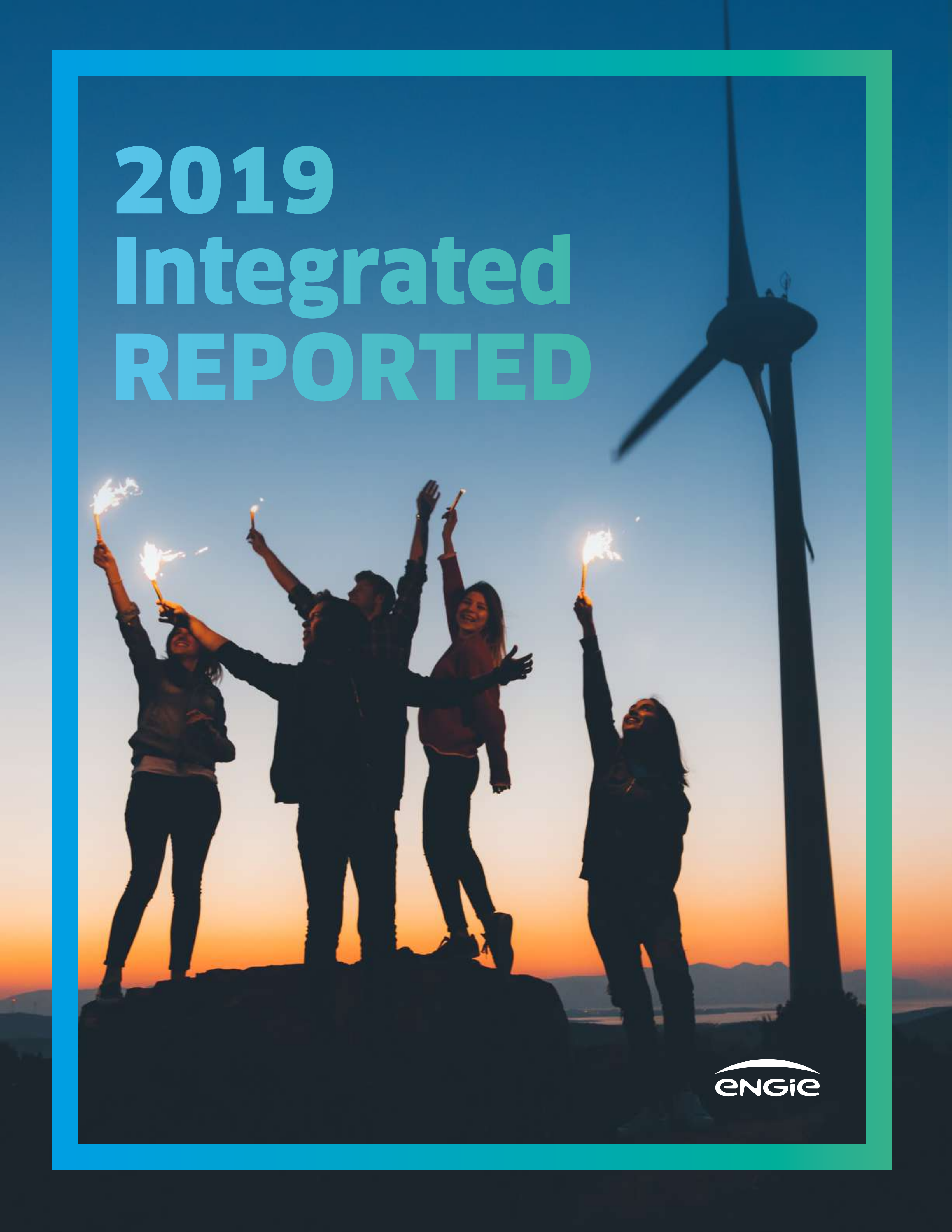
2019 Integrated REPORTED



NAME:
ENGIE ENERGÍA CHILE S.A.

REGISTERED OFFICES:
AVENIDA APOQUINDO 3721, 6TH FLOOR
LAS CONDES, SANTIAGO, CHILE

TAXPAYER IDENTIFICATION NUMBER:
88.006.900-4

TYPE OF COMPANY:
OPEN CORPORATION

SECURITIES REGISTRATION NUMBER:
273, MADE JULY 23, 1985

EXTERNAL AUDITORS:
EY SERVICIOS PROFESIONALES DE
AUDITORÍA Y ASESORÍAS SpA

OUTSIDE LEGAL COUNSEL:
PRIETO ABOGADOS SpA

LOCATIONS:

HEADQUARTERS:
AVENIDA APOQUINDO 3721, 6TH FLOOR, LAS CONDES,
SANTIAGO, CHILE
PHONE: (56-2) 2353 3201
FAX: (56-2) 2353 3210

ANTOFAGASTA OFFICE:
RÓMULO PEÑA 4008, ANTOFAGASTA, CHILE
PHONE: (56-55) 642 900
FAX: (56-55) 642 979

MEJILLONES THERMOELECTRIC COMPLEX:
CAMINO A CHACAYA 3910, MEJILLONES, CHILE.
PHONE: (56-55) 658 100
FAX: (56-55) 658 099

TOCOPILLA THERMOELECTRIC COMPLEX:
AVDA. DR. LEONARDO GUZMÁN 0780, TOCOPILLA, CHILE
PHONE: (56-55) 819 176

ARICA DIESEL-FIRED PLANT:
AVDA. SANTA MARÍA 2251, ARICA, CHILE
PHONE: (56-58) 241 109

WEBSITE:
www.engie-energia.cl

INVESTOR RELATIONS:
MARCELA MUÑOZ LAGOS
marcela.munoz@engie.com
inversionistas@engie.com
PHONE: (56-2) 2783 3307

2019 Integrated REPORT

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CORPORATE VISION

WE ARE ENGIE ENERGÍA CHILE

OUR BUSINESS

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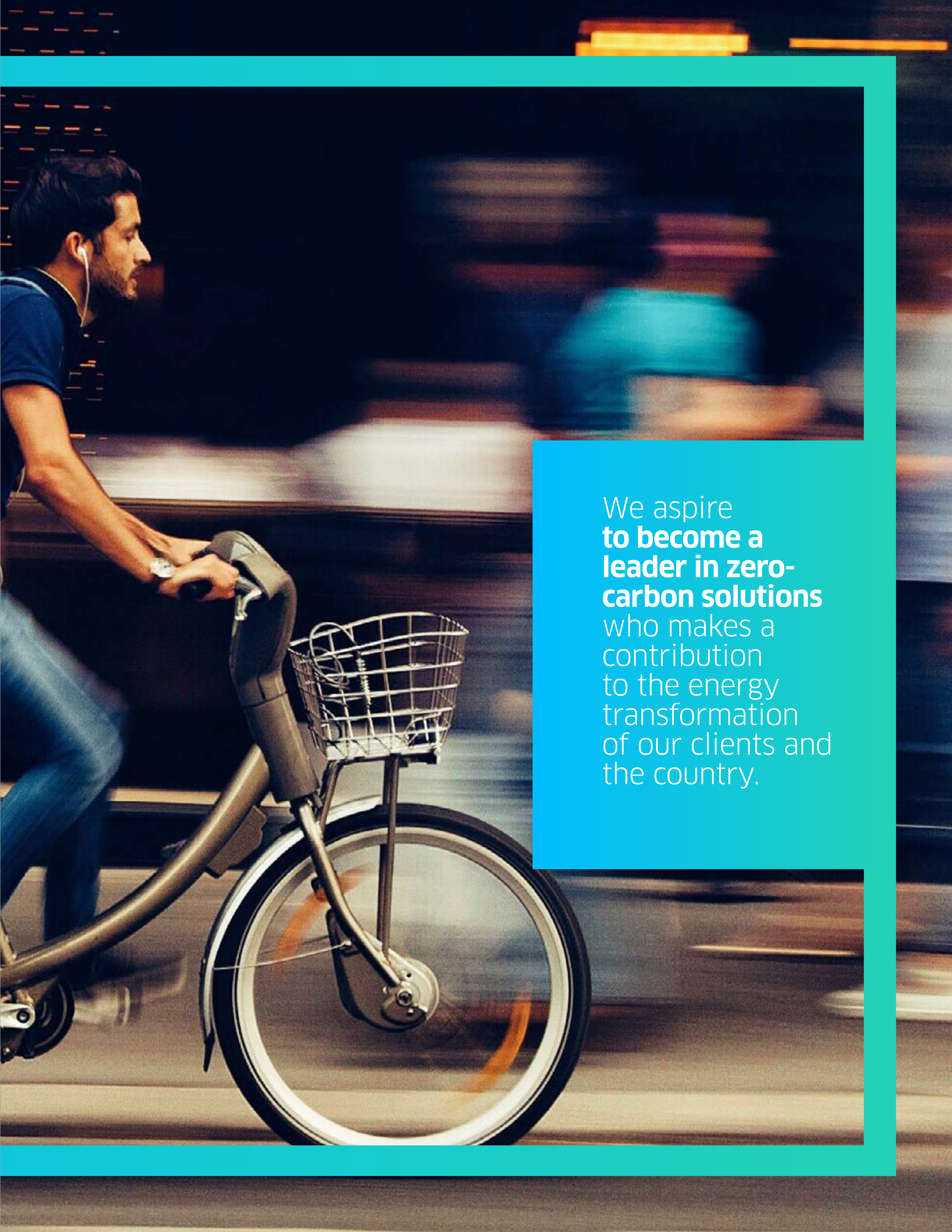
Corporate Vision



We aspire **to become a leader in zero-carbon solutions** who makes a contribution to the energy transformation of our clients and the country.

Letter from the Chairman of the Board

In 2019, ENGIE Energía Chile took major steps in line with the ENGIE Group's strategy to become a leader in developing services that facilitate companies transitioning to zero-carbon that aim to leverage their growth on sustainability pillars.

All the measures that ENGIE Energía Chile has adopted are in harmony with the progress that Chile is requiring to decarbonize its energy matrix. In this scenario, we trust that we have the experience to support Chilean companies in adopting zero-carbon energy.

To that end, COP 25, held in Madrid, was the right to place announce that we will have retired 800 MW of coal-fired energy from the system in a period of 5 years, by disconnecting Tocopilla Units 12 and 13, done in June, and closing Tocopilla Units 14 and 15 in 2021, as well as Mejillones units CTM1 and CMT2, scheduled for 2024. The retirement of these units is equal to a global reduction of 3 million tons of CO2 or to taking 20% of the automobiles in the nation out of circulation.

The effects have already begun to be seen. This closing calendar does not entail any risk to the supply committed to our clients or to the country. In 2019, we began to implement our US$1 billion

“By 2022, these new units will inject 417 MW of installed renewable capacity to the system that will soon be increased by the addition of new projects approved by the authority.”

investment plan for 1 GW of renewable energy. The first step was to purchase 2 solar farms, Los Loros and Andacollo. Then we began building the Calama wind farm and the Capricornio solar farm, to be followed by the Tamaya solar farm. By 2022, these new units will inject 417 MW of installed renewable capacity to the system that will soon be increased by the addition of new projects approved by the authority.

As our decarbonization plan advances, the primordial challenge to the Company will be to drive the strategy that we have designed to become the preferred partner of industries, cities and communities and of the tertiary sector in developing sustainable energy solutions. We expanded our client portfolio of industrial sectors and services in that direction in order to be open to new options to position our energy efficiency services.

In that context, we are incredibly pleased with the agreements reached with New Pudahuel that included the installation of 2,400, solar panels that will generate 1,256 MWh. Our goal is to progress towards new sectors like retail, universities and hospitals.

The 2019 results show that we have known how to appropriately integrate sustainability in our development as a company. Among the financial achievements in 2019 are operating income of US$1,464 million, 14% above 2018. Our EBITDA was US$535 million, a 42% increase, and the net profit was US$111 million, 8% over the previous year.

We are committed to the economic, social and environmental development of Chile, which is why we expect to continue bolstering our investments in the country.

Frank Demaille
Chairman
ENGIE Energía Chile

Message from the Chief Executive Officer

2019 has been a year when we took specific steps toward the transformation of ENGIE Energía Chile. On the one hand, we forcefully propelled our plan to retire coal-fired power plants from the system, thus guaranteeing our commitment to the country's energy agenda and to the global efforts to reduce greenhouse gas emissions.

On the other hand, we took definite steps to acquire and build renewable power energy plants in order to meet our commitments to clients and the authorities. Without this support, it would not have been possible to move forward on our chosen path.

Shareholders and investors have also given us their support. In December 2019, we received a US$125-million loan from IDB Invest for investments in renewable energy, and recently, in January 2020, we successfully placed a US$5 million bond intended to finance projects in our transformation.

The collaborators and union leaders of the disconnected units deserve a special mention, with whom we jointly designed a transition plan that encompasses several initiatives, including employability and career change.

I also want to highlight the authorities and our neighbors who have trusted us to be able to move forward. In 2019, we received permits for 6 projects, 3 for the development of renewable energy power plants and three for transmission infrastructure.

Both the trust and the capacity for dialogue have been fundamental assets in developing our business.

In light of the social unrest that broke out in October 2019, we created instances for conversation with our workers, neighbors and suppliers in order to identify issues that are relevant to them and that we should review. Thanks to this dialogue, in 2020, we want to advance in our sustainability strategy hand in hand with the needs of Chile and aligned with the leadership that the ENGIE Group has adopted in the energy transition.

I would also like to emphasize that we have continued forward with our strategic challenge of becoming a service company focused on the needs of its clients in the areas of electricity supply and solutions, in the goal of supporting them in their transition to zero carbon, and in port, transmission and gas services.

Along those lines, in 2019 we expanded our portfolio of industrial clients by a demand equivalent to 239 GWh, and we closed important agreements for the implementation of zero-carbon solutions based on energy management, on-site production systems and energy solutions where we can supply products developed by ENGIE.

We also continued improving the design of the service experience we want to provide. This led us to reorganize the commercial area in order to be closer

“In 2019 we expanded our portfolio of industrial clients by a demand equivalent to 239 GWh, and we closed important agreements for the implementation of zero-carbon solutions.”

to the needs of clients; to reinforce our internal cultural through new team competencies and skills; and to strengthen internal processes and our digitalization strategy in order to become more agile and efficient.

We are proud that our business development is contributing to the economic, environmental and social growth of Chile. We invite you to read in detail our management in this fourth integrated report on the 2019 fiscal year.

Axel Levêque
Chief Executive Officer
ENGIE Energía Chile

We Are ENGIE Energía Chile

We are shaping ourselves to become **protagonists in the nation's decarbonization.**

A Quick Look at ENGIE Energía Chile in 2019

ENGIE Energía Chile engages in power generation, transmission and supply, gas transportation and port infrastructure.

Our main customers are found in in the industrial, mining and power distribution sectors in the north, central and south zones of the country.

IN 2019
OUR MAIN RESULTS WERE:

Revenues:
US$1,464 MILLION
14% above 2018

EBITDA
US$535 MILLION
42% above 2018

Profit
US$111 MILLION
8% above 2018

Investments
US$190 MILLION

BBB rating confirmed

INTERNATIONAL
Fitch (June 2019): Positive Outlook
S&P (July 2018): Stable Outlook

NATIONAL
Fitch (June 2019): AA-, Positive Outlook
Feller Rate (January 2019): AA-, Stable Outlook

POWER GENERATION

4TH largest power generator

2.2 GW of installed capacity

11.1 TWh of energy sales

Contracted capacity: PPAs in effect for an average of 12 years

3 renewable energy projects for **362 MW**

POWER TRANSMISSION

3rd largest transmission company

2,293 kilometers of High- and medium-voltage lines running

23 substations with a capacity of 844 MVA

50% interest in TEN S.A.: 600 km, 550 KV

Gas Transportation:

GAS

473 million cubic meters of gas transported in 2019.

2 Ports In Operation

Tocopilla and Andino

SOCIAL MANAGEMENT

890 Collaborators

18% the goal for women in executive positions

15% Women

85% Men

Turnover

4% Women

11% Men

SALARY GAP 2019
(Continuing Contracts)

	Women	Men
Executives	100.6%	100.0%
Tactical professionals	94.2%	100.0%
Workers, clerks	95.1%	100.0%

Minimum Salary CLP$628,000↑ 7% above 2018

TRAINING

40 hours of training on average per person

SUPPLIERS

1,620 Suppliers

15 DAYS is the average period of payment of SMB invoices

93.4% domestic
6.6% foreign

COMMUNITY

US$593,440 invested in communities
19 MUNICIPALITIES included territorial management

JOB SAFETY

ZERO fatalities in 2019

ENVIRONMENTAL MANAGEMENT

water footprint
1.69 million m3
(The 2018 water footprint measured in 2019)

carbon footprint
4.1 tons of CO2 EQ
14% less than 2018

→ **PM Emissions:**
56.3 TONS/YEAR
↓ 53% less than in 2018

→ **NOX Emissions:**
4,288 TONS/YEAR
↓ 34% less than in 2018

→ **SOX Emissions:**
3,496 TONS/YEAR
↓ 43% less than in 2018

INTEGRATED MANAGEMENT SYSTEM:

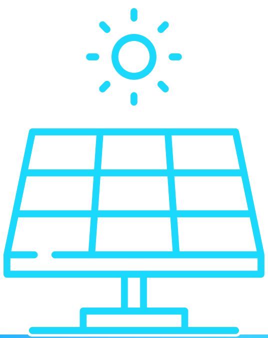
ISO 9.001 | ISO 14.001 | OHSAS 18.001

Milestones

2009

E-CL, formerly Edelnor, merged with Inversiones Tocopilla I S.A. As a result, E-CL acquired other electricity generation and distribution assets as well as gas transportation assets in the Far North region of Chile, including Electroandina, CTA, CTH, GNAC, GNAA and Distrinor. Distrinor was sold to Solgas S.A., a subsidiary of the ENGIE Group, in December 2013.

2011



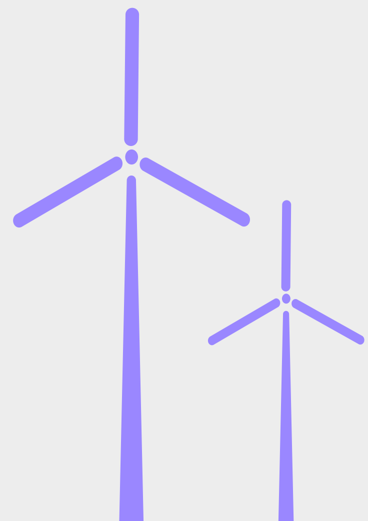
Electroandina was split into two companies: Electroandina, that continued to own all port facilities, and Electroandina Two, that acquired ownership of all of Electroandina's generating facilities, including the Tocopilla Thermoelectric Power Plant. This split also merged Electroandina II with E-CL and the latter took over control of all of Electroandina's generating assets.

2014

E-CL was awarded a maximum of 5,040 GWh in 84 sub-blocks of electric capacity and energy within Block 3 in the power supply tender called "SIC 2013/03 – Second Call," held by SIC power distribution concessionaires. This enabled the company to deliver energy to the Central Grid (SIC) for 15 years as of 2018. The bid required investments of close to US$1.8 billion.

2015

Transmisora Eléctrica del Norte (North Power Transmission Company Project) (TEN) was declared to be a trunk transmission project to interconnect the SING and the SIC.



2016

E-CL changed its name to ENGIE Energía Chile S.A., thus adopting a globally supported brand that reflects a new strategic vision of the Group both worldwide and in Chile.

2017

ENGIE Energía Chile started up the Transmisora Eléctrica del Norte (TEN) power line that connected the Far North Grid (SING) and the Central Grid (SIC) into one single National Grid (SEN). ENGIE Energía Chile changed the focus of its business strategy to integrate the new challenges and opportunities resulting from Chile's Energy Transition.

2018

The Company began its decarbonization plan. It announced a plan to invest US$1 billion in renewable energy projects and requested authorization from the authority to close Units 12 and 13 (173 MW) of the Tocopilla Thermoelectric Power Plant, subject to the start-up of the last segment of Interchile's Cardones-Polpaico power line. It also renegotiated contracts with three of its main clients in the mining sector as a result of which periods were extended and the plan to invest in renewable energy became viable.

2019

We announced the closing of units 14 and 15 of the Tocopilla Complex and units CTM1 and CTM of the Mejillones Complex by 2024, as part of our decarbonization plan. We also began to implement the plan to invest US$1 billion in renewable energy by the purchase of two solar farms, Los Loros and Andacollo, with a combined capacity of 55 WMp, and the construction of the Calama Wind Farm and Capricornio and Tamaya solar farms, with a combined capacity of 362 MW.

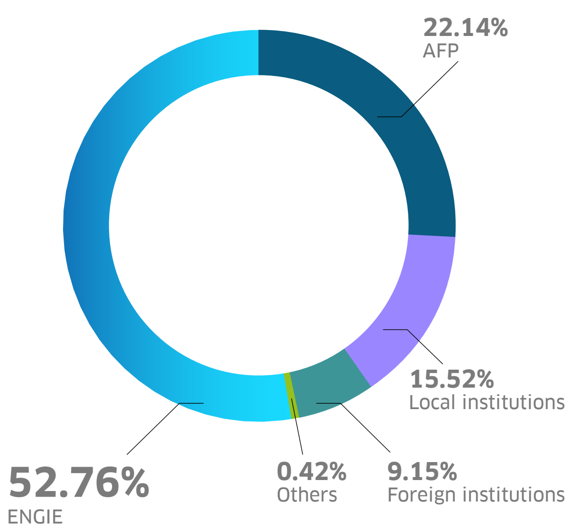
Ownership, Corporate Governance And Ethics

CONTROL

ENGIE Energía Chile S.A. is controlled by ENGIE (formerly GDF Suez), a French multinational, through ENGIE Latam S.A. that owns 555,769,219 shares, equal to a 52.76% interest. The remaining 47.24%, or 497,550,557 shares, is controlled by Pension Fund Managers (AFPs), local and foreign institutional investors. ENGIE Latam S.A. is a Chilean closed corporation whose only shareholders are International Power S.A., owning 99.99% of the company's shares, and ENGIE Brasil Participacoes Ltda., owner of the remaining 0.01%.

ENGIE is an international industrial and services group and a leader in sustainable development. It provides innovative energy and environmental solutions to companies, groups and individuals. Its shares are listed on the Brussels and Paris stock exchanges.

Ownership structure at December 31, 2019



CORPORATE ETHICS AND COMPLIANCE

Ethics is one of the pillars supporting the business of ENGIE Energía Chile. We have a system to manage our corporate ethics where the purpose is to promote a culture consistent with our values so that sensitization and training efforts are ongoing throughout the year. In addition, we are sure to keep our Code of Conduct in Ethics and Business and Internal Regulations updated by the best corporate practices and changes in regulations.
As part of the management system, ENGIE

Energy Chile also has an Ethics Committee comprised by the Chief Executive Officer, the Corporate Human Resources Officer and the Ethics Officer. The committee's purpose is to analyze and resolve complaints made by collaborators citing potential breaches or violations of the Code of Conduct and Ethics in Business.

CHANGES TO THE CODE OF ETHICS

In 2019 we updated the Company's Code of Ethics and Internal Regulations. These changes were in response to the following considerations:

- **A new stakeholders relations policy.** We decided to include this in the Code of Ethics because relations with stakeholders are subject to laws like Law 20,393 on the Criminal Liability of Legal Entities that sets down a framework for transactions between private persons and between private persons and the authority to avoid conduct that may involve the crimes of corruption or bribery.
- **New offenses under Law 20,393.** The changes to this law implied several internal adaptations that are reflected in the Code of Ethics.
- **Receipt of gifts and hospitality from a third party.** In 2019, the ENGIE group conducted an internal audit that addressed matters of ethics and compliance with internal regulations, including those involving the receipt of gifts and hospitality from a third party. Collaborators are forbidden to accept gifts from a supplier, contractor, authority or anyone else for doing their job. This year we made progress in designing a formal procedure to return gifts, which is described in the Code of Ethics.

THE CHALLENGES OF LAW 20,393

In 2019, our Compliance focus was on the challenges involved in incorporating 8 new offenses added to Law 20,393. As part of this process, we conducted an exhaustive review to define which of the new offenses related to our activity. Of the eight, we found that five should be incorporated to our crime prevention model and manual, risk map, preventive controls and internal regulations. Those offenses are:

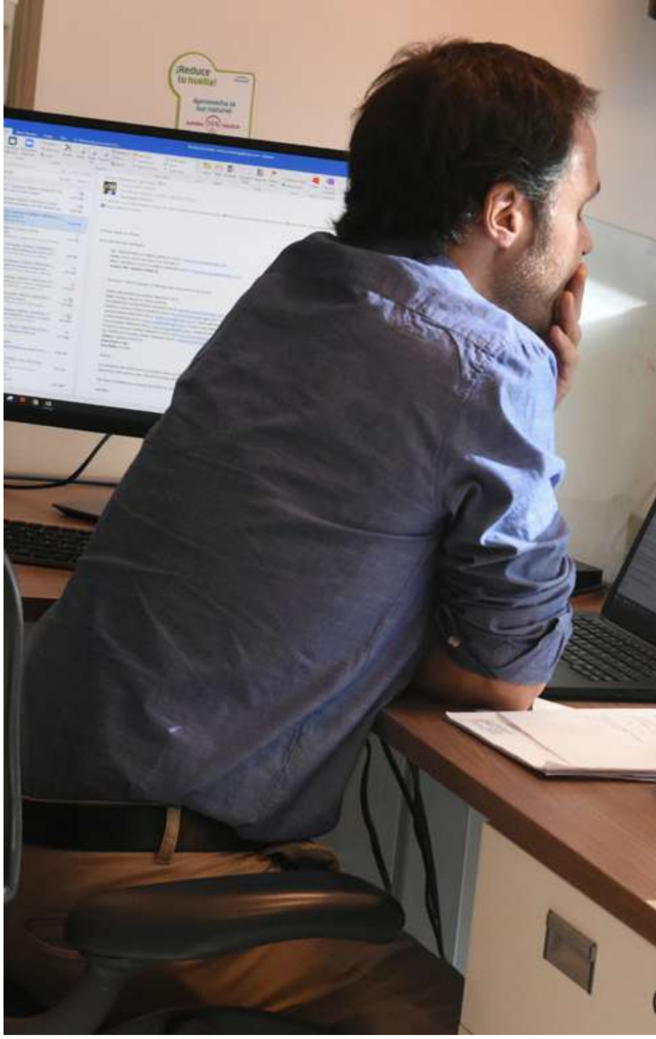
Collaborators were trained in ethics and crime prevention.

- Transactional conflict of interest
- Private-to-private corruption
- Misappropriation
- Disloyal management
- Water pollution

Once the changes were made, we implemented an informational and training plan for all levels of the Company, including suppliers and contractors. The goal of this plan was to report the changes in the law clearly and opportunely and the consequences of any violation, which may range from admonitions to severance.

We can highlight the following activities conducted this year:

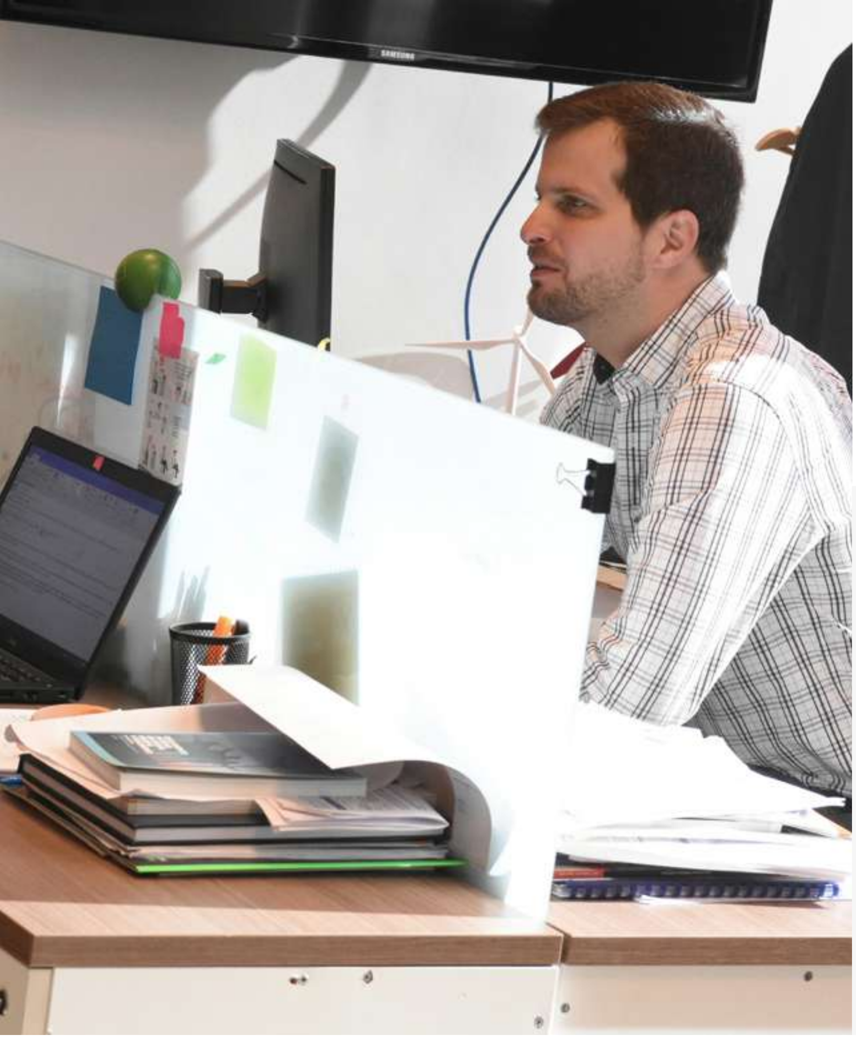
- **Informational:** We prepared a video release with the legal area to explain these new offenses and the required preventive efforts and controls.
- **Training:** We visited the company's main sites in Santiago, Mejillones and Tocopilla. In other localities, this activity was conducted online. In this case, we invited the certification agency to attend these talks so that it could see that our model was working satisfactorily.
- **Approval and delivery of internal regulations.** The regulations were approved this year and handed out to all employees starting in October, who signed an acknowledgement of receipt as part of this procedure.



- **Invitation to contractors:** We formally invited, by letter, close to 2,400 contractors and suppliers to commit to the Code of Ethics, the Anti-Corruption Policy and the Crime Prevention Model that set down the guidelines to follow in our daily conduct, including business relations.

We also addressed this issue in greater depth with the Procurement Division teams. Because of their commercial role, they are potentially the most exposed. We gave specific talks to this group of approximately 40 people on the regulatory changes and the company's guidelines, and we emphasized the role of the whistleblower channel.

Board members also attended a talk on the changes in Law 20,393, given by an attorney expert in compliance. It also



Complaints and fines received for a violation of Law 20,393	0
Number of people given ethics training	444
Suppliers trained in ethics and compliance	16

Suppliers were trained in ethics and compliance.

received a report on all actions being taken by the company to abide by the new rules of law.

We received no complaints through our whistleblower channel in 2019 about the Crime Prevention Model, the Code of Ethics or the Code of Business Conduct.

INCIDENTS AND FINES

There was one socio-environmental incident in the company in 2019, caused by a spill of fuel oil that overflowed from the secondary containment system and flooded internal and external streets in the power plant complex but did not reach the coast or the ocean. The event was controlled, the oil was recovered, and all waste was disposed of in authorized facilities. The Energy and Fuels Commission (SEC) imposed a fine of 50 monthly tax units for the time it took us to notify them of our mitigation actions. As a result of this experience, we designed a new procedure so that the SEC is given notice of this type of incident much sooner (in no more than 2 hours), agilely and efficiently.

Governance Structure

BOARD OF DIRECTORS

Abercio Cortés
Crime Prevention Officer

Axel Levêque
Chief Executive Officer

Carlos Arias
Corporate Chief BTB Officer

Andrea Cabrera
Corporate Chief Human Resources Officer

Gabriel Marcuz
Corporate Chief Operations Officer

Eduardo Milligan
Corporate Chief Financial and Shared Services Officer

Beatriz Monreal
Corporate Chief Officer of Corporate Affairs

Carlos Regolf
Corporate Chief Project Implementation Officer

Fernando Valdés
Corporate Chief Legal Officer

Pablo Villarino
Corporate Chief Institutional Relations Officer

As of December 31, 2019, no member of the Board or Senior Management held an ownership interest in ENGIE Energía Chile.

Board of Directors ENGIE Energía Chile

The company is managed by a seven-member Board of Directors, each with an alternate, that holds office for two years. Members can be reelected. The company's actual Board of Directors was elected at the Regular Shareholders Meeting held April 24, 2018.(1)

The Directors Committee elected for the period is comprised of Mauro Valdés Raczynski (Chairman), Cristián Eyzaguirre Johnston and Claudio Iglesis Guillard, all independent directors **(further information on page 156)**

FRANK DEMAILLE

CHAIRMAN

Engineer
Tax ID 26.890.321-6

PIERRE DEVILLERS

DIRECTOR

Attorney
Tax ID 24.671.366-9

(1) The Company's Board of Directors acknowledged the resignation submitted by Philip De Cnudde, Tax ID 24.667.863-4, director and Chairman of the Board, and his respective alternative director, Dante Dell'Elce, Tax ID 14.694.620-8, at its meeting held May 28, 2019. At that same meeting, it resolved to appoint Mr. Frank Demaille in replacement and as Chairman of the Board, who took office immediately.

HENDRIK DE BUYSERIE
DIRECTOR

Human Resources Management
Belgian Passport: EP 101719

CRISTIÁN EYZAGUIRRE
DIRECTOR

Economist
Tax ID 4.773.765-6

MAURO VALDÉS
DIRECTOR

Attorney
Tax ID 7.011.106-3

CLAUDIO IGLESIS
DIRECTOR

Electrical Engineer
Tax ID 7.289.154-6

DANIEL PELLEGRINI
DIRECTOR

Electromechanical Engineer
Tax ID 25.017.537-K

ALTERNATE DIRECTORS(2)

STEFANO TERRANOVA
Economist,
Italian Passport: YA8043396

JOAQUÍN GONZÁLEZ ERRÁZURIZ
Attorney,
Tax ID 6.550.994-K

RICARDO LIRA MATTE
Electrical Engineer,
Tax ID 6.379.576-3

VICTORIA VÁSQUEZ GARCÍA
Business Engineer,
Tax ID 6.458.603-3

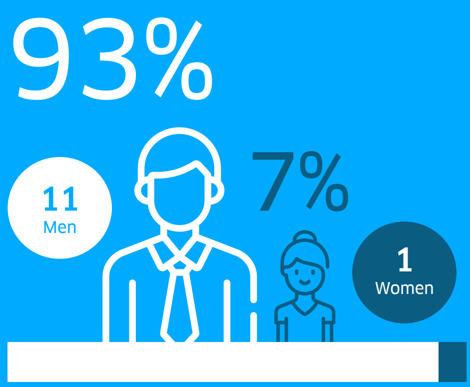
(3) PABLO VILLARINO HERRERA
Attorney,
Tax ID 9.904.494-2

(2) Mr. Patrick Obyn, Tax ID 25.389.612-4, resigned from the Board of ENGIE Energía Chile on December 11, 2019.

(3) Mr. Pablo Villarino Herrera, Tax ID 9.904.494-2, resigned from the Board of ENGIE Energía Chile on January 7, 2019.

Diversity on the Board of Directors(*)

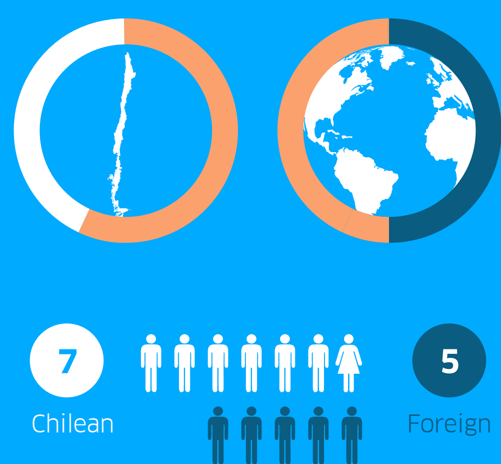
Directors by gender:



Number of people by age

From 41 to 50 years old:	4
From 51 to 60 years old	2
From 61 to 70 years old	5
Older than 70	1

Directors by nationality



Number of people by time in office

Less than 3 years	5
From 3 to 6 years	4
More than 6 years	3

(*) Figures include both regular and alternate directors.

BOARD COMPENSATION

The Regular Shareholders Meeting held April 30, 2019 agreed to maintain an allowance of 160 UF per calendar month per director for the 2019 fiscal year and 320 UF per month for the chairman of the Board, provided they attend the regular meeting for the respective month. It was also decided that alternate directors would receive no compensation for their office unless they attend a regular meeting in replacement of their respective regular director, in which case they will receive the compensation of such regular director. No other compensation is paid other than for directorships, except for any compensation received by members of the Directors Committee for committee duties.

CONSULTING AND SERVICES

The Board of Directors of ENGIE Energía S.A. spent KUSD119 on overhead during the 2019 fiscal year.

Board Compensation (*)

Director	12/31/2019 kUSD	12/31/2018 kUSD
Cristián Eyzaguirre, Director	101	109
Emilio Pellegrini, Director (**)	0	29
Mauro Valdés, Director	101	109
Claudio Iglesis, Director	101	80
Total	**303**	**327**

** Frank Demaille, Philip De Cnudde, Pierre Devillers, Hendrick De Buyserie, Daniel Pellegrini, Stefano Terranova, Pablo Villarino Herrera and Dante Dell'Elce waived their compensation for their directorships in the Company.*

*** Emilio Pellegrini vacated his directorship in the Company at the Regular Shareholders Meeting held April 24, 2018.*

Executive Team

Senior executives as of December 31, 2019

Axel Levêque

Chief Executive Officer

ENGINEER
Tax ID 14.710.940-7.
In office since September 2014.

Andrea Cabrera

Corporate Chief Human Resources Officer

TRANSLATOR
Tax ID 10.335.476-5.
In office since September 2018.

Carlos Arias

Corporate Chief BTB Officer

ECONOMIST
Tax ID 24.004.550-8.
In office since September 2018.

Gabriel Marcuz

Corporate Chief Operations Officer

ENGINEER
Tax ID 21.273.633-3.
In office since January 2019.

Gabriel Marcuz, Corporate Chief Operations Officer, joined the executive team in 2019. He had come to the Company in 2018 as deputy manager of the area he now runs.

Also new are Pablo Villarino, who took over the recently created Corporate Institutional Relations Division; Fernando Valdés, as Corporate Chief Legal Officer; and Carlos Regolf, as Corporate Chief Project Implementation Officer. Rodrigo Cuadros, Corporate Chief Business and Large Clients Officer, and Anibal Prieto, Corporate Chief Legal Officer, also left the Company.

Eduardo Milligan
Corporate Chief Financial and Shared Services Officer

ECONOMIST
Tax ID 25.672.615-7.
In office since February 2017.

Carlos Regolf
Corporate Chief Project Implementation Officer

ENGINEER
Tax ID 14.524.773-K.
In office since May 2019.

Pablo Villarino
Corporate Chief Institutional Relations Officer

ATTORNEY
Tax ID 9.904.494-2.
In office since January 2019.

Beatriz Monreal
Corporate Chief Officer of Corporate Affairs

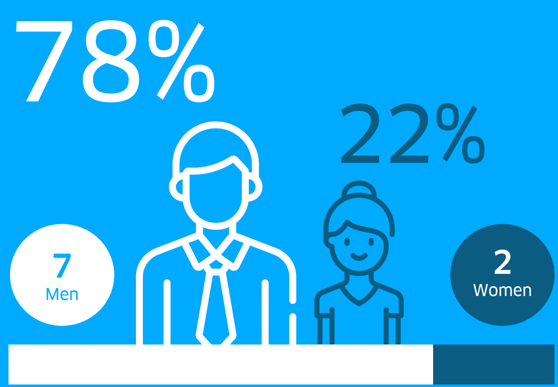
JOURNALIST
Tax ID 8.490.658-1.
In office since April 2015.

Fernando Valdés
Corporate Chief Legal Officer

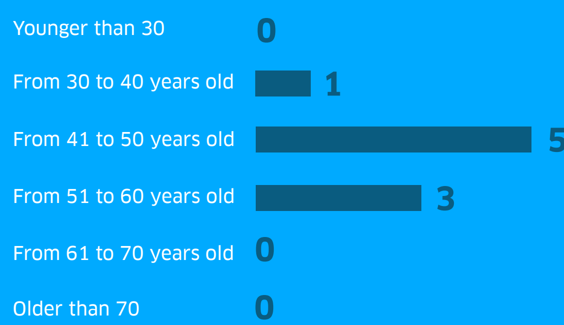
ATTORNEY
Tax ID 13.038.373-4.
In office since January 2019.

Diversity Within Management

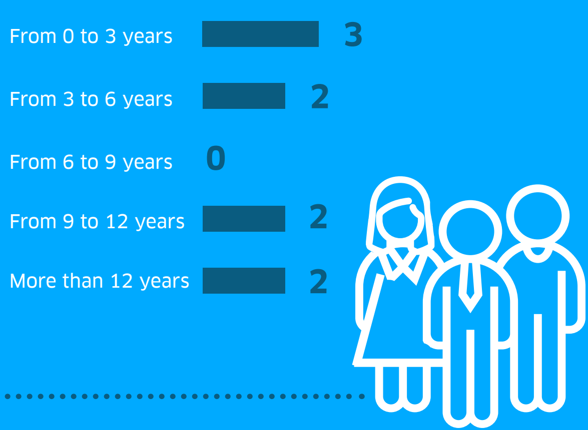
Executives by gender



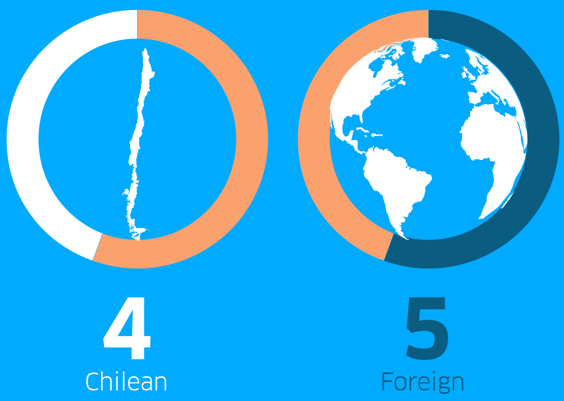
Executives by age range



Executives by time in office



Executives by nationality



Senior Management Compensation

Compensation of Officers and Senior Executives (1)	12/31/2019 kUSD	12/31/2018 kUSD
Compensation	2,291	2,634
Short-term benefits	317	695
Total	**2,608**	**3,329**

(1) *The costs include recurrent monthly compensation part of which is variable and paid in the form of bonuses that are based on personal performance and on the results of the company in the fiscal year. They also include severance indemnities. For comparative purposes, the key employee compensation for 2019 and 2018 only includes the chief executive officer and corporate officers.*

Awards and recognitions

IN 2019, TEN S.A. WAS AWARDED "OUTSTANDING INVESTMENT FOR THE YEAR."

This was awarded by the Capital Goods Corporation (CBC) in the products and services category for its SING-SIC Interconnection Project. TEN S.A. is 50%-owned by ENGIE Energía Chile and 50%-owned by Red Eléctrica Internacional.

WE RECEIVED AN AWARD FROM INSTITUTIONAL INVESTOR FOR THE THIRD CONSECUTIVE YEAR

On this occasion, we were awarded first place in six categories of the electric and other utility sector: Best Investor Relations Program, Best CEO, Best CFO, Best IR Professional, Best IR Team and Best ESG.

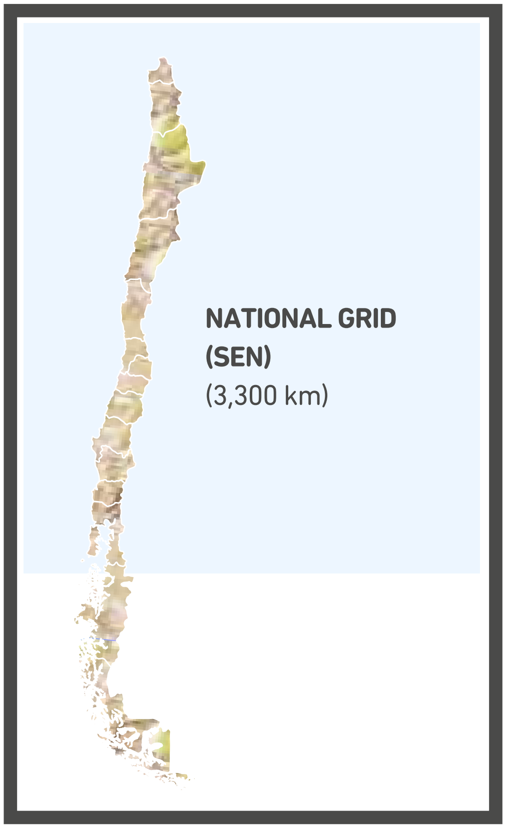
INSTITUTIONS OF WHICH ENGIE ENERGÍA CHILE IS A MEMBER

INSTITUTION	WEBSITE
ACCIÓN Empresas (Business ACTION)	www.accionempresas.cl
U.N. Global Compact	www.pactoglobal.cl
Sofofa (Manufacturing Development Society)	www.sofofa.cl
The Chilean Renewable Energy Association	www.acera.cl
Mejillones Industrialists Association	www.aimejillones.cl
Generators Association of Chile	www.generadoras.cl
Energy Efficiency Committee of the Ministry of the Environment	www.mma.gob.cl
Antofagasta Industrialists Association	www.aia.cl

Our Business

In 2019 we began implementing our plan to invest **US$1 billion in 1 GW of renewable energy**

Our Market



In Chile, the electricity industry is divided into three sectors: generation, transmission and distribution.

Generation: Power generation companies sell their production to unregulated customers, to distributors and to other power generation companies.

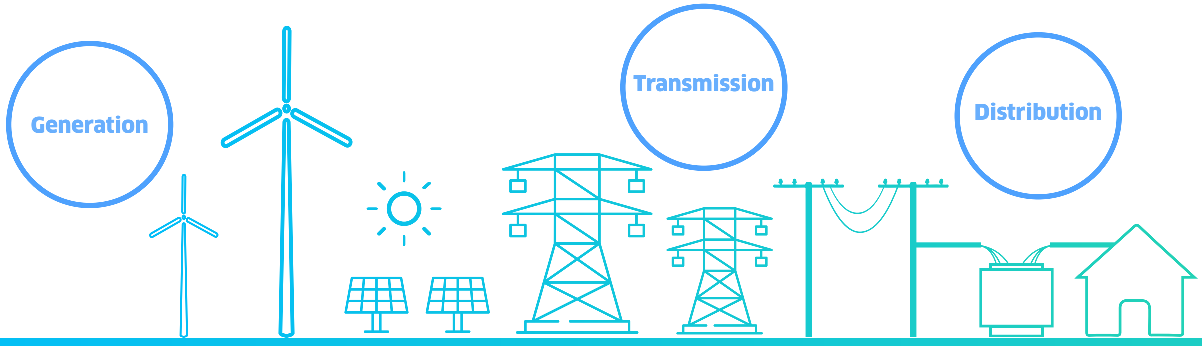
Transmission: These companies transmit to their customers high-voltage electricity produced by power generation companies or required by large clients. The transmission segment includes all power lines and transforming substations that operate at a nominal voltage above 23 kV.

Distribution: This involves any supply to end customers in a concession zone at a voltage less than or equal to 23 kV.

The main power grid in Chile is the National Electric System (SEN) that was created in November 2017 by the unification of the Far North Interconnected Grid (SING), where most of the mining industry in the nation is located, and the Central Grid (SIC), where 93% of the population resides.

SEN runs for 3,300 kms, covering nearly the entire nation from Arica to the north, to Chiloé in the south.

Apart from the National Electric System, there are two isolated systems in the south of Chile that supply electricity to remote areas: the Aysén Grid and the Magellan Grid.



Since January 1, 2017, the National Electric Coordinator (CEN) coordinates the operation of the SEN to preserve power supply with the required security in the most economical way possible, thus guaranteeing open access to transmission systems.

This entity is the successor to the former Economic Load Dispatch Centers (CDEC) of the SING and SIC that used to operate their systems independently.

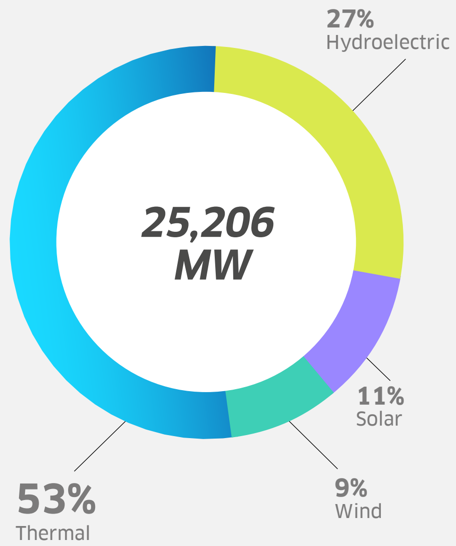
TYPES OF CUSTOMERS

Unregulated customers: These are consumers that have a connected capacity exceeding 5 MW as well as any with a connected capacity ranging from 500 kW to 5 MW who have opted to be in this category. These customers are not subject to any price regulation. These customers also agree on the commercial aspects in a contract, such as volume, price, period and general terms of power supply.

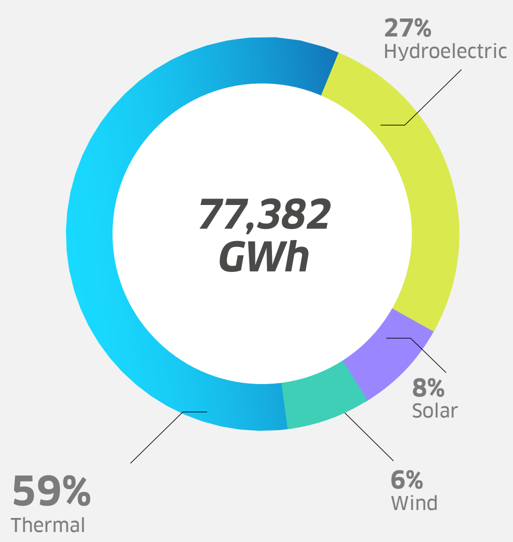
Regulated customers: These are customers that have a connected capacity less than or equal to 500 kW and any customers with a capacity of 500 kW to 5 MW who have opted to remain in the regulated sector. Regulated customers receive electricity through distributors that tender supply through long-term contracts.

ENGIE Energía Chile supplies energy to regulated customers through distributors and to unregulated customers located in the former SING grid. It has power purchase agreements with both regulated and unregulated customers in the former SIC grid, all now located in the National Grid.

Gross installed capacity on the SEN in 2019



Generation on the SEN in 2019



Source: CEN and a presentation to investors on the 2019 results of ENGIE Energía Chile.

Regulatory Framework

The General Electricity Law, the Power Transmission Law and the General Environmental Framework Law are the main rules of law regulating the operations of ENGIE Energía Chile.

The main regulators and oversight agencies overseeing the company in 2019 were:

- **Ministry of Energy**
- **National Energy Commission (CNE)**
- **Ministry of the Environment**
- **Environmental Commission**
- **Electricity and Fuels Commission (SEC)**
- **National Electricity Coordinator (CEN)**
- **Panel of Experts**

REGULATORY CHANGES

In 2019, the Ministry of Energy and the National Energy Commission continued with the discussion of, the creation of committees and instances for observations on, the different regulations and technical standards proposed as part of the implementation of Law 20,936, and on the guidelines set down in the "2018–2022 Energy Route." For these purposes, committees and other instances were also set up to make observations to the regulations.

As a result of the social unrest prevailing in Chile in November 2019, the government decided to implement several measures that include stabilization of the price of electricity for regulated customers (PEC) through the enactment of Law 21,185. That law set down a temporary method for price stabilization from July 2019 to 2027, the date when the cheaper renewable energy contracts should have entered the market.

In its first year, this method had a direct impact of US$73.5 million on the accounts receivable of ENGIE Energía Chile, which meant a financial cost of US$1.5 million as of December 2019. The stabilization fund will increase only through July 2023 or until there is a system total of US$1,350 million, whichever occurs first. In this case, the PEC will be adjusted to avoid a greater accumulation. Balances will only accrue interest from January 2026 to December 2027, the date when the fund must be liquidated.

If the fund is completed, the CNE will adjust the prices in each pricing cycle so as not to exceed the fund value or increase collections. In the case of ENGIE Energía Chile, a total contribution of US$250.5 million to the fund is estimated and an estimated financial cost of US$55 million at 4%.

Additionally, Law 21,194 was published in December 2019, called the "Short Distribution Law," that lowers the profitability of distribution companies and perfects the electricity distribution pricing process. A Long Distribution Bill of Law was promised for the first quarter of 2020 that contains a more profound structural reform to the distribution

business to increase sales competition, open up information systems, improve safety standards and service quality and have an efficient price design that sends appropriate signals to customers.

As to regulations, the “Complementary Services Regulations” were published in March 2019 and in December, the “Regulations on Coordination and Operation of the National Grid.” Both regulations begin to incorporate the recent changes in the electricity market because of the mass penetration of variable and unmanageable renewable sources. The new electricity market needs a proper identification of the resources provided by the different technologies, and a proper compensation for the services that each asset provides to the market, among other things.

Additionally, committees were set up to analyze the Regulations on the Qualification, Valuation, Pricing and Compensation of Transmission Facilities”; the “Regulations on Transmission Systems and Transmission Planning”; the “Regulations on Distributed Generation for Self-Consumption”; and the “Regulations on Small Distributed Generation Means” (PMGD), that are expected to be published in 2020.

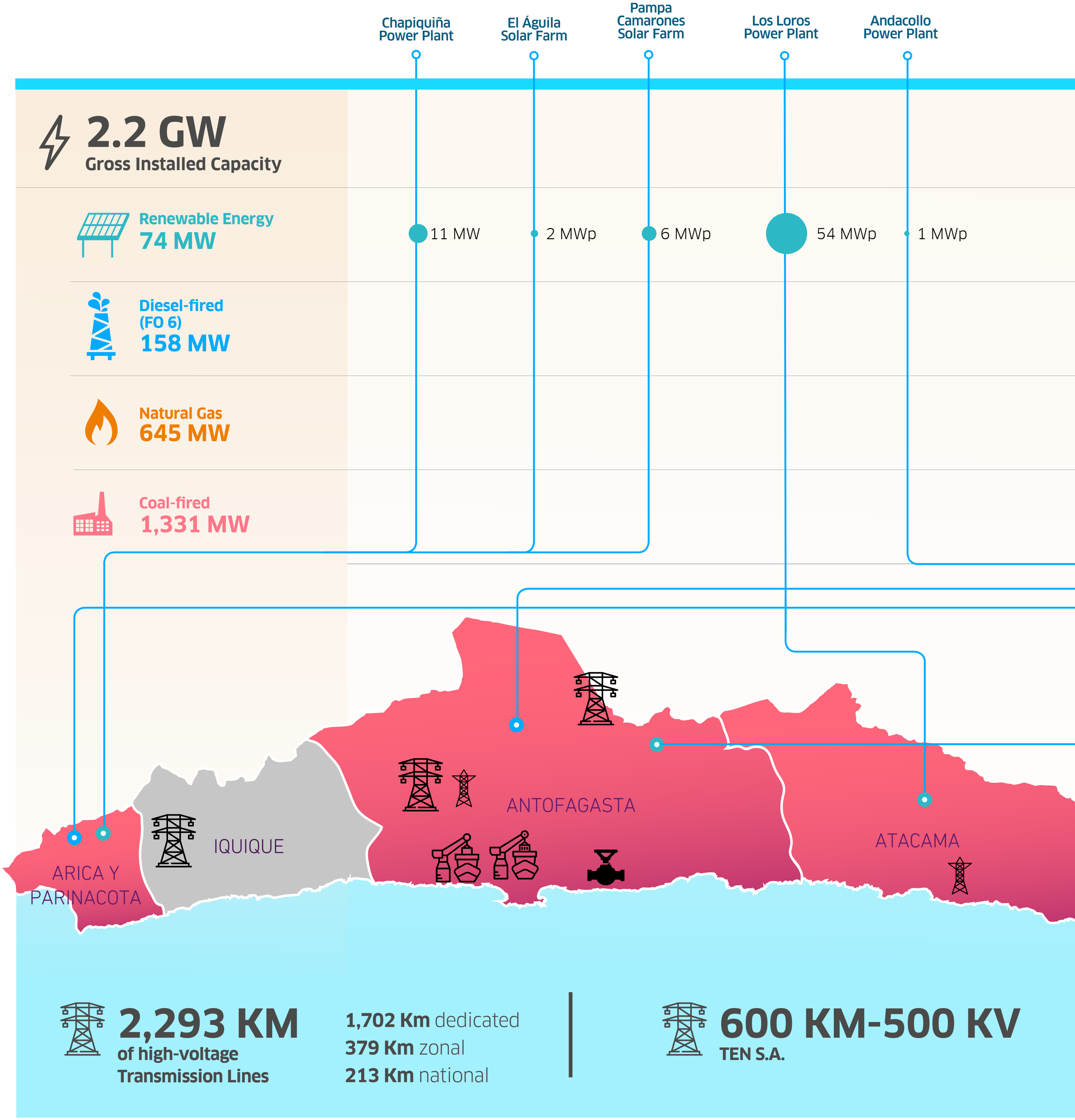
In 2019, the Technical Standard on Quality and Security of Service, the LNG Technical Standard, the PMGD Connection and Operations Standard, the Technical Service Quality Standard for Distribution Systems and the Technical Complementary Services Standard were amended, among others. Many of them will continue to be debated during 2020.

Also in 2019, the Ministry of Energy analyzed pushing for a reform in the generation segment, recognizing the growing need for flexibility imposed by the mass entry of unmanageable renewable generation (“Flexibility Strategy”).

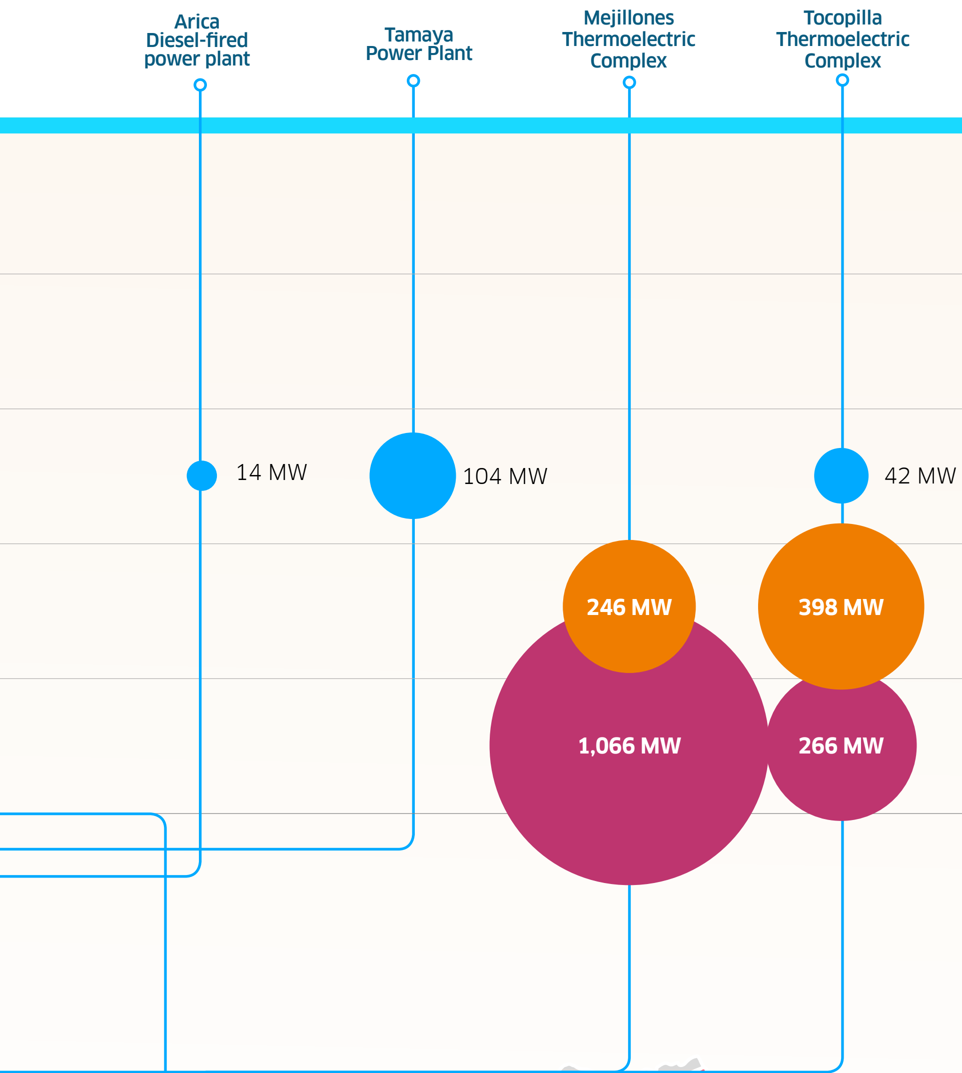
The Ministry of Energy is expected to send a bill of law to Congress in the first quarter of 2020 to perfect the market for payment by transfer of sufficiency capacity and its impact on the attributes of system flexibility.

As concerns transmission, National and Zonal transmission began to be charged and collected in January 2018 by means of a “Stamp” or “Sole Charge,” which is to be collected directly from the end user according to Law 20,936. During 2019, unregulated customers were given the possibility of opting for this new system through the Transmission Equivalent Charge (CET), which in turn has allowed suppliers to receive a reduction in payment for use of the transmission system.

Our Operations



At the close of 2019, ENGIE Energía Chile's gross installed capacity was 2.2 GW, above the 1.9 GW in 2018. In 2019, the IEM (375 MW) and the Los Loros and Andacollo solar farms (55 MWp) entered this system. These will make up for the closing of Units 12 and 13 in Tocopilla this year (173 MW).



PROJECTS

RENEWABLE ENERGY DEVELOPMENT

Calama Wind Farm, **151 MW**

Capricornio Solar Farm, **97 MWp** (Antofagasta)

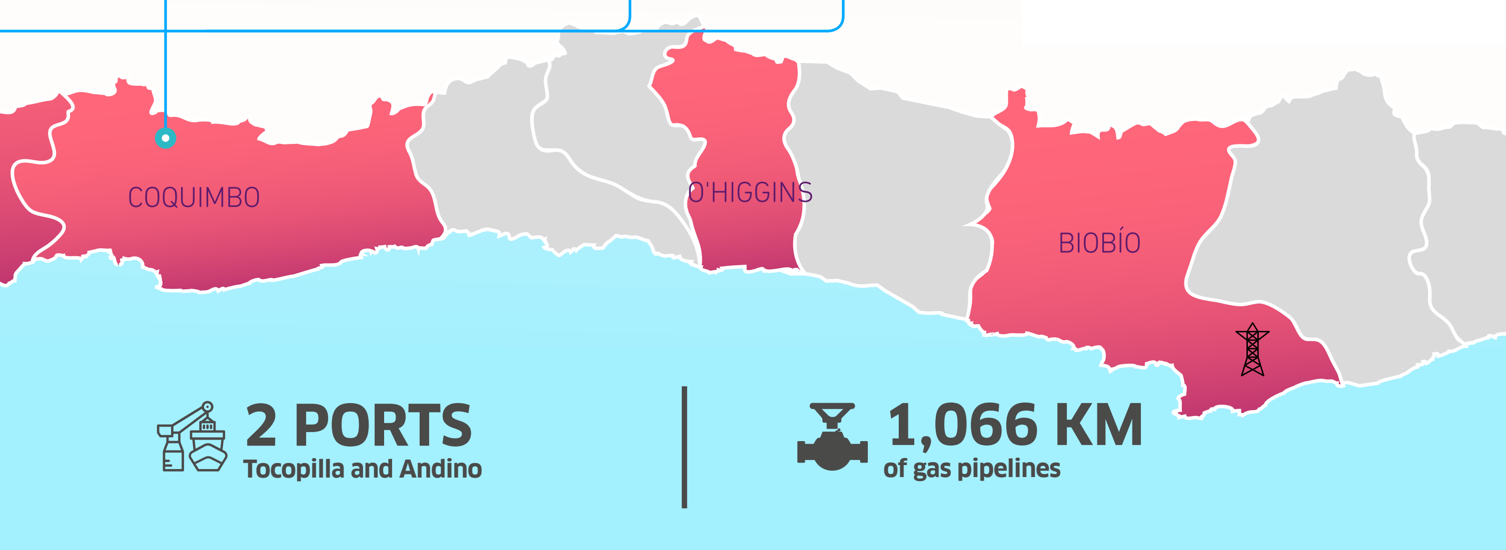
Tamaya Solar Farm, **114 MWp** (Tocopilla)

LINE DEVELOPMENT

New Chuquicamata 220-kv sectioning substation plus New Chuquicamata TL – Calama Substation.

Algarrobo 220-Kv sectioning substation (Vallenar)

El Rosal sectioning substation



ENGIE Energía Chile has taken on the challenge of accompanying our clients in their own energy transition to zero carbon, **by supplying them with electricity and gas, energy efficiency solutions and transmission and port services.**

Zero-Carbon Transition Strategy

In the midst of the profound changes occurring in the energy industry in Chile and the world, where renewable energy is displacing fossil fuels, ENGIE Energía Chile has adopted the challenge of accompanying our clients in their zero-carbon energy transition by providing them electricity and gas, energy efficiency and zero-carbon solutions and transmission and port services.

To respond to the different needs and expectations inherent to each sector, we began an organizational transformation in 2017 that we continued in 2019 in the aim of becoming an agile and efficient service provider focused on its clients' needs.

OUR AMBITION

is to be a leader in services for the transition to zero carbon.

OUR DNA

We are experts in complex infrastructures.

Closeness with clients.

OUR STRATEGIC ORIENTATION

Renewable energy, generation, transmission and gas solutions for clients.

OUR GOALS

A more solid growth.

The creation of more value.

Less impact.

Business Performance

The increase in energy sales, the entry of IEM and the purchase **of the first renewable energy projects were all good for our businesses.**

GENERATION

This business line was favored in 2019 by an increase in energy sales, the entry of IEM to the grid and the acquisition of the first renewable energy projects in our US$1-billion investment plan.

ENERGY SALES

In 2019, the rise in energy sales was the result of an increase in demand under the PPAs we have in effect with the central-south electricity distributors in the country, going from an annual maximum of 2,016 GWh in 2018 to 5,040 GWh as of January 2019. Also of influence was the recovery in demand of our unregulated mining customers (Chuquicamata, Zaldivar and El Abra) that meant energy sales of 11,103 GWh, 14% above 2018.

This increase in demand was partially covered by our own generation that totaled 5,633 GWh, 5% above 2018, and by energy purchases of 6,020 GWh on the spot market, 30% higher than in the previous period.

INSTALLED CAPACITY

At the close of 2019, our installed capacity was 2.2 GW, 15% above the 1.9 MW in 2019. This increase was due to the start of commercial operation of the IEM thermoelectric power plant (375 MW) and the acquisition of the Los Loros photovoltaic solar farm (55 MWp).

These additions offset the closing of Units 12 and 13 of the Tocopilla Thermoelectric Complex.

In the most recent period, our generation accounted for 22% of the total 1,927 GWh generated in the north zone of the National Grid (North SEN), which is equal to a 6-point drop compared to 2018, when it was 28%.

AVAILABILITY AND MAINTENANCE

In 2019, our availability was below that of 2018. Several improvements were made and we retained a consultant to analyze the gaps and propose new actions plans for 2020. Major maintenance scheduled in 2019 was at:

a) The Tocopilla Thermoelectric Complex:

- **Unit 14** was under maintenance from April 8 to June 23
- **Unit 15** from December 2 to 19.
- **Maintenance was performed three times on Unit 16:** from January 13 to February 6; from June 2 to 16; and from October 15 to February 9, 2020.

b) The Mejillones Thermoelectric Complex:

- **CTA** was undergoing maintenance from January 29 to August 23.
- **CTM2**, from September 24 to November 4.
- **CTM3**, from September 24 to 27.
- **The IEM Power Plant and Hornitos Power Plant (CTH)** were unavailable for a limited time in the second semester. In the case of IEM, it was to repair pulverizers, while for CTH, it was to repair the bottom ash removal system and sea water circulation system.

GENERATION OF ENGIE ENERGÍA CHILE IN 2019

2.2 GW
Gross Installed Capacity

5,672 GWh
Gross Generation

5,260 GWh
Net Generation

5,520 GWh
Energy purchases on the spot market

Scheduled maintenance

QUARTER	UNIT	TYPE	CAPACITY	PLANT	TIME DOWN (DAYS)
First	CTT16	Gas-fired	362.30	Tocopilla Thermoelectric Complex	24
Second	CCT14	Coal-fired	135.60	Tocopilla Thermoelectric Complex	76
	CTT16	Gas-fired	362.30	Tocopilla Thermoelectric Complex	14
Third	CTA	Coal-fired	177.00	Mejillones Thermoelectric Complex	55
	CTM3	Gas-fired	246.24	Mejillones Thermoelectric Complex	2
	CTM2	Coal-fired	171.98	Mejillones Thermoelectric Complex	41
Fourth	CTT16	Gas-fired	362.30	Tocopilla Thermoelectric Complex	78
	CTT15	Coal-fired	130.22	Tocopilla Thermoelectric Complex	18

Relevant breakdowns in 2019

QUARTER	UNIT	TYPE	CAPACITY	PLANT	TIME DOWN (DAYS)
First	CTT13	Coal-fired	85.67	Tocopilla Thermoelectric Complex	136
	CCT15	Coal-fired	130.22	Tocopilla Thermoelectric Complex	27
	CTM13	Gas-fired	246.24	Mejillones Thermoelectric Complex	19
	CTA	Coal-fired	177.00	Mejillones Thermoelectric Complex	25
	CTM1	Coal-fired	161.77	Mejillones Thermoelectric Complex	30
Second	CTH	Coal-fired	177.54	Mejillones Thermoelectric Complex	38
Third	CTH	Coal-fired	177.54	Mejillones Thermoelectric Complex	21
	IEM	Coal-fired	376.96	Mejillones Thermoelectric Complex	69
	CTM3	Gas-fired	246.24	Mejillones Thermoelectric Complex	29

The Thermal and Renewable Energy Dispatching Center began to operate in Santiago in 2019

DECARBONIZATION PLAN

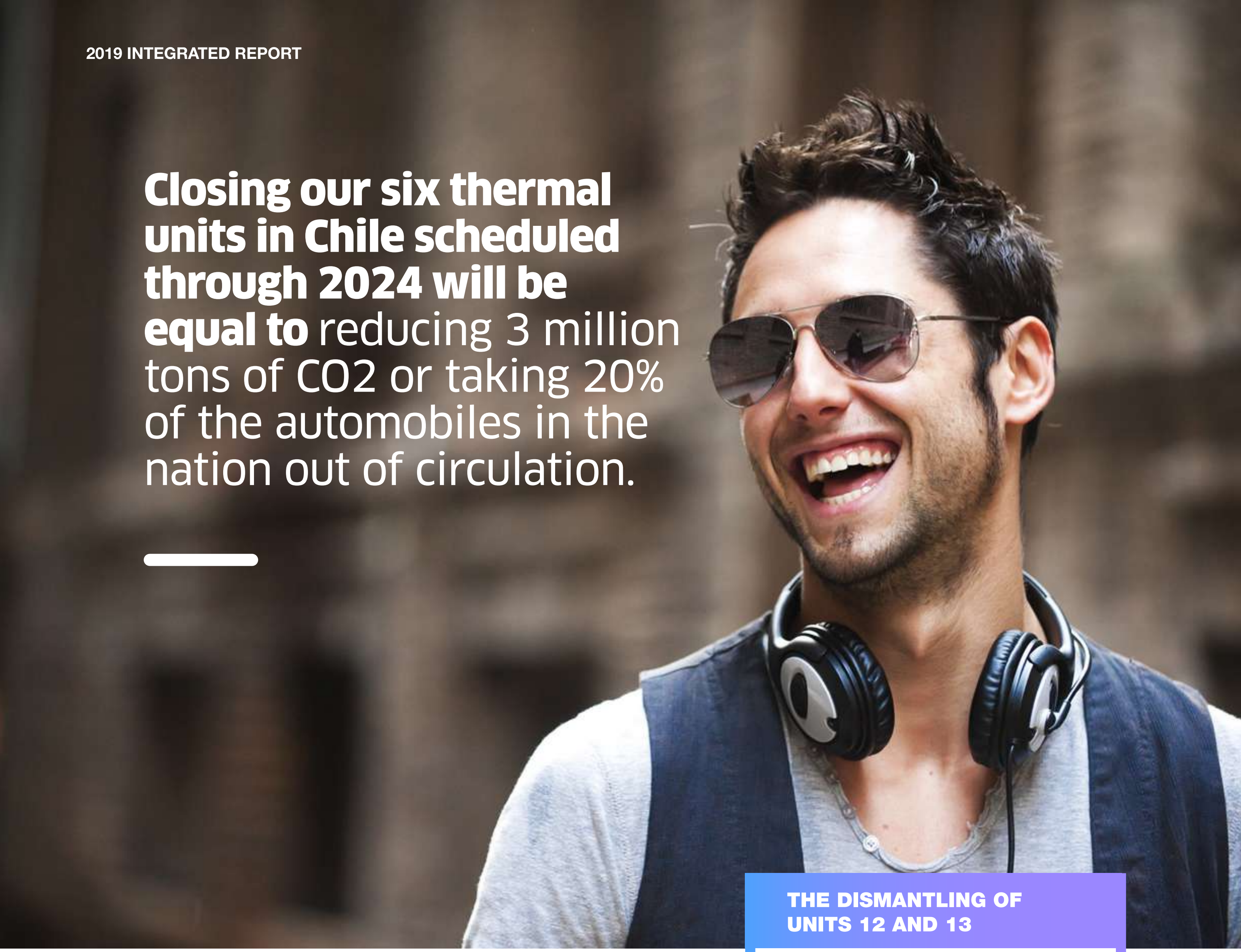
One of the major milestones in 2019 was the announcement of a closing schedule for the coal-fired units in the period 2020-2024 under our Decarbonization Plan. This plan involves an Asset Rotation Plan that entails replacing thermal generation by renewable energy and several initiatives to mitigate the social impacts of this change, which include a drop in the capacity to create jobs associated with renewable energy projects.

At the end of 2024, we will have disconnected 800 coal-fired MW from the system, generated by Units 12 and 13 of the Tocopilla Thermoelectric Complex (April 2019), by Units CTM1 and CTM2 of the Mejillones Thermoelectric Complex (2022), and by units 14 and 15 of the Tocopilla Complex (2024).

In the same period, we will begin to inject the first 471 MW of renewable energy from the Los Loros (54 MWp) and Andacollo (1.3 MWp) photovoltaic solar farms acquired in 2019; from the Calama Wind Farm (151 MWp) that is scheduled to begin operation in 2020; and from the Tamaya and Capricornio photovoltaic solar farms located

AGREEMENT WITH IDB INVEST

In order to fund the investments in renewable energy power plants, we signed a Letter of Intent with IDB invest, a member of the Inter-American Development Bank (IDB) Group, to structure a long-term loan for US$125 million.



Closing our six thermal units in Chile scheduled through 2024 will be equal to reducing 3 million tons of CO2 or taking 20% of the automobiles in the nation out of circulation.

in the Region of Antofagasta that combined, represent 370 MWp and are scheduled to start up in 2021 and 2022.

The construction of these farms will create close to 1,000 jobs directly at the peak hiring moments.

Additionally, we have 9 renewable energy projects that have been approved by Environmental Qualification Resolutions (RCA) and we are studying the installation of wind farms in the south zone of the country.

THE DISMANTLING OF UNITS 12 AND 13

In 2019, we began to study the bidding terms for the dismantling of these units and we updated the list of permits and regulations. These terms will be presented in the first half of 2020.

MANAGING DECARBONIZATION BY STAKEHOLDERS

Clients

In 2018, we presented our main clients that have (PPAs) a new commercial proposal that, among other aspects, involves changing the source of energy supply – from thermal to renewable – stipulated in the contracts and an extension of the expiration dates. These changes will allow them to deindex their prices from the coal price and index them to the CPI, which opens up the possibility of opting for lower prices and reducing the carbon footprint in their value chain. For us, validating this proposal was determining to making the US$1-billion investment plan in renewable energy viable. We have decarbonized contracts as of 2019 equivalent to 3 TWh.

Employees

We set up a committee of union leaders and company executives to define together alternatives that ensure the job continuity of collaborators working in the coal-fired units that will be disconnected, considering that the renewable energy projects are characterized by a low level of employees. Among the options being offered to employees are internal mobility, career change, training and retirement plans **(further information on page 84).**

Suppliers and contractors

We commissioned to study from the Job Observatory of the University of Antofagasta to understand the competencies and job expectations of our workers and those of contractors at the Tocopilla Thermoelectric Complex **(further information on page 104).**

Community and society

In the aim of receiving feedback, we shared our decarbonization plan openly and transparently with local authorities, neighbors and environmental NGOs, among other stakeholders, through the committee set up by the Government **(further information on page 100).**

Milestones in our Decarbonization Plan

< 2017

2015-2017
Construction of the TEN LINE began in 2015 that will unify the SING and SIC systems into the new National Grid (SEN). It began operation in 2017.

2018

2018
We announced the closing of coal-fired Units 12 and 13 at Tocopilla, equal to 173 MW. **ENGIE and its unions set up the Decarbonization Committee** to address reinsertion and career change plans.

ENGIE Energía Chile became a member of the **DECARBONIZATION COMMITTEE** set up by the government.

The renegotiation of PPAs began with clients to deindex them from the coal price.

The **Asset Rotation Plan** was launched that implies the closing of the coal-fired units and a US$1-billion investment plan in 1 GW of renewable energy.

2019
A study was made to identify the **competencies and needs reinsert contractors' workers.**

Between 2018 and 2019, the company has **decarbonized PPAs** with clients equal to **3 TWh.**

2019

The construction of **the Calama and Capricornio farms began.**

Units 12 and 13 of Tocopilla were closed, **equal to 173 MW.**

The first **battery energy storage system (BESS)** was implemented at the Arica substation (2 MWh).

On June 4, 2019, the Government and the industry signed **an agreement for the gradual closing of coal-fired power plants.**

We announced the **closing of coal-fired Units 14 and 15 in Tocopilla** in 2021, representing 268 MW.

2020 <

Acquisition of the Los Loros **(54 MWp)** and Andacollo **(1 MWp)** solar farms.

We announced the **closing of Units CTM1 and CTM2 of the Mejillones Thermoelectric Complex** in 2024.

2020
Construction of the **Tamaya Solar Farm** will begin.

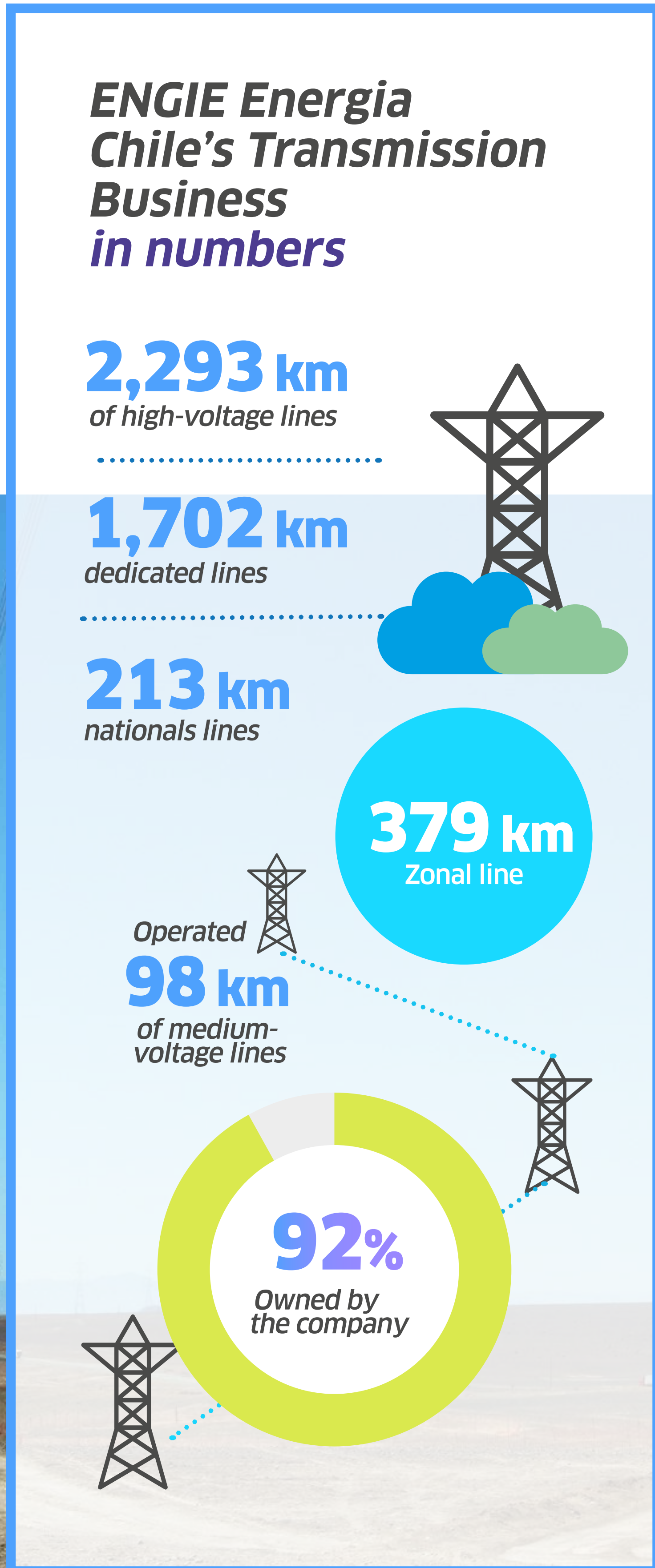
2021
The Calama, Capriconio and Tamaya farms will being operation.

2024
800 WM of coal-fired generation **would have been retired.**

TRANSMISSION

In 2019, we began the construction of the three national projects we were awarded in 2018 that are intended to facilitate access to the renewable energy system. Those projects involved a referential investment of US36 million.

Additionally, the National Energy Commission authorized us to expand our own system for a cost of US$10 million. To that we must add investments of US$4 million in our facilities.



TEN S.A.

TEN S.A., controlled in equal proportions by ENGIE Energía Chile and Red Eléctrica Chile, completed two years of making the transmission of energy possible between the north and south of the country.

At the close of 2019, the company had met the proposed economic, environmental and social goals set.

Economically, we can highlight the following achievements:

- 99.7% service availability.
- Net profit of MUSD17 (*).

Environmentally, the company continued with Revegetation Plan that involves rescuing and relocating sensitive xerophyte species. The first reforestation or plantation trial runs were installed in July and August 2019 using TEN nursery stock. The trial runs, conducted technically by the Forestry Institute (INFOR), will allow different methods to be tried of getting the plants to grow on the land, looking for the best way for the reforestation compensation of the project to be able to restore the vegetation surface disturbed by the construction works and activities.

Socially, internally TEN S.A. was focused on promoting a safe and healthy environment for its workers. In 2019, there were no work accidents among its employees although there were two work accidents among subcontractors. Regardless, these figures represent progress in performance compared to the previous year. This performance is the result of a continuing improvement of the compliance standards in the company's occupational health and safety policy. As part of its community relations strategy, in 2019 the company implemented an ambitious program comprised of focused initiatives, mainly on the promotion of entrepreneurship, training and local development in the municipality of Diego Almagro.

TEN S.A. has:

Substations	4
Kilometers of lines	600
Pylons	1,350

(*) MUSD or millions of U.S. Dollars

In 2020, ENGIE Energía Chile plans to begin the process to have **Port Andino rated a “Green Port.”**

PORTS

Port Andino: forms a part of the Mejillones Energy Infrastructure Complex (IEM). In 2019, 18 ships were unloaded, 16 containing coal and 2 containing limestone. These raised the tons unloaded to 1,553,539, 1,492,363 of which corresponded to coal and 62,176 to limestone. Four of the ships carrying coal were Handysize, five Capesize and seven Panamax.

Port Tocopilla: is a multipurpose terminal that has two port cranes, 1 of 50 tons and the other of 27 tons; yards that can hold 350,000 tons of solid bulk and warehouses and esplanades measuring 5,000 m2. It also has the capacity to store 50,000 m3 of bulk liquids. During 2019, corrective actions were taken at its facilities because of failures in the cranes and belt system.

In 2020, ENGIE Energía Chile plans to begin the process to have Port Andino rated a “Green Port.” This seal certifies that the company has, among other aspects, a dual protection against dust, a good relationship with the community, and a policy that waste from the port and ships will be treated property.

GAS PIPELINE

Among the milestones in 2019 was the renewal of the transportation contracts that expired after 20 years. An Open Season was also held in Chile and another in Argentina to offer capacity.

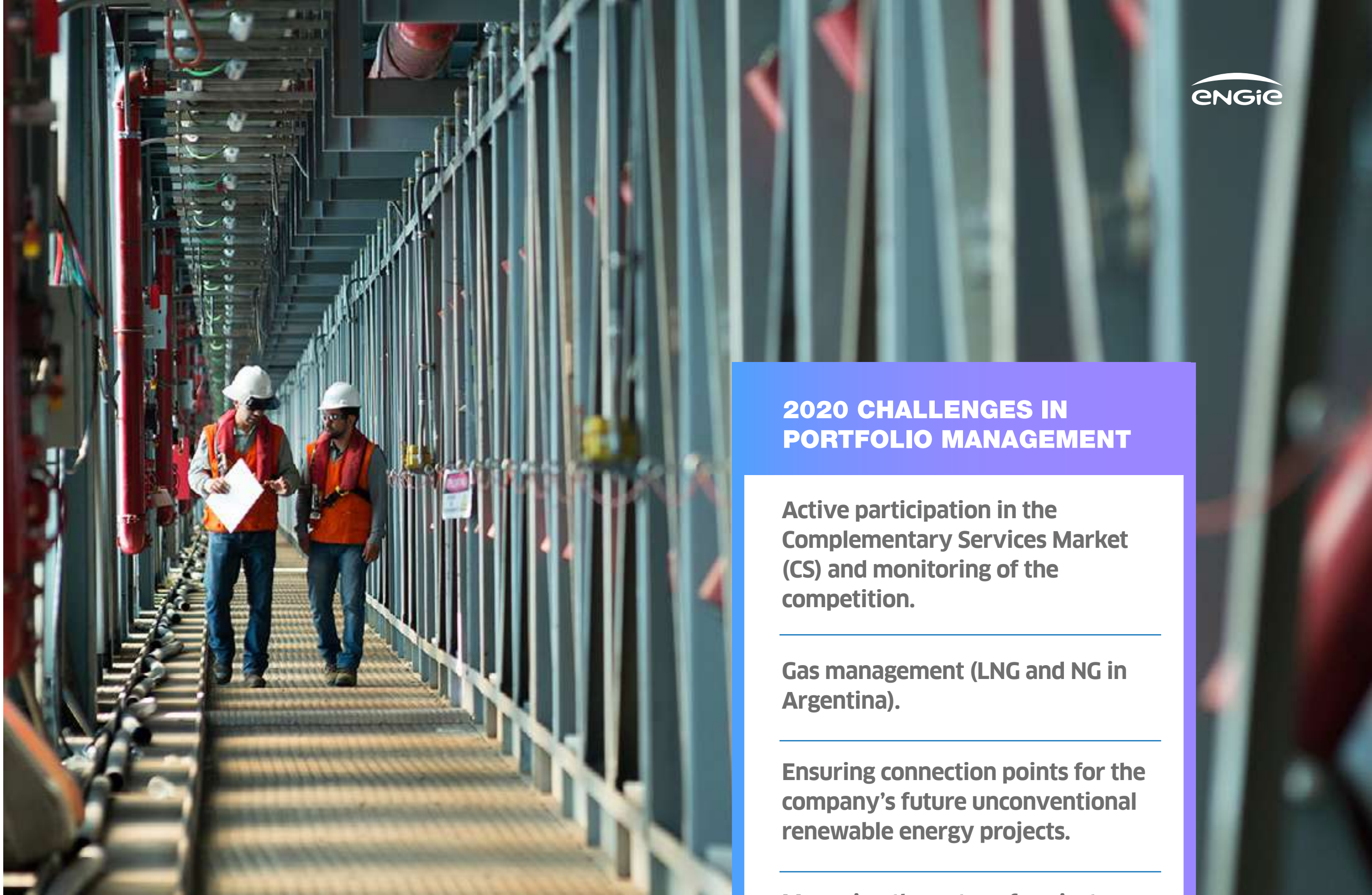
We also began to import moderate volumes of gas from Argentina to Chile because, among other things, there was a transportation availability in Argentina to carry gas from Neuquen (Vaca Muerta) to Salta (Pichanal) were the Nor Andino gas pipeline begins; units were down and Kelar was forced to dispatch. To reinforce this process, 2 export permits were obtained (Argentina/Chile).

The ENGIE Energia Chile Gas Business in Numbers

1,066 km
of gas pipelines

473
million m3 of gas were transported in 2019.

Potential to transport
8
million m3 daily.



2020 CHALLENGES IN PORTFOLIO MANAGEMENT

Active participation in the Complementary Services Market (CS) and monitoring of the competition.

Gas management (LNG and NG in Argentina).

Ensuring connection points for the company's future unconventional renewable energy projects.

Managing the entry of projects under construction into operation.

Monitoring an active participation in relevant regulatory debates in the sector.

As part of our repairs and improvements, we replaced pipes in the gas pipeline measuring 400 m long that did not affect the availability of service in the entire year. Our challenge for 2020 is to keep the service 100% available and increase the use of the gas pipeline by making contracts for greater volumes.

PORTFOLIO MANAGEMENT

Portfolio management is focused on optimizing the company's assets in the aim of maximizing its profits according to the commercial strategy. Additionally, part of the work required for portfolio management is to maintain effective relations with the National Electric Coordinator and the National Energy Commission, among other players on the electricity market.

Some of the main milestones in our work in 2019 were:

New asset connection: In 2019, new assets of the company were connected to the system, namely the IEM power plant (375 MW) and the energy storage system (BESS) at the Arica S/S (2 MWh).

Sufficiency capacity: With the idea of increasing the company's capacity income, actions were taken to group regulated customer demand in the north zone of the system to decrease capacity purchases on the market.

Complementary Services: We focused on preparing the analysis and processes required for the company to participate in the new Complementary Services (CS) market that by law begins to operate in

early 2020. Complementary Services are technical products needed by the national grid to keep operation safe. It mainly involves three services:

Frequency control: To keep a balance between generation and demand in the system.

Voltage control: To keep the voltage of substations in the system within the stipulated range.

Service Recovery Plan: To restore electricity supply after a total or partial system blackout.

LNG Management: In 2019, liquefied gas was imported for use by our combined-cycle units: Unit 16 at the Tocopilla Complex and CTM3 at the Mejillones Complex. As a result, the company earned a profit of US$5 million.

CLIENTS

In 2019 we continued forward with our strategy to become a leader in the design and implementation of solutions to support our clients in their transition to zero carbon. We also expanded our services to smaller companies.

We can highlight these main milestones in the year:

- **Renegotiation of PPAs:** In 2019, we signed new PPAs as part of the Decarbonization Plan. Of particular note are those signed with Antucoya (210 GWh), Molycop (100 GWh), Quiborax (21 GWh), Mall Plaza (24 GWh), Port Mejillones and Port Angamos (both 10 GWh).

LARGE CLIENTS

At the close of 2019, clients representing more than 10% of the company's invoicing were:

UNREGULATED CLIENTS

- **Codelco: Chuquicamata and Minera Gaby.**
- **AMSA: Minera Centinela, including its Esperanza and El Tesoro operations, Minera Antucoya and Compañía Minera Zaldivar SpA.**
- **Freeport-McMoran: El Abra.**
- **Glencore: Lomas Bayas and Alto Norte.**

REGULATED CLIENTS

- **Empresas CGE: EMELARI, ELIQSA and ELECDA.**
- **PPAs with 26 distribution companies in the central and south parts of the country.**

- **We doubled the number of B2B clients:** The strategy of expanding the mid-sized customer portfolio (B2B) in different production sectors also yielded fruit. In 2019, we added 79 companies to our industrial client portfolio, accounting for a demand equal to 239 GWh.

- **Zero-carbon solutions:** In 2019, this line of business added clients like the Santiago Airport and WOM, a telecommunications company, where we installed photovoltaic solutions. Our goal is to find new clients, keep the actual ones loyal, and develop more PV products and Demand-Side Management proposals. In this respect, we are focused on broadening the supply of Integrated Solutions to new clients in the north, central and south of the country.

- **We Redesigned the Client Portal:** This redesign was intended to facilitate providing information in line with the needs of each type of client, B2G (large) and B2B (mid-sized). So, we simplified browsing for invoices so that the client can easily choose the information it needs. For the time being, the platform provides information on generation and transmission.

CUSTOMER EXPERIENCE

In 2019 we continued forward with our strategy to become a leader in the design and implementation of solutions to support our clients in their transition to zero carbon. We also expanded our services to smaller companies.

Our main lines of work were:

1.Reorganization of the commercial area: In our goal of anticipating the needs of clients, we created the figures of Key Account Manager and Account Manager. Key Account Managers have the mission of relating with the client to understand its needs in depth and provide the solutions it needs. Account Managers oversee the provision of the solution **(further information on page 90).**

2. Back-office sensitization: We worked with the more critical back-office areas so that they understand the importance of the role they play in the experience we want to give clients.

3. Process Management: We focused on reordering our activities in a coordination process logic organized as areas of service to the company's clients. Under this new design, a process governance was established under which macro-processes and processes were formalized together with the roles of 44 process owners and 7 sponsors.

7 macro-processes were the result of this work:

- Clients
- Products and solutions
- Project development
- Project implementation
- Business intelligence
- Operation and dispatching
- Regulation and legal affairs

Additionally, 22 of the company's 44 processes formally defined their purpose, internal and external clients, the area's objectives, sub-processes, owners and coordinative relations with other areas of the company. Under this model, each process owner is responsible for the end-to-end operation, validating goals and priorities, establishing measurement indicators, verifying compliance with legal

requirements and ensuring an excellent quality of service to their external and internal clients. The Virtual Library was renovated that is intended to guarantee the availability of information material to the company's collaborators.

We worked specifically on the following areas in this respect:

a) Legal and Commercial, to reduce the contract preparation time and improve our clients' experience.

b) Invoicing, to redesign the operating model according to a coordination logic that established the figure of a contract manager to lead after-sales actions with clients for all their service contracts.

c) Relations, to strengthen the logic of working with the company's stakeholders and to ensure that the information of value is channeled internally and managed by the appropriate business process.

d) Human Resources, to harmonize their functions and build a new operational model based on services from centers of expertise throughout the life cycle of employees.

4. Digitalization: In 2019, our digital strategy allowed us to generate savings of nearly US$850 thousand and an internal efficiency of 861 man-hours. Additionally, the projects we have implemented allowed us to reduce our environmental footprint through a lower expenditure on energy and a greater energy efficiency. The most relevant progress in the work this year was:

- **Virtualization of infrastructure:** Through this project, we took processes to the cloud to make them simpler. Through this initiative, we reduced data centers from 7 to 2 and physical servers from 60 to 10. We also eliminated significant storage. We thus consolidated the corporate e-mail, SAP and CRM on the cloud together with all our platforms.

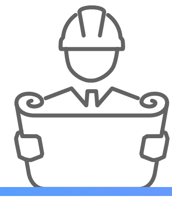
- **Prodigy:** This was another key project through which we added all business lines to the SAP/4 Hanah platform. This helped us standardize service processes.

- **Office 365:** Its objective is to improve the experience of collaborators so that they can access their e-mails and files safely from any place. It also enabled us to promote collaboration.

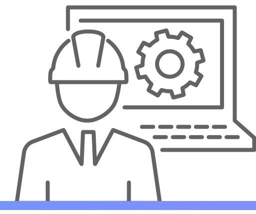
- **Effect on cybersecurity:** We continued to monitor industrial systems in line with the 2018-2020 Cybersecurity Roadmap. This made it possible to implement controls and measures that ensure that the platform and data as well as the processes and assets of our company are protected from hackers or malignant threats, both internal and external.

Value Chain

Input from clients and other stakeholders

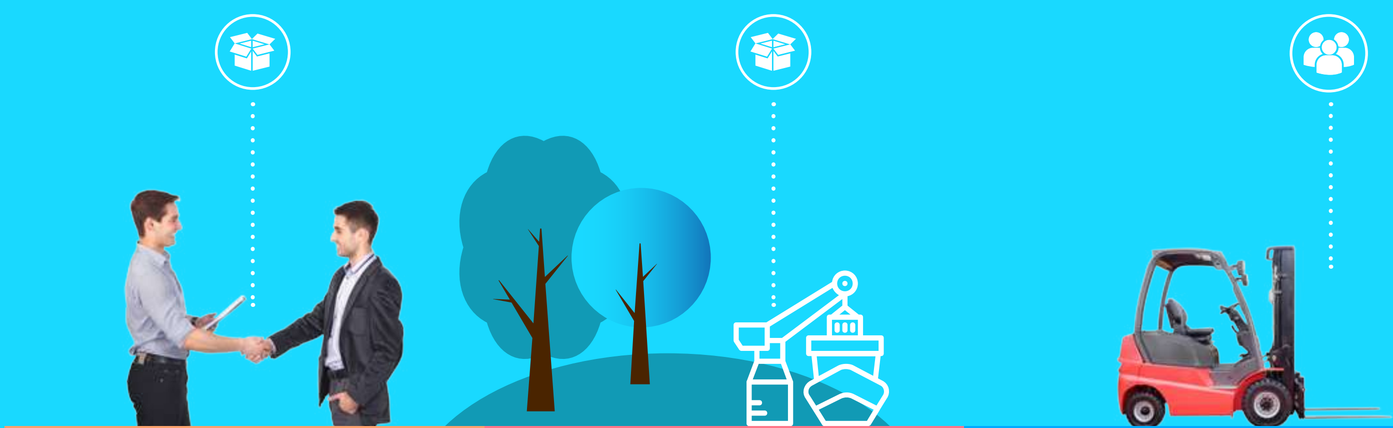


1 CONCEPTUAL DESIGN OF THE ENERGY SOLUTION



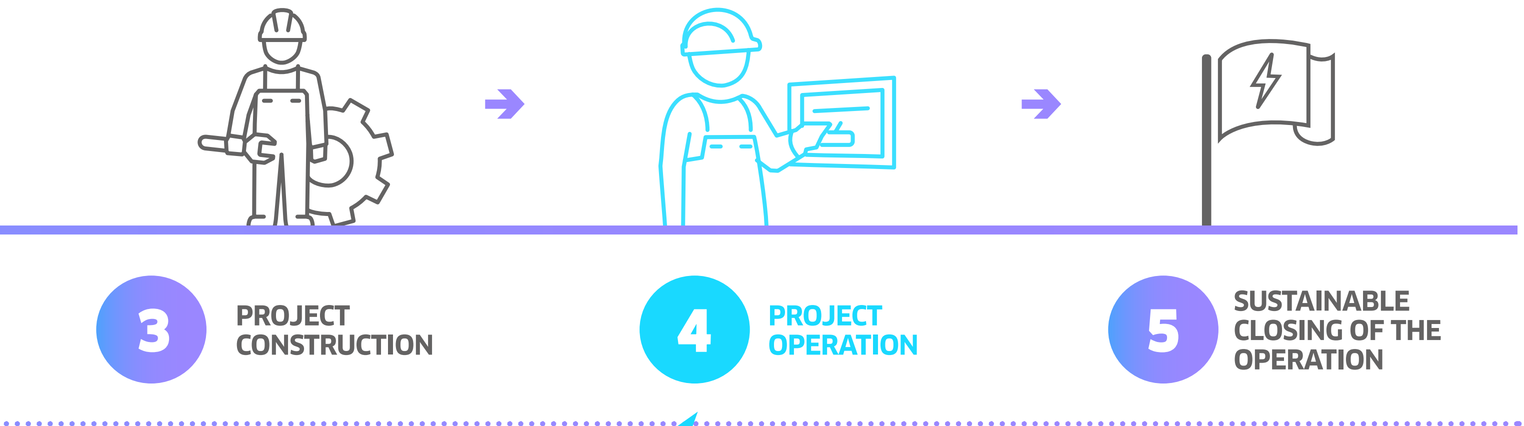
2 PROJECT DEVELOPMENT

4 Project Operation

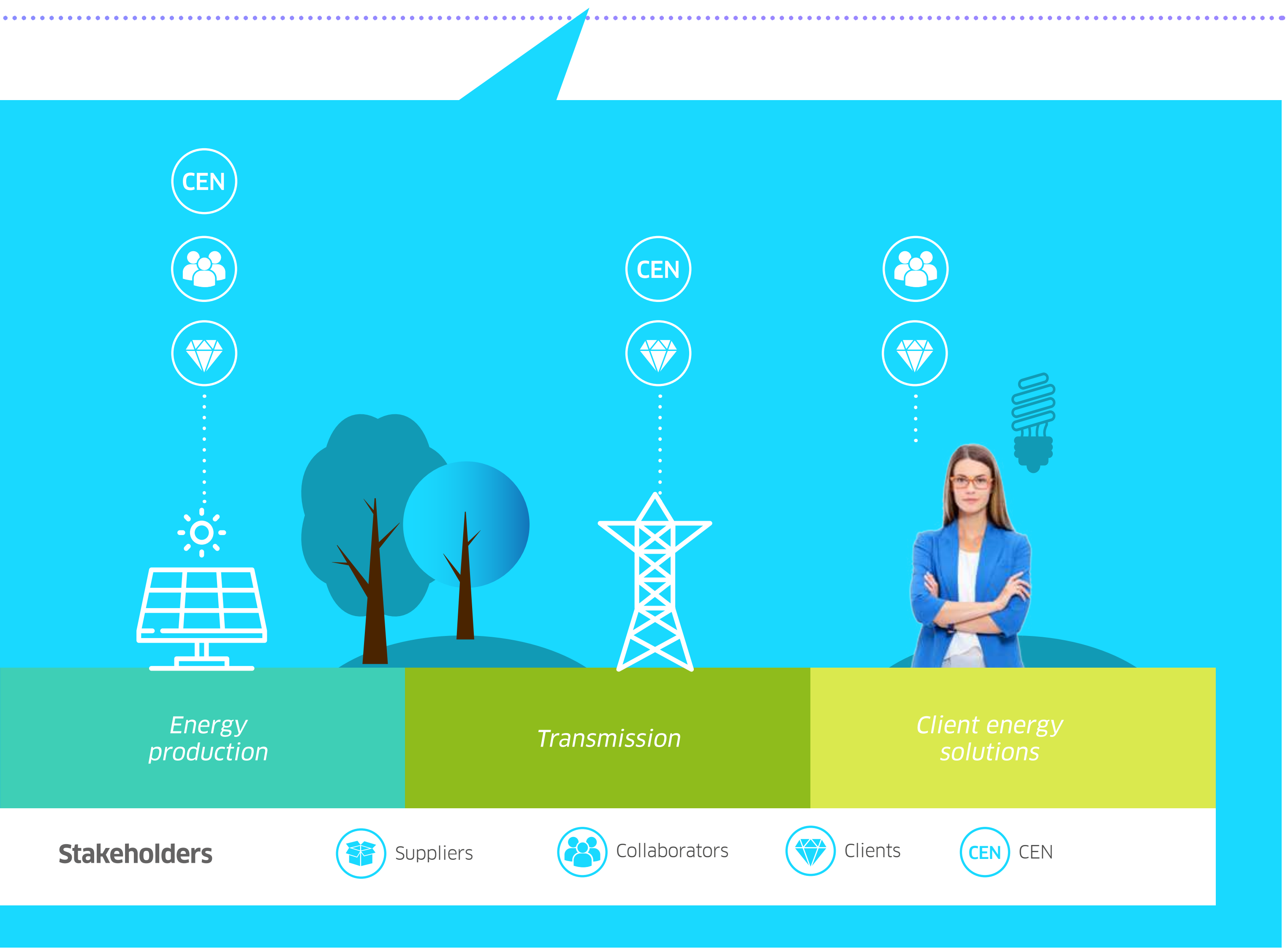


Choice of production inputs supplier	Freight of production inputs (ship/gas pipeline)	Production input storage

Client guidance



3
PROJECT CONSTRUCTION
4
PROJECT OPERATION
5
SUSTAINABLE CLOSING OF THE OPERATION



CEN
CEN
Energy production
Transmission
Client energy solutions
Stakeholders
Suppliers
Collaborators
Clients
CEN
CEN

Economic Performance

OPERATING INCOME OF
US$ 1,464
MILLION
14% more than in 2018

EBITDA OF
US$ 535
MILLION
42% more than in 2018

NET PROFIT OF
US$ 111
MILLION
8% above 2018

OPERATING INCOME

Operating income totaled US$1,464 million in 2019, increasing 14% compared to the previous year, mainly because of a rise in energy sales in the regulated customer segment caused by an increase in the demand contracted by distribution companies in the central/south part of the SEN.

In 2019, revenue from the sale of energy and capacity totaled US$1,241.5 million, increasing 11% (US$120 million) compared to 2018. Income increased in the regulated customer segment because the PPAs with distribution companies in the central-south zone of the system entered into force, which signified income of US$402 million from the sale of energy and capacity.

During the first part of the year, the volume of energy sold to unregulated customers dropped because of the altiplano winter and the stop of some smelters to adapt their facilities to be in line with environmental regulations on the capture of gases emanating from their industrial processes.

A decrease was seen in the demand of clients like Chuquicamata and El Abra that began to recover in the second quarter. However, that recovery was thwarted by the Chuquicamata (Codelco) strike in June. In the second half of the year, there was a recovery in demand by Chuquicamata, El Abra and Zaldivar.

The sale of energy to regulated customers increased because of the greater demand under the PPAs with distribution companies that took effect in January 2018. The energy demand under these PPAs totaled 3,141 GWh in 2019, an increase of 90% compared to the 1,646 GWh in 2018.

Physically, sales to the spot market did not vary significantly. Spot market sales also include payments for the annual resettlement of capacity and monthly resettlement of energy by the CDEC.

Gas sales fell compared to the previous period when there were exports of gas to Argentina.

Other operating income is comprised of transmission tolls and miscellaneous services (port, maintenance, etc.). This item includes pre-tax income of US$74.9 million in the second quarter because of payments by the main contractor under the IEM construction contract to compensate ENGIE Energía Chile for the drop in payments for capacity and the higher cost in the delay and start-up of the power plant.

OPERATING COSTS

Gross electricity generation rose 4% compared to the previous year, especially because of the greater contribution of gas and renewable energy to generation. Gas-fired generation was higher within the mix because it is more flexible in offsetting the intermittency of renewable generation. Solar generation also increased its share thanks to the purchase of the Los Loros and Andacollo farms. Coal-fired generation decreased its share in the mix.

In 2019, fuel costs dropped 9%, falling US$30 million, because fuel prices declined.

The cost of purchasing energy and capacity on the spot market rose by US$91.8 million (30%) compared to the previous year, fundamentally the result of the increase in energy purchases, partially offset by lower average prices because of the total interconnection of the systems and of the operation of gas-fired power plants in an inflexible mode. Purchase volumes rose for reasons of dispatching and the need to satisfy the increase in demand under the PPAs with distributors in the central and south zones of the SEN.

The last segment of the Interchile Cardones-Polpaico line began operation on May 31st. The Mejillones Energy Infrastructure also began commercial operation on May 16, 2019.

During 2019, the PPAs with distribution companies in the central and south zones of the SEN were supplied by back-up contracts with other operators in the system (500 GWh) and by spot market purchases (2,641 GWh). Both types of purchases are included in the same line in the accounting.

The increase in depreciation in this semester was due to the net impact of bringing IEM online and to the retirement of Units 12 and 13 that were disconnected from the system on June 7, 2019.

Other direct operating costs included, among others, transmission tolls, the salaries of plant employees, operating and maintenance costs, insurance premiums and fuel costs of sale. This item was higher because of the increased cost of outsourcing (maintenance).

Selling and administrative expenses (excluding depreciation) remained similar to previous periods despite the variation in the Chilean peso exchange rate. Other operating income and costs are comprised of the sale of water, recoveries, provisions and miscellaneous income that were low in magnitude. This item includes the recognition of the share in net earnings reported by TEN S.A., which was US$7.3 million in 2019.

OPERATING PROFIT

The 2019 EBITDA was US$534.9 million, increasing 42% compared to the same period in the previous year. The electricity margin reported by the company was higher in this period and the compensation paid by the IEM project contractor was also of impact.

FINANCIAL RESULTS

Financial income decreased slightly because of the lower average cash balances. The increase in financial expenses was due to the fact that interest on the IEM project stopped being capitalized given the start of commercial operation in May 2019.

The exchange differential totaled a loss of US$3 million in 3019, compared to an exchange loss of US$2.3 million in 2018. The exchange rate was more volatile, with a tendency of the Chilean peso to depreciate.

In 2019, there was an other net non-operating loss of US$180.6 million, mainly because of the recognition of the asset impairment of Units 14 and 15 of Tocopilla as their future closing was announced last June and of the asset impairment of CTM1 and CTM2 at Mejillones whose closing was announced in December at the COP 25.

The asset impairment of Units 14 and 15 totaled US$87.4 million, with a net tax impact of US$63.8 million on the fiscal year profit. The asset impairment of CTM1 and CTM2 was US$95.5 million, with a net tax impact of US$70 million on the fiscal year profit.

This loss was partially offset by US$2.1 million in insurance compensation for the losses occurring to our combined-cycle units. In 2018, there was a loss in this item totaling US$79.2 million, mainly due to the recognition of the asset impairment of Units 12 and 13 of Tocopilla whose closing was announced in mid-2019 but which finally took place in June 2019. The impairment totaled US$71 million, with a net tax impact of US$51.8 million on the fiscal year profit.

In 2018, the impact of asset impairment was partially offset by insurance recoveries for US$4.9 million related to the losses occurring to combined-cycle Unit 16 and CTM3, and the accident at the El Aguila solar power plant.

NET EARNINGS

Please note that the income tax rate for 2019 is 27%, just as it was for 2018. The net after-tax result was a gain of US$110.8 million, an 8% increase compared to the net result for 2018. As explained earlier, the asset impairment of Units 14, 15, CTM1 and CTM2 exceeded the asset impairment of Units 12 and 13 and had an adverse impact on income in the period. The compensation paid by the IEM contractor, totaling US$54.7 million after taxes, and the rise in sales to distribution companies had a positive impact on operating income in 2019.

LIQUIDITY AND CAPITAL

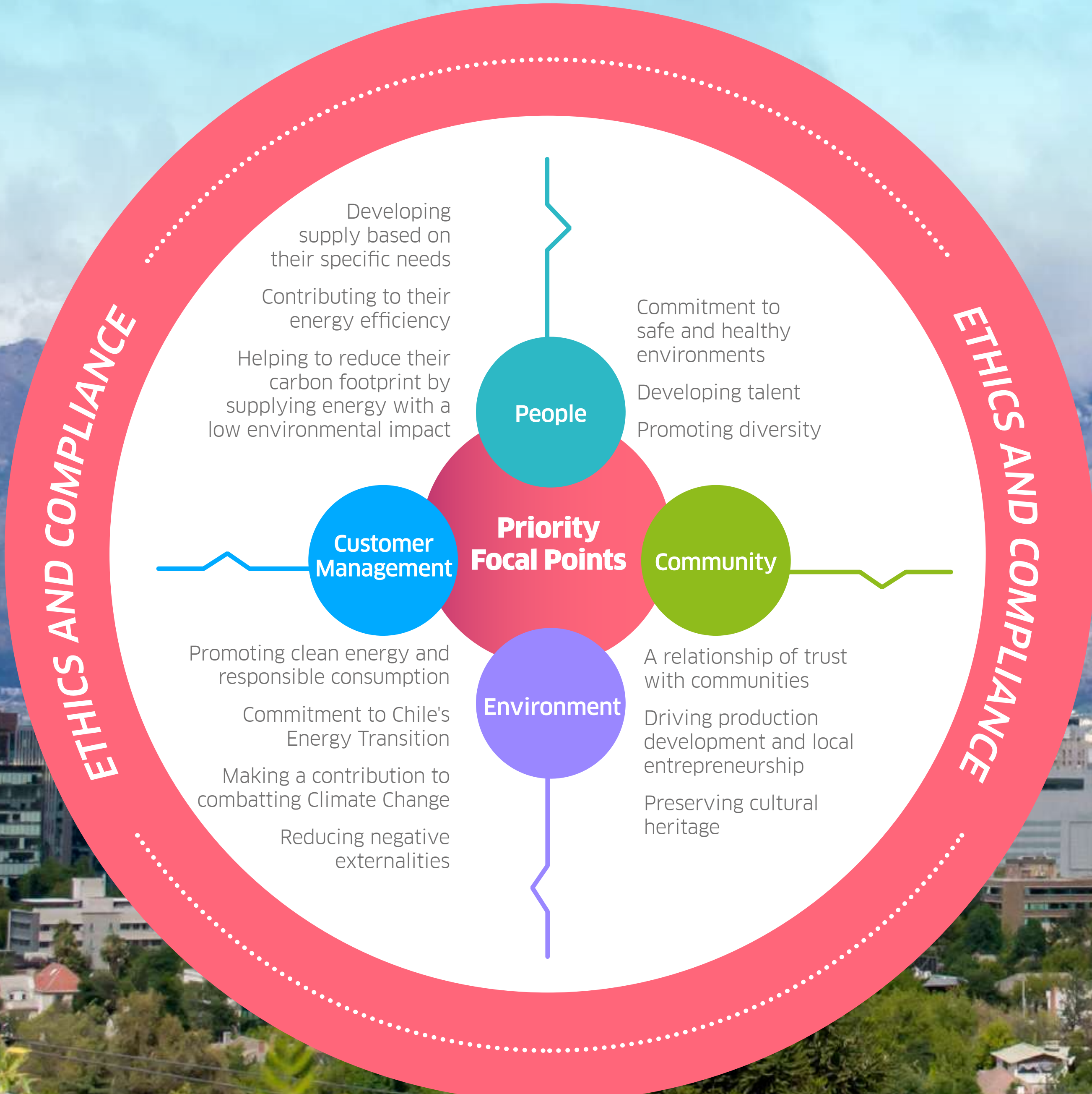
As of December 31, 2019, we held cash for US$239.1 million on a consolidated basis, while total nominal financial debt was US$830 million, US$80 million of which would expire in less than 1 year.

Sustainability

GROWING HARMONIOUSLY

Our responsible management model is based on the corporate strategy and it is **aligned with the main global and local sustainability challenges.**

Sustainability Model



ENGIE Energía Chile manages sustainability based on a model aligned to our corporate strategy where the objective is to grow harmoniously and have the lease impact possible on the environment while contributing value on our stakeholders.

Our sustainability model is supported on four priority thrusts – people development, a mutually beneficial relationship with the community, care for the environment and integral client management --, and on a focus of ethics management and legal compliance in line with the best international standards.

Managing these issues includes monitoring systems and goals incorporated to our Balanced Scorecard to promote throughout the organization work consistent with our commitment to a responsible growth. This model also enables us to proactively manage potential economic, social and environmental risks in our operation.

MANAGING SUSTAINABILITY IN AN EVOLVING ENVIRONMENT

In 2019, our main focuses of action were on managing the social aspects and potential risks involved in our decarbonization plan. We also strengthened our territorial and permit management to cover the new zones in the country where ENGIE's renewable energy projects will be situated.

In addition, we fortified our stakeholder relations plan by continuing with the work that we began in 2018. Another relevant aspect was creating new socio-environmental indicator that was added to our Balanced Scorecard, thus reinforcing the relevance that these aspects have for the company.

Socialization of the decarbonization plan with stakeholders: This work involved an intense deployment to meet with leaders in the different public and private sectors to whom we provided information on this plan.

Proposals were made in this process on identifying the impact of the closing of the units on the employees of contractors. To that end, we commissioned a job characterization study from the Job Observatory of the Catholic University of the North, directed towards our employees in Tocopilla and those of contractors working in our operations. This investigation addressed several aspects of employability in the medium and long term and the willingness of these groups to adapt to the new working conditions that will arise in the zone. The results were also delivered to the Tocopilla authority to serve as an input in career change plans that may be implemented in the locality.

LESSONS LEARNED FROM THE SOCIAL DISTURBANCES

After the social unrest that began in October, we engaged in an internal reflection in which we asked different levels of the organization to identify aspects that we could improve. The information we received will be the main input in pushing for a renovated social agenda.

Territorial management: The addition of 1 GW through renewable energy projects implies challenges in processing operating permits and in establishing relations with the communities in zones to which we are new. Under that focus, we took the following actions in 2019:

- We reinforced the Sustainability and Permits Division, which handles territorial management, by hiring new teams.
- We held early citizen participation sessions for all our projects.
- We began a new method of looking for land where our future projects can be installed.
- The nine renewable energy projects presented in the year all received their Environmental Approvals (RCA).

Stakeholder model: We progressed in our relations plan that we began in 2018. In 2019, we appointed 11 stakeholder managers whose tasks are:

- to be the main spokesperson with their stakeholders in the company, to respond to their requests and lead the contacts that other areas in the company wish to make with their stakeholders.

- to design relationship plans and keep a record of all such communications.
- to provide a report from time to time on sensitive matters identified within this relationship.
- to make critical stakeholders the company's allies.

Addition of a new KPI: In 2019, we restructured the KPIs in our Balanced Scoreboard to focus on priority matters. We created a socio-environmental sustainability indicator that measures the handling of undesired incidents that could cause a social disturbance and an effect on the company's reputation, regardless of whether there is any resulting environmental damage.

That indicator includes operational containment of the event and timely action with stakeholders. Like with other corporate KPIs, this indicator is also indexed to the annual performance bonus of all employees.

Compliance was 100% at the close of 2019.

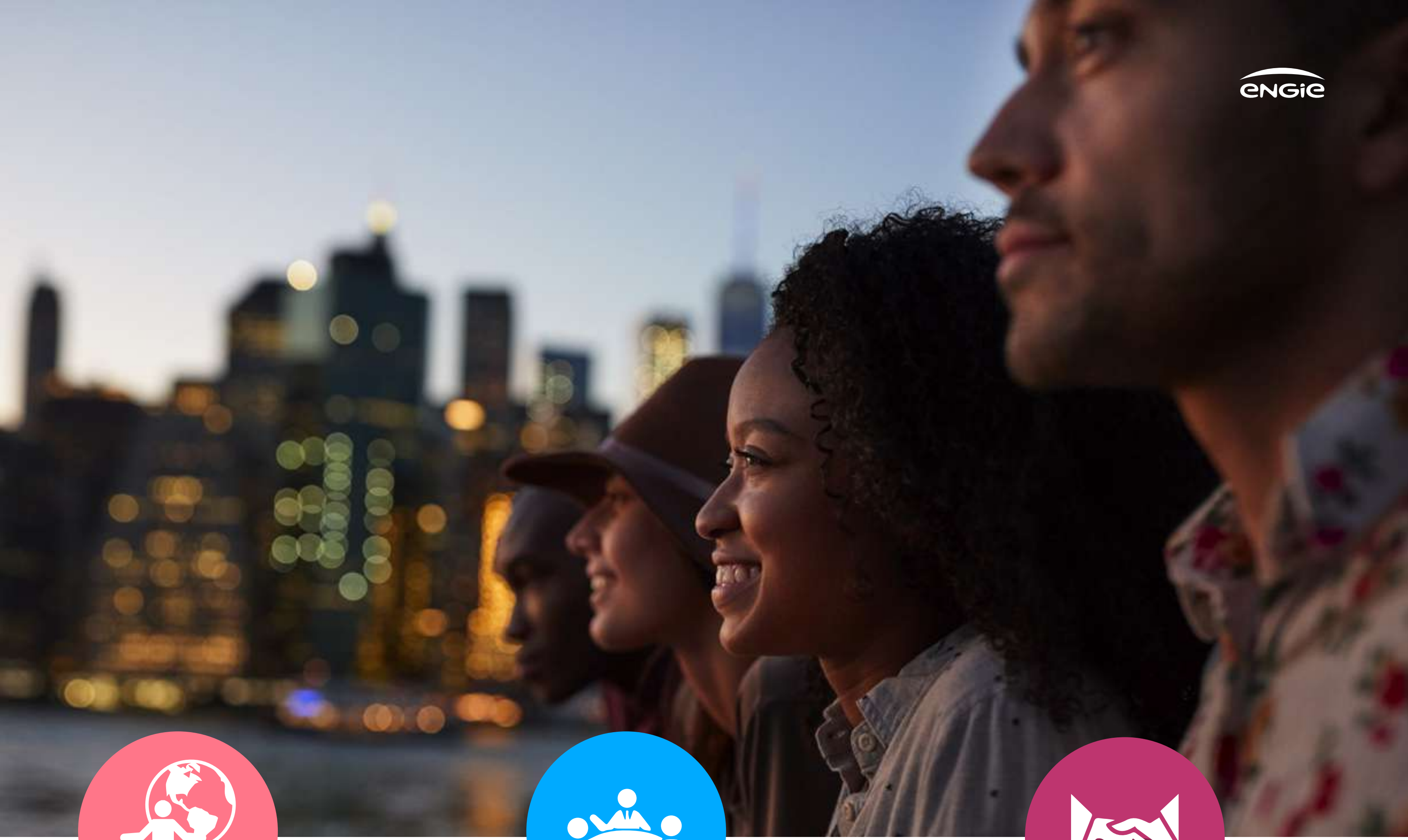
In 2019, we organized the first meeting with social leaders in the south zone.

Stakeholders

ENGIE Energía's relationship with stakeholders is a material aspect in the conduct of the business. Our relationship with stakeholders is grounded on ongoing communication, mutual trust and reciprocal development.

Our stakeholder relations plan is part of the energy transition and the priorities are an economic conversion of the localities where we will be closing coal-fired plants and the search for new, fully renewable energy projects to guarantee their complete social and environmental viability.

Stakeholders	Internal stakeholders			Company's Stakeholders		
	Collaborators	Unions	Joint Hygiene and Safety Committees	Communities	NGOs	Trade associations
Communication channels	Intranet	Collective bargaining	Work meetings	Task Forces	Territorial Managers	Committee Memberships
	Newsletters	Monthly meetings	Panels	Territorial Managers	Stakeholder manager	Task Forces
	ENGIE & Me Survey		Annual retreats	Stakeholder Manager	Annual Integrated Report	Annual Integrated Report
	Performance Management		Certification	Annual Integrated Report		
	Performance Management					
	Training and Leadership Programs					
	In-house campaigns					



Authority Stakeholders

Local

- Task Forces
- Stakeholders Manager
- Annual Integrated Report

National

- Formal Communication Channels
- Stakeholders Manager
- Annual Integrated Report

Financial Stakeholders

Shareholders | Analysts | Bondholders | Banks

- Presentation of the quarterly results to stakeholders
- Shareholders Meetings
- Corporate website
- Conference calls
- Investor Relations officer
- Integrated Report
- Regular market reports

Business Stakeholders

Clients

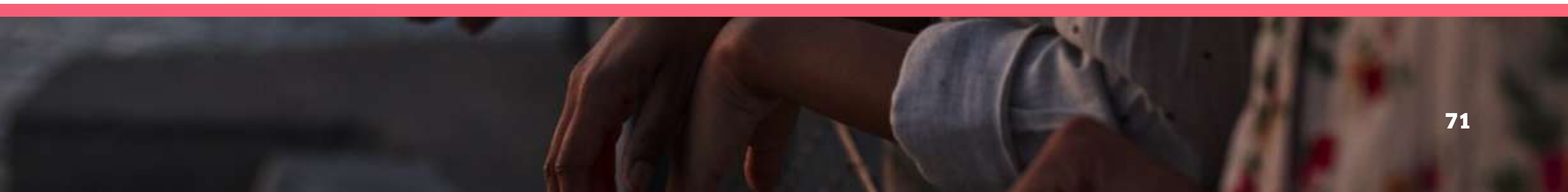
- Monthly Newsletter
- Customer Day
- Corporate website
- Integrated Report
- New Client Portal

Suppliers

- New Supplier Portal
- Internal contact person
- Monthly meetings with critical suppliers
- Annual Integrated Report

Industrial Partners

- Alliances
- Agreements



Advances in Sustainability

The managerial scopes of our sustainability model are aligned with the Sustainable Development Goals (SDG) of the UN.* **We contribute specifically through our management to 9 of these global challenges:**

Associated Management Areas	Environmental Management	Occupational Health and Safety
Progress in 2019	**14%** reduction in the carbon footprint. **53%** reduction in tons of PM. **34%** less NOx emissions and 43% less SOx emissions. **7.4%** reduction in energy consumption. Start of renewable energy **investment plan.** Agreement with the government on the **retirement of coal-fired power plants.** By 2024, replacement of 800 MW of coal-fired generation by **417 MW of renewable energy generation.**	We **reduced the number of HiPos from 15 to 5** between 2018 and 2019. We created **the Conduct Committee** to strengthen the monitoring of indicators. **No fatal accidents** in 2019.
SDG	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

1. The Sustainable Development Goals (SDGs), also known as the World Goals, form a part of the agenda set by the United Nations to solve, by 2030, the main social, economic and environmental issues affecting humanity. See more at https://www.un.org/sustainabledevelopment/sustainable-development-goals/.

<table>
<tr><th>Supplier and Contractor Development</th><th>Community Relations</th><th>Employability and career change plans</th><th>Culture and Development</th><th>Training and Performance</th></tr>
<tr><td>New procurement portal.

Integration of local suppliers.

Payment of SMB invoices in 15 days.

16 suppliers were trained in ethics and compliance.</td><td>Extension of the relations model to municipalities where new renewable energy projects will be situated.</td><td colspan="3">Decarbonization Committee with unions.

Employability and career change plans for workers at thermoelectric units that will be disconnected.

Study to identify job potential for own and contractor workers at the Tocopilla Units that will be disconnected.

81% participation in the ENGIE&Me survey.

Plans for clients, safety and leadership designed based on this survey.

An average of 40 hours of training.

New leadership model.</td></tr>
<tr><td>11 SUSTAINABLE CITIES AND COMMUNITIES</td><td>11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS</td><td colspan="3">5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH</td></tr>
</table>

Value Generated and Distributed

In 2019, ENGIE Energía Chile created a direct economic value of **US$1,464 million.** This is 13.5% above the figure of **US$1,289 million** for 2018. Of the total economic value that we generated in the last fiscal year, we distributed **US$1,130 million** among our main stakeholders, 9.5% more than in 2018. The remainder of **US$334 million** is our retained value.

ECONOMIC VALUE GENERATED

US$1,464 million

US$1,454 million
Sales and other operating income

US$ 5.2 million
Financial income

US$ 4.6 million
Profit on fixed asset sales and other income

(1) Salaries and benefits, excluding training.

(2) Payments for raw materials, product components, facilities and services acquired, property rental, license fees, facilitation payments, royalties, worker subcontracting, training of employees and the cost of employee protective equipment.

(3) Taxes accruing in the fiscal year and recorded as an expense in the consolidated statements of the Group, including the corporate tax and special taxes.

(4) Dividends to shareholders and interest payments to important suppliers.

(5) Social plans developed as part of territorial management.

DISTRIBUTED ECONOMIC VALUE

US$1,130 million

Collaborators (1)	US$20 million
Operating Expenses (2)	US$910 million
Shareholders and Lenders(4)	US$156 million
Government(3)	US$43 million
Community (5)	US$593.000

RETAINED ECONOMIC VALUE

US$334 million

Material Topics

Our sustainable management is focused on the issues that stakeholders consider to be the most relevant. **We address all these dimensions through ongoing dialogue from the standpoint of shared value.**

Scope

This is the fourth consecutive Integrated Report we have published as ENGIE Energía Chile since 2016. Its content summarizes our economic, social and environmental performance in 2019.

This report contains the Annual Report and our Financial Statements for the fiscal year in line with the requirements in General Rule 30.

It has also been drafted according to the Core option of the GRI Standards.

The information in this report explains the management of all our generation, transmission, gas and port operations, and we have prepared it with the assistance of our specialized areas using the same measurement techniques that we used in the previous report.

In some of its chapters, in addition to the 2019 indicators, we include figures from previous years to provide readers with a more integral view of the company's evolution. To understand our sustainable management further, please visit www.engie-energia.cl.

Questions and suggestions on the social and environmental performance content in this report should be sent to Matías Bernales, Chief Sustainability and Permits Officer, at matías.bernales@engie.com.

Please contact Marcela Muñoz Lagos for financial matters (marcela.muñoz@cl.engie.com).

APPLICATION OF THE PRINCIPLES OF THE GRI STANDARDS

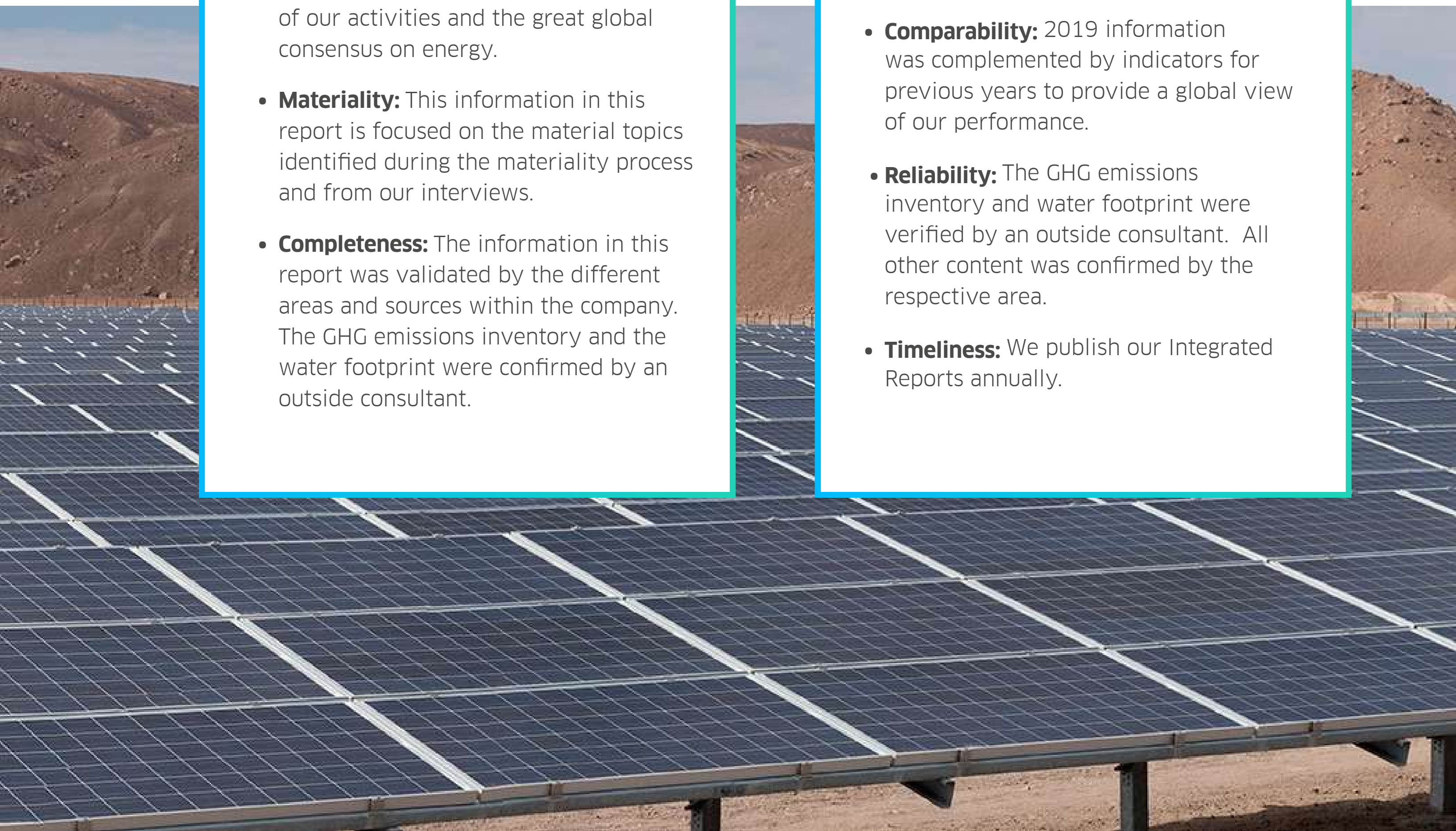
In this Report, we address the principles of the GRI Standards as follows:

PRINCIPLES FOR THE PREPARATION OF THIS REPORT

- **Stakeholder inclusiveness:** To prioritize content, we used the results of a materiality survey conducted at the start of the preparation in which 90 collaborators participated. We also considered the vision of our senior executives, internal policies, global sustainability program guidelines, like the SDGs, and the nation's energy transition agenda.
- **Sustainability context:** This report discusses the main social, environmental and economic issues of our activities and the great global consensus on energy.
- **Materiality:** This information in this report is focused on the material topics identified during the materiality process and from our interviews.
- **Completeness:** The information in this report was validated by the different areas and sources within the company. The GHG emissions inventory and the water footprint were confirmed by an outside consultant.

PRINCIPLES TO GUARANTEE THE QUALITY OF DISCLOSURES

- **Accuracy:** This Integrated Report aims to provide all the information that stakeholders need to form an appropriate vision of corporate management.
- **Balance:** We discuss both our progress and our corporate gaps and challenges in this Report.
- **Clarity:** In preparing this report, the goal was to use clear and precise language so that all texts could be understood.
- **Comparability:** 2019 information was complemented by indicators for previous years to provide a global view of our performance.
- **Reliability:** The GHG emissions inventory and water footprint were verified by an outside consultant. All other content was confirmed by the respective area.
- **Timeliness:** We publish our Integrated Reports annually.



Materiality

To ensure that this Integrated Report meets reporting requirements and the priorities of our stakeholders, we developed a materiality process that involved the following actions:

IDENTIFICATION OF MATERIAL TOPICS:

We conducted a Materiality Survey among 90 collaborators. In this survey, the interviewees selected two topics for each of the dimensions of the work under ENGIE Energia Chile's sustainability model. By this survey we were able to set down a detailed categorization of the aspects of corporate performance that they believe are most relevant.

- We interviewed 24 executives to understand the priorities of each area and their contributions from a sustainability perspective.
- The policies, codes and internal frameworks of ENGIE Energia Chile were reviewed, together with the main Corporate Strategy guidelines and the parent company's Development Plan to progress in the Energy Transition from the standpoint of Harmonious Progress.
- **Se consideraron como referencia:**

  A. The standards of the Global Reporting Initiative (GRI) for the preparation of sustainability reports.

  B. The initiatives of organizations and centers specializing in sustainability.

  C. The commitments in Chile's Energy Route.

D. The most relevant dimensions used in the Dow Jones Sustainability Index Chile evaluation for decisions by analysts and investors.

E. The Sustainable Development Goals (SDG) of the United Nations.

We used this process to identify the following 29 material topics that are priorities for our stakeholders and our sustainability environment.

CORPORATE GOVERNANCE AND SUSTAINABILITY	ECONOMIC DEVELOPMENT AND DECARBONIZATION PLAN	PEOPLE DEVELOPMENT	COMMUNITY AND SUPPLIERS	ENVIRONMENTAL PERFORMANCE
Sustainability advancements, commitments and goals	Zero-Carbon Transition Strategy and Decarbonization	Training, performance, development and leadership	Community relations strategy	Energy efficiency
Sustainability, ethics, compliance and crime prevention models	Progress in, and consolidation of, new operations and projects	Compensation, benefits, reconciliation of work and family	Support to local entrepreneurship and control of contractor employer compliance	Management of emissions and carbon footprint
Corporate governance	2019 economic performance by business unit	Career change plan for employees of plants being closed	Social investment programs	Environmental compliance system and environmental management certification
	Progress in innovation and digitalization	Gender equity and salary gap	Transfer of good practices to suppliers	
	Customer strategy and new contracts	Health and safety	Supplier payment policy	
	Customer satisfaction studies		Public-private alliances for local development	
			Task forces and competitive funding	
			Indigenous peoples relationship model	

We then overlapped these dimensions on the company's strategic priorities, by which we created the following Materiality Matrix:

Importance to Stakeholders (+ / -)

• Gender equity and salary gap • Transfer of good practices to suppliers • Waste reuse programs • Progress in innovation and digitalization • Sustainability model • Customer satisfaction studies • Support to local entrepreneurs • Social investment programs • Public-private alliances for local development	• Sustainability model • Customer satisfaction studies • Support to local entrepreneurs • Social investment programs • Public-private alliances for local development • Sustainability advancements, commitments and goals • Zero-Carbon Transition Strategy and Decarbonization • Energy efficiency • Training, performance, development and leadership • Compensation, benefits, reconciliation of work and family • Management of emissions and carbon footprint • Progress in, and consolidation of, new operations and projects • Customer strategy and new contracts
	• Ethics, compliance and crime prevention • Corporate governance • Health and safety • Portfolio management

The Materiality of Economic, Environmental and Social impacts (- / +)


cineplanet

Energy Transition: **Employability And Reconversion**

Management Approach

Operating renewable energy requires fewer workers than thermoelectric power units. As part of the closing of our coal-fired units in Tocopilla, this year we set up a task force with the unions to search for the tools that will enable us to strengthen, among other aspects, employability and career change through a transition plan that addresses this challenge.

In 2019, we continued to work on the impacts that the energy transition will have on people. The future closing of the coal-fired units, specifically Units 14 and 15 at Tocopilla, and the replacement of that capacity by renewable energy generation, required that we implement action plans to respond appropriately to this new scenario where renewable energy generation requires less employees for operation. Among the notable initiatives that we took were:

1. Training of workers in trades and complementary competencies to increase their technical skills and broaden their job possibilities.

2. Foster internal mobility both geographically and functionally.

As part of this effort, we conducted the following activities:

- We established an inter-area task force between the Corporate Operations and Human Resource Divisions.
- We created an Energy Transition Committee with the unions at Tocopilla. The first step was to establish a participative line of work with the unions that would take into account workers' interests. We conducted an employability survey that allowed us to focus on the areas of interest in developing the technical capacities of individuals.
- We designed a Training Plan.
- We implemented the training actions for the year.

140 collaborators from the Tocopilla generating units were trained in 2019, either to perform new functions in the company or to begin their own business.

In connection with career change, there were also two outstanding initiatives notable for their depth:

1. The alternative chosen by the female staff at Tocopilla, a group of 8 women who opted to study technical administration that is a two-year tertiary education program.
2. Fostering entrepreneurship. As part of this employability program, we imparted a course for entrepreneurs that began in December 2019. The idea is to form small entrepreneurs who may become service providers in the future or engage in other entrepreneurial activities needed by the community.

RETIREMENT PLANS

As one way to facilitate adapting to the job moment in Tocopilla, an all-events retirement plan was launched in July for workers of any age. The goal was to help employees leave the company if they were able to take another job or wished to start their own business.

At the same time, a similar process was begun at Mejillones. The condition was that the positions vacated by those opting for this retirement plan be filled by workers from Tocopilla. 10 people adopted the plan at this plant, creating new vacancies. At Tocopilla, an early retirement plan was also offered to individuals over age 60, available from November 2019 to January 2020.

FORMATION

- **College-Level Technical Training (TNS)**
- **Water Plant Operators (First version)**
- **Assembly and Maintenance Photovoltaic Panels**
- **O&M of the Water Plant – Reverse Osmosis**
- **Training of Project Technical Inspectors (Theory)**
- **Maintenance of Aerogenerators**
- **Certification as a Rigger and Bridge Crane Operator**
- **Training of Operational Technical Inspectors**
- **Combined-Cycle Operators**
- **Water Plant Operators (Second Version)**
- **Unit 16 Gas-Fired Turbine Mechanics**

OUR EMPLOYEES in numbers

A TOTAL OF **890** collaborators (*)

15%

85%

131 Women

759 Men

(*) This figure includes employees with a continuing contract with ENGIE Energía Chile and TEN S.A.

Number of people by type of contract

	Men	Women
Permanent Employees	756	128
Temporary Employees	3	3
Full-Time Employees	759	131
Part-Time Employees	0	0

Turnover by Gender

Men 11%

Women 4%

Culture And Development

In connection with culture, in 2019 we focused our work on the areas of leadership, safety and customers.

Management approach

We continued evolving to respond to the challenges posed by the zero-carbon transition. We formed a community of imaginative creators among our collaborators, united by the purpose of making a positive contribution to a harmonious progress. We promoted key behaviors so that we would have a shared identity among all ENGIE teams that inspired us and made us part of a culture characterized by being:

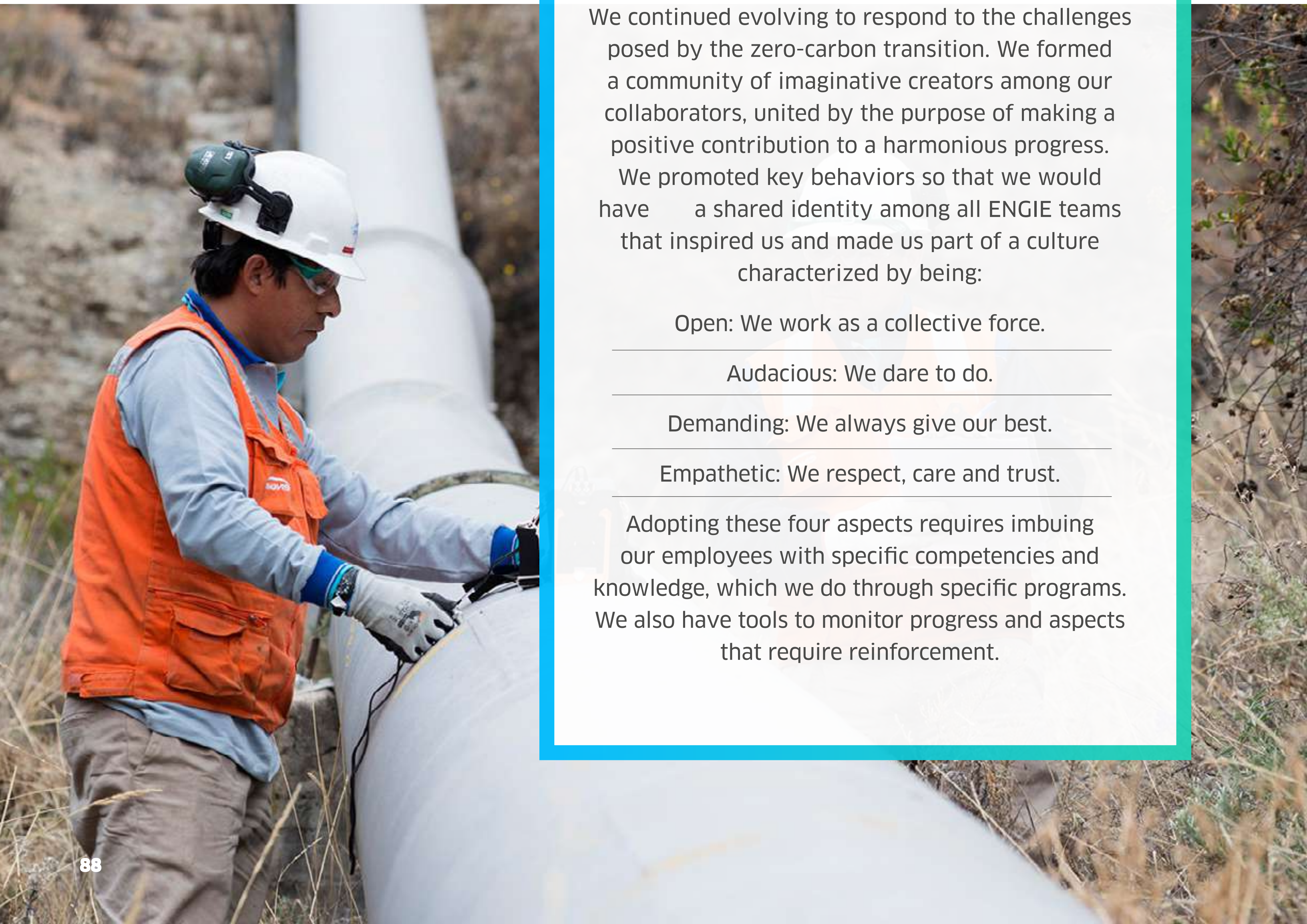
Open: We work as a collective force.

Audacious: We dare to do.

Demanding: We always give our best.

Empathetic: We respect, care and trust.

Adopting these four aspects requires imbuing our employees with specific competencies and knowledge, which we do through specific programs. We also have tools to monitor progress and aspects that require reinforcement.



A CULTURE ALIGNED WITH THE COMPANY'S STRATEGY

In 2019, we focused management of our internal culture on three aspects that are key to the company's development strategy:

A. Putting the customer at the core of its work.

B. Strengthening so that "Safe Behavior" is a part of our responsibility at every moment, through self-care and the care of our teams.

C. Promoting leaders capable of driving the changes that lead to the zero-carbon transition.

81% of employees participated in the ENGIE&Me survey to identify culture aspects that we need to reinforce.

The decision to work on these three aspects was reinforced by the results of the ENGIE&Me culture survey. That survey allowed us to evaluate the progress and identify specific aspects in the culture that needed reinforcement. Participation in this survey rose to 81% in 2019, quite above the 54% in 2018.

In 2019 we prepare to the teams to adopt a new model commercial management.

To progress along these lines, the following focal points were set

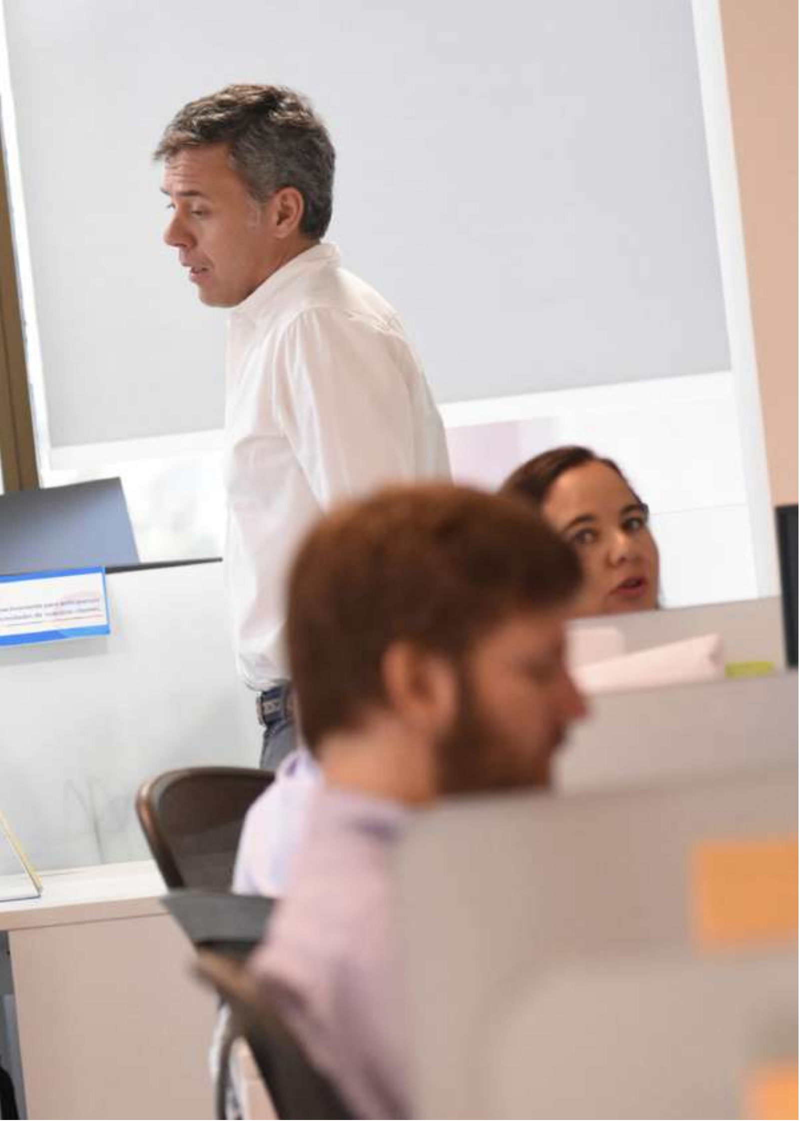
1. CUSTOMERS

This year we worked on several relevant dimensions to progress in our goal of the customer being at the core of our work.

- **Commercial management model:** An important milestone in 2019 was implementation of the commercial management model. Its goal is to reach clients more efficiently and coordinatively. This involved adding new forms of work and interaction among the different teams and areas as well as training and work sessions to strengthen our competencies and capacities in customer relations.
- **Communication and sensitization:** Actions were oriented toward keeping our collaborators informed of the service portfolio, achievements and new contracts.
- **Customer feedback:** We began a work program so that our collaborators understand the challenges and the realities that our customers are dealing with.
- **Work meetings with managers:** We held special meetings to discuss our challenge in the zero-carbon transition and progress towards services and solutions. The goal was to understand in depth the needs and challenges of our main customers, which helped identify how we could contribute by what we do to lead our strategy by example every day.

2. SAFE BEHAVIOR

A safe behavior plan was designed and implemented that has been led by a team of 17 collaborators from different areas of the company. The plan was conceived to impact different levels of the organization (strategic, tactical,



3. LEADERSHIP

Leadership is at the heart of our transformation. For that reason, we adopted a new model launched by the Group, "Leadership Way," which integrates our four behaviors: audacity, empathy, openness and exigency. The program assigns special relevance to the behavior of team leaders. Not only does it take into account what – meaning the defined objectives – but also a second variable of how the objectives are achieved, which includes, for example, teamwork. In the case of leaders, in line with these four behaviors, "Leadership Way" sets 5 goals that define how each person must act toward the people they supervise daily.

30 collaborators were recognized under the Safe Behavior Plan.

operating and individual) and it is based on four pillars (Leadership, Operational Excellence, Learning and Rites). The purpose of this initiative was to promote expected behavior among collaborators. 30 collaborators were recognized during the year for their contribution to continue developing a permanent, coordinated and proactive attitude towards self-care and the care of our teams.

WOMEN

Our corporate women managers attended a collaborative seminar in July to review the Energy + Women program of the Ministry of Energy. This seminar was the first step to begin working in furtherance of a greater participation and job insertion of women in the energy sector.

Diversity and Inclusion

Female employees by age

Under age 30	13
From 30 to 50 years old	100
Older than 50	18

Turnover of female employees by age

Under age 30	1%
From 30 to 50 years	8%
Older than 50	6%

Women in executive and managerial positions

11 Managers

9 Leaders

11 Heads

23.6% of all women hold executive or managerial positions.

(*) Percentage of total of the staff of women

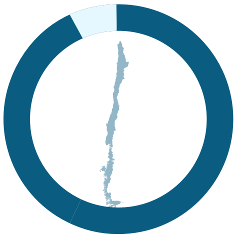
Average salary by gender (*)

$2,574,581
Average salary of women

$2,433,926
Average salary of men

(*) Simple average

Collaborators by nationality

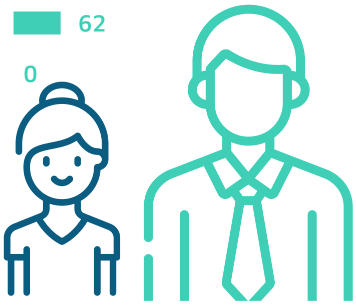


829
Chilean

61
Foreign

Number of people by age range

Under age 30	71
From 30 to 40	346
From 41 to 50	245
From 51 to 60	166
From 61 to 70	62
Older than 70	0



Number of people by time in office

Less than 3 years	225
From 3 to 6 years	174
More than 6 and less than 9	69
From 9 to 12 years	180
More than 12 years	242

Salary Gap By Position (continuing contracts) (*)

Executives

100% — 100.6%

Tactical professionals

100% — 94.2%

Operators and clerks

100% — 95.1%

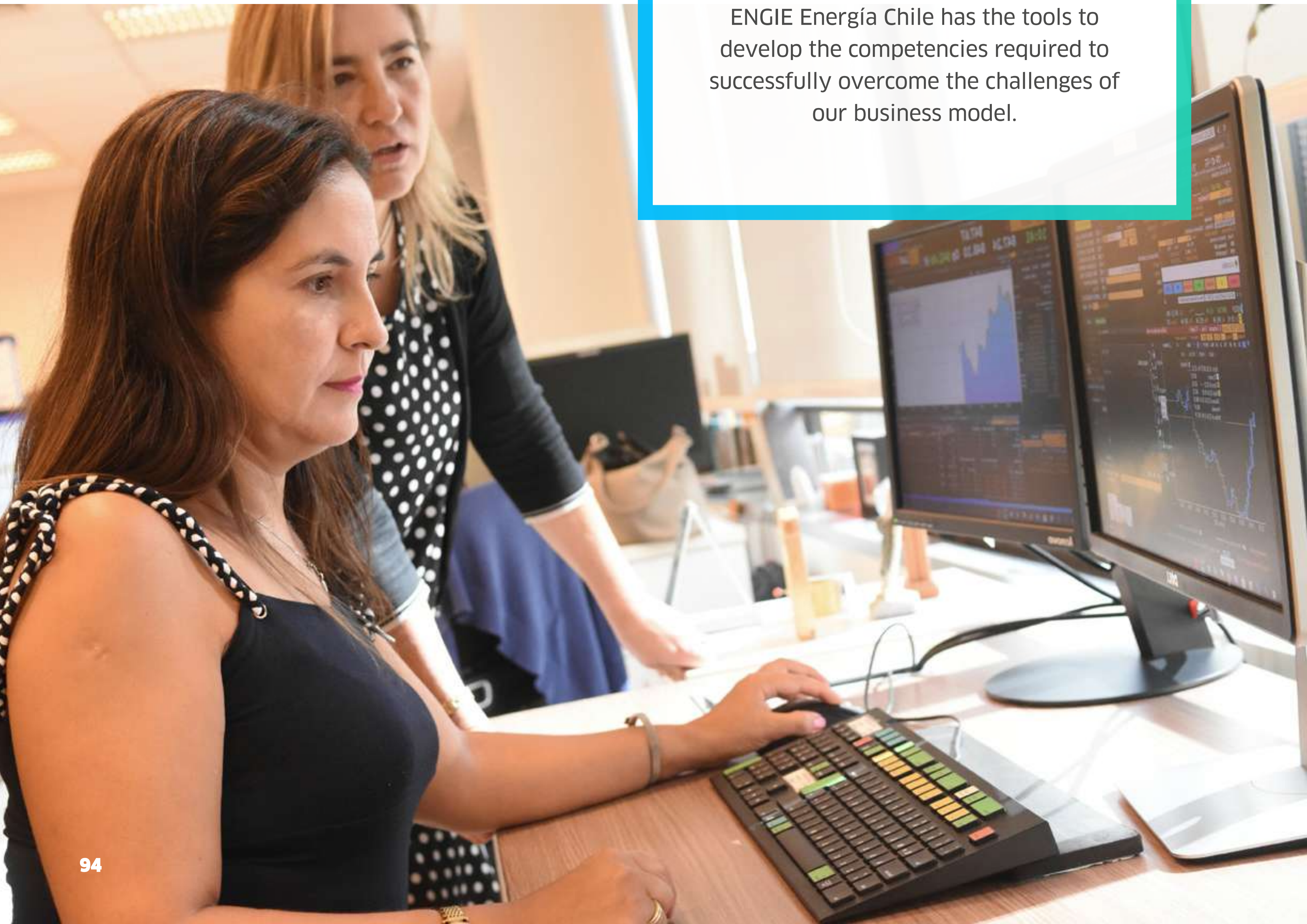
(*) The salary gap is calculated by dividing the average gross base salary of all female employees of a certain group by the average gross base salary of all employees in that group. If the average base salaries are the same for men and women, the percentage is equal to 100%. At the close of 2019, there was no gap in executive positions. Among professionals, the gap is 5.8% and among operators and clerks, it is 5%.

Training and Performance

In 2019 we allocated an investment of US$308,163 to training plans.

Management approach

ENGIE Energía Chile has the tools to develop the competencies required to successfully overcome the challenges of our business model.



MAIN FOCUSES OF TRAINING IN 2019

LEADERSHIP WORKSHOPS

We held workshops focused on understanding our leadership and behavior model in depth. Through different dynamics, the intent was to instill from one day to the next how we experience our behavior and how we apply the 5 leadership goals. We also took initiatives to develop four key behaviors to face the challenges of our transition: purpose, collaboration, autonomy and innovation. We also have specific leadership initiatives for a key group of collaborators for the purpose of ensuring an appropriate implementation of our strategy.

30,667 hours of training were imparted in the year

BUSINESS STRATEGY

We developed an e-learning and classroom workshop system for the purpose of all our employees understanding the strategy and discussing how they can contribute to them everyday through their role.

CERTIFICATION OF TECHNICAL COMPETENCIES

Together with the Chile Foundation, we worked on the design of a Critical Competency Diagnosis and development model for workers at the Mejillones Operation. The objective was to identify and systematize the capacities required for them to perform their jobs. Specific technical competencies and across-the-board behavioral competencies were established according to the business. Three competency assessment tools were applied on site that generated information on the gaps existing in the execution of procedures and conduct. These results helped us design specific training plans to help our employees develop key competencies.

ELECTROMECHANICAL CERTIFICATION

After nearly three years of study, 56 employees received their degree in 2009 as a High-Level Electromechanical Technician. This degree will allow them to be certified to work as boiler operators.

PERFORMANCE MANAGEMENT

In 2019, nearly all the employees of ENGIE Energía Chile participated in the performance evaluation process. The performance evaluation and feedback are focused not only on what, meaning our goals and plans, but also on how, which is associated with our behavior and the Leadership Way.

99% of our employees received a performance evaluation in 2019.

2019 training in numbers

US$401

Sum invested in training per Employee in 2019

Training hours by position

Executive	5,422
Professionals	7,560
Operators and clerks	17,685

US$308,163

Annual investment in training

40 *Average number of hours of training annually per person*

30,670 *Hours of training during the year*

Hours of training by gender

29,308 Men

1,359 Women

Hours of training by training area

Administrative (excluding e-learning)	2,866
Quality, Environment and Safety	5,549
Techniques (e-learning excluded)	11,589
E-learning	10,666

COMPENSATION: COLLABORATION INCENTIVE

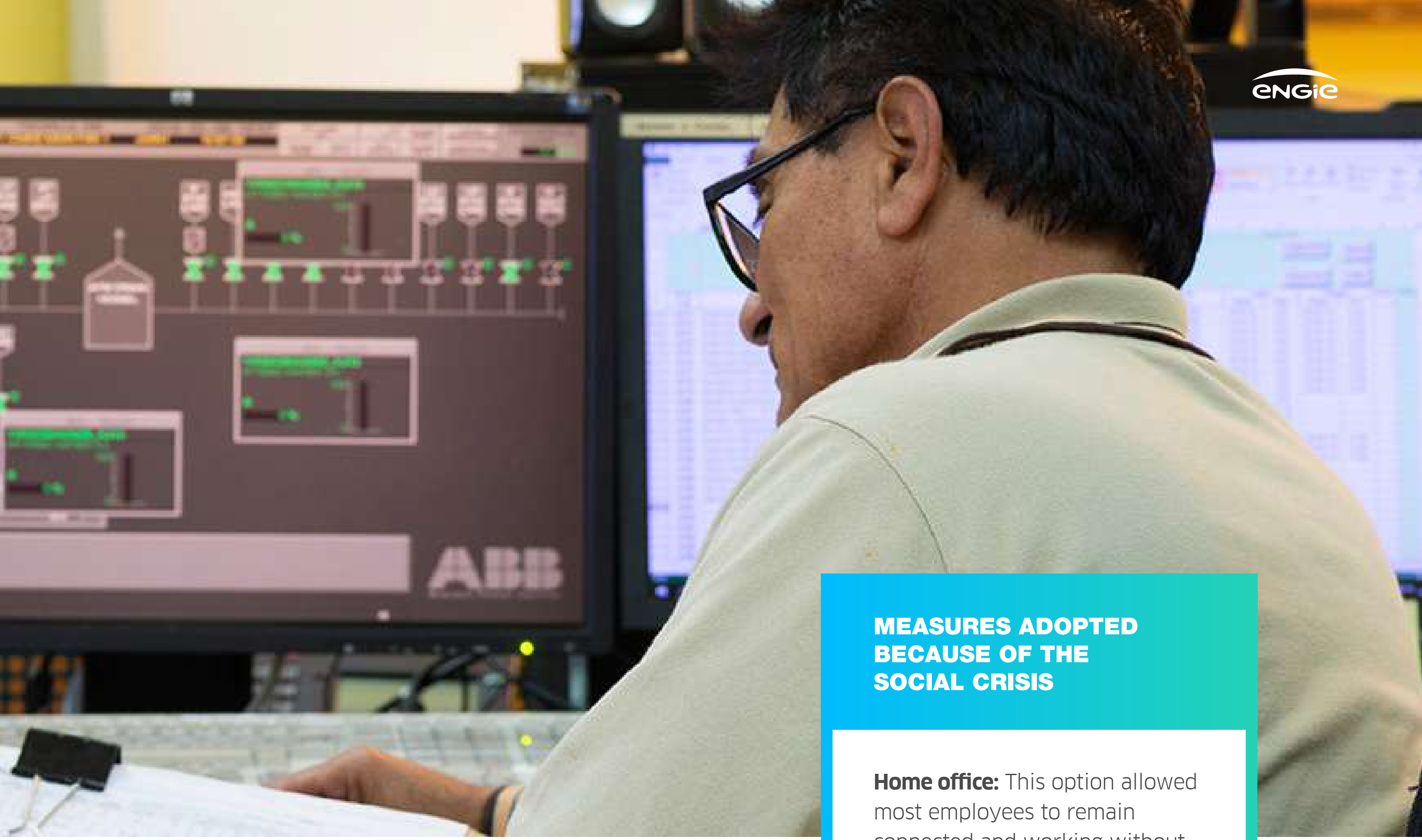
The value that ENGIE Energía Chile assigns to the work by its employees has given us a well-consolidated compensation structure. Our company systematically reviews compensation available on the market to set a benchmark. And as an example of transparency, information is available and open to any employee to learn what is earned for each position in our company based on the degree of responsibility.

Under this vision, the Leadership Bill incentive program was revised in 2019. This is a variable bonus that takes into account the collective and individual performance of individuals who lead an area, are process owners or who manage a number of people.

In the intent to reinforce the idea that these positions of great strategic weight should work collaboratively towards a common goal, the collective bonus was raised from 50% to 65% and the individual bonus was reduced from 50% to 35%.

The aspect associated with collective performance reinforces meeting transversal goals that are associated with the Company's Balanced Scoreboard (BSC).

Individual performance is evaluated based on the goals defined in the Leadership Way: 1) Prepare for the future, 2) cultivate and assign responsibility, 3) take action and challenge the status quo, 4) deliver results and progress, and 5) adopt an inspiring behavior in your everyday work. The performance also takes in account the 4 behaviors that define who we are and what we want to be: audacious, open, empathetic and exigent.



MEASURES ADOPTED BECAUSE OF THE SOCIAL CRISIS

Home office: This option allowed most employees to remain connected and working without having to go to their workplace, thanks to digital platforms. The flexibility allowed collaborators to avoid the risks of transport.

Shared ride vehicles: Round-trip shared rides were made available to anyone who needed to come to the office, picking employees up at the start and end of the workday.

Special commitment bonus: We confirmed the high level of commitment of our employees at the Tocopilla and Mejillones plants during the social crisis. Although a large number of people were ordered not to go to work for reasons of safety, many came to work nonetheless. In recognition of this disposition, we paid a bonus to close to 500 workers in Operations.

WELFARE AND RECONCILIATION OF WORK AND FAMILY

For 2 years ENGIE has had a Home Office program that allows employees to work two half-days or one day a week from home. It is available for all types of positions and must be authorized by the direct superior.

In 2019, we adjusted our incentive program **to focus on collaborative work.**

Relationship with communities

In 2019 we addressed the challenge of reinforcing territorial management and we expanded our community relations model to new zones in the country to which we were new.

Management Approach

Maintaining an ongoing relationship with locals is a strategic priority because our operations are long term. With that in mind, we relate to communities through active and early involvement and engagement.

Under our Decarbonization Plan, we addressed this issue by placing emphasis on an economic conversion of the municipalities where we will close the coal-fired plants and on ensuring the social and environmental viability of the new renewable energy projects.

NEW TERRITORIAL MANAGEMENT

The replacement of our heat-fired power operations by renewable energy and the expansion of our transmission business have led to an expansion of our territorial management and to a relations plan for new zones in the country to which we are new.

We reinforced the Sustainability and Permits Division in that direction, going from 66 to 133 employees, in addition to two territorial subdivisions in the north and south of the country.

Under this new structure, these divisions and the infrastructure and development area are responsible for looking for the right places to situate future solar and wind projects.

They must also position themselves as a social actor, as defined in their community relations and approach model. In 2019, we expanded our relations plan to zones adjoining the construction of our renewable energy and transmission projects in Calama. We also began to engage with neighboring communities regarding future projects that have received Environmental Approval (RCA) as well as zones where we are studying the installation of future projects.

ENGIE ENERGIA CHILE COMMUNITY APPROACH MODEL

- Inclusion
- Opportunity and Pertinence
- Transparency
- Incidence
- Joint planning
- Positioning of the project inside the company
- Positioning of the project in the community
- Positioning of the project among national and sectorial authorities

We arrived to Calama in 2019. Our goal is to **develop new projects and become a social player that supports local development.**

In 2019, we arrived to Calama, where we are building the Calama Wind Park, the new Chuquicamata and Calama Substations and the new Chuquicamata Power Line.

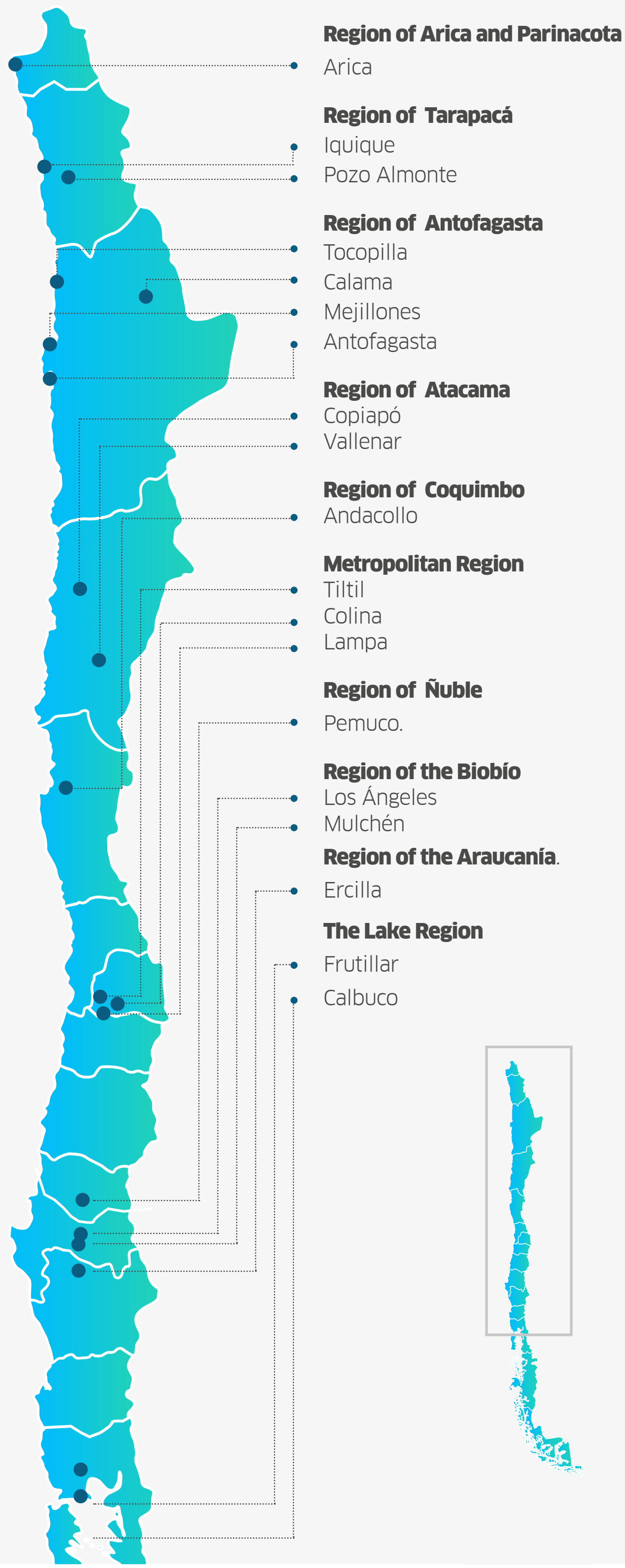
We also began our citizen participation process early in municipalities where we will build in the future, namely:

- **The Newen Kuruf Wind Farm in Mulchén,** where we set up an indigenous community task force with which we signed an employment agreement for the next 30 years.
- **The Libélula photovoltaic project in Colina**, Lampa and Tiltil.
- **The Trigales Wind Farm in Ercilla**, where we set up a task force with 5 indigenous communities in the Pailahueque Zone.

INDIGENOUS COMMUNITIES

Entering new zones has meant reinforcing our relations with indigenous communities in the north and south of the country. In the north, we have worked with the Alto Loa community in Calama and with the Pozo Almonte community. In the south, we have worked with the Mulchén and Pailahueque communities in the municipality of Ercilla.

THE SPAN OF ENGIE ENERGÍA CHILE'S TERRITORIAL MANAGEMENT



MANAGEMENT OF PRIORITY COMMUNITIES

TOCOPILLA

In 2019, we continued advancing in the initiatives that arose in regard to the plan to close the carbon-fired units at our power plants in this city. Our company has been in Tocopilla for more than 104 years and for all that time, we have been a relevant player in promoting local development, in addition to creating local jobs.

In that framework, the announcement of the closing of Units 12 and 13 in 2018 marshalled several actions towards our employees, outsourced workers and the community, aware of the social impact that this closing would have.

In 2019, we commissioned a job outlook study from the Job Observatory of Antofagasta that is part of the Catholic University of the North. The purpose was to identify the job possibilities of those working both directly and indirectly in our operations.

The sample took in account 325 actual surveys, 218 of which were used, corresponding to 97 of our employees and 121 employees of contractors.

This report served to design the training and career change plan. Its results were also provided to the local authorities for use in designing public programs.

Competitive funding and task forces: In 2019, our competitive funding program awarded 28 community projects in Tocopilla for an investment of around US$200,000. The task force that we set up with the community continued its work. We can highlight the initiatives indicated in the next table:

MAIN CONCLUSIONS FROM THE REPORT

218 people were used as a sample in the study.

97 people were employed by ENGIE

121 people were employed by contractors.

54.3% ***of ENGIE's employees*** *said that they had taken courses to broaden their possibilities of a career change in the last 12 months*

32.1% ***of contractors*** *said that they had taken courses that broaden their possibility of a career change in the last 12 months*

88.1% *of ENGIE's employees would be willing to look for a job* ***outside of the municipality where they reside.***

Although Antofagasta is the city most named, **29%** ***said that they would go to any city.***

Community Work in Tocopilla

COMMITTEE NAME	PARTICIPANTS	MAIN ISSUES DISCUSSED
Tocopilla Fishers Committee	105 fishers who are union members	• School Supplies • Scholarships • Family food boxes • Emergency Fund • Christmas Party • Saint Peter Celebration
Tocopilla Port Workers Committee	25 members of Seamen and Auxiliaries Union No. 2 of Tocopilla Bay	• Medical care • School Supplies • Scholarships • Family food boxes • Celebrations
Agreement with the Municipality of Tocopilla	Municipality of Tocopilla	• Pumps for social buildings • 2019 Christmas Party • Candy and a Caravan for the Christmas party • May 21st remodeling (the work recently began).

MEJIILONES

As part of our relationship model, we collaborated with the development of 20 social entrepreneurships in the community through our Competitive Funding program. This represented an investment of around US$32,000. Additionally, we continued to implement work plans proposed by the task forces.

Community Work Mejillones

COMMITTEE NAME	PARTICIPANTS	MAIN ISSUES DEVELOPED
Mejillones Fishers Committee	110 fishers who are members of the 4 unions under collective bargaining agreements	• Economic contribution to boost the sector. • Contribution for the Saint Peter and Saint Paul Saint's Day celebration. • Contribution to the Christmas Party
2019 Agreement with the Municipality of Mejillones	Municipality of Mejillones	• A lifeguard and rescue course for the 2019 summer. • Celebration of International Women's Day. • Celebration of Father's Day • Clean-up of the Mejillones coast • Contribution to the Mejillones Anniversary celebration • Contribution to operating development • A physician in Mejillones from the Acrux Foundation • Celebration of Children's Day • Repair of the Los Duendes sculpture • Christmas party
Neighborhood Board and Community Task Force	Mejillones Neighborhood Boards	Courses and training in: • Household electricity • Learning to start a business and be a social leader
Sports and culture task force	Mejillones Cachorros Club	• Implementation and development of the first field hockey school in Mejillones

In 2019 we allocated more than US$200,000 to our competitive funding program

MILESTONES IN TERRITORIAL MANAGEMENT

- **New Social Committee in Pozo Almonte:** In 2019, we set up a committee with the Tajq Pacha Arutañañi and Villa La Pampa communities in Pozo Almonte. Among the agreements adopted were the supply of computers to both villages, classes in English, social leadership and entrepreneurship, and scholarships for 2020.

- **A social leader seminar in Laja:** Close to 100 people attended an activity that brought together leaders of the south with whom we as a company relate. With the assistance of the University of Biobio in Concepción, a one-day seminar was held where participants were able to develop their skills at being a leader and shared good practices. This experience will later be replicated in the north.

- **Adult remedial education:** Like the previous year, the GED remedial education program was replicated in Las Arcillas and was extended to the Municipality of Yumbel.

Supplier development

In 2019, more than 300 of the company's suppliers were trained to use our new SAP Ariba platform.

Management approach

In line with the Company's Procurement Policy, the priority in managing the suppliers of ENGIE Energía Chile is to satisfy corporate procurement needs efficiently and opportunely while simultaneously guaranteeing responsible environmental management and quality service, through transparent, competitive processes, among other technical, economic and operating aspects.

In this context, we aspire to build a relationship of trust with suppliers based on mutual responsibility throughout the relationship cycle and on the commitment to contribute to the development of our surroundings. As part of that view, one of our challenges is to strengthen local companies so that they can be integrated to the value chain and adopt our strategic goals.

WE GUARANTEE TIMELY PAYMENT TO SMALL BUSINESSES

In 2019, we consolidated the policy of prompt payment that set a maximum of 15 days to pay the invoices of small businesses who provide services to us. This condition differs from the standard of an average of 30 days that we set to pay our remaining suppliers, and which allows us to meet the requirements in the recently enacted Prompt Payment Law.

In the framework of the social crisis that broke out in October 2019, we placed special emphasis on making this SMB payment process even more expeditious, either by clarifying pending orders or reinforcing the prompt payment policy where the supplier can receive payment in less time with a minimum symbolic discount.

Another aspect that contributed to a better payment flow was the activation of the SAP Ariba system that simplified the procurement and supply chain processes. In this platform, the supplier itself must input its purchase order so that it is paid in the stipulated period. This means suppliers will not have to depend on intermediate steps or coordinate with the Accounting area.

We trained more than 300 suppliers during the year to use SAP Ariba. First, we explained how the system works and how suppliers can participate in our tenders, and then the participants learned to generate work orders.

Suppliers of ENGIE Energía Chile in numbers

22 Number of contractors with employees at our facilities

+ de 850 Contractor workers

15 Period to pay SMB invoices

USD 254,027,920 Total purchases from domestic suppliers

USD 45,607,419 Total purchases from international suppliers

USD 299,635,340 Total paid to suppliers in 2019

LOCAL SUPPLIER DEVELOPMENT

In 2019 we continued to promote local supplier development in order to strengthen the positive impact of our operations on the communities where we operate.

We can highlight, among the measures that we adopted to that end:

- We stopped requesting performance bonds from small suppliers to avoid an additional financial cost for them.
- We agreed with contractors operating at our facilities that ENGIE Energía Chile would pay for OCIP insurance.
- We asked each large supplier performing maintenance at our facilities to contract their meal and lodging services from local suppliers that work with us. Whenever necessary, we also acted as intermediaries to ensure prompt payment of those services.

PROGRESS IN GOOD PRACTICES

- Our challenge is to involve our suppliers in the corporate standards on crime prevention and ethics management. Along those lines, in 2019 we invited recurrent contractors to our internal training cycles on the new requirements in Law 20,393 **(ver más en página 21).**
- In the framework of the social crisis, given the citizen demand for better salaries, we conducted an analysis of the income level of our suppliers' employees. The study used the most recent data generated by the system that we use to

PROCUREMENT PORTAL

Among our achievements in 2019 was the development of a new procurement portal that began to operate in 2020.

On this portal, suppliers can see the status and periods of payment of their invoices as well as key information, such as the requirements in Law 20,393 on the Criminal Liability of Legal Entities.

In line with our interest in continuing to deepen the direct dialogue with suppliers, in 2019 we also held open exhibitions in Antofagasta to explain the strategic goals of the company, our most important tenders, and the new SAP Ariba system.

ENGIE's contractors' full-time employees do not earn less than **CLP$700,000 gross, equal to a bit more than 2 minimum wages.**

track supplier employer compliance and employee management, and we were able to confirm that all our contractors' full-time employees earn around CLP$700,000, gross.

- **Penalties for incompliance:** Given our high safety standards, we are also demanding of our suppliers in this respect. So, we penalize, companies that violate these standards by a temporary or total suspension of their service. This measure depends on the level of the offense, which ranges from minor to serious. In each case we determine whether the offenses are shared, which allows that company again work at our facilities. We schedule a formal meeting when there is any safety breach by a supplier at which we deliver a letter to the supplier explaining the reasons for the decisions that have been adopted.

PROCUREMENT MANAGEMENT MILESTONES

- **New Project Services and Asset Procurement Area:** As part of the restructuring of our Procurement unit, the Project Services and Asset Procurement Area was created in 2019 to make foreign procurement more efficient. Oriented towards purchases, there are two strategic service buyers and one project foreign trade officer.

As the products are received at their port of origin, the work by this unit saved the company US$1.2 million in 2019. The cargo can be catalogued as a unique capital good, which releases it from the payment of taxes and at the same time generates an important cash flow.

CHALLENGES

- Intensify the integration of local suppliers, an area where we found room for improvement.

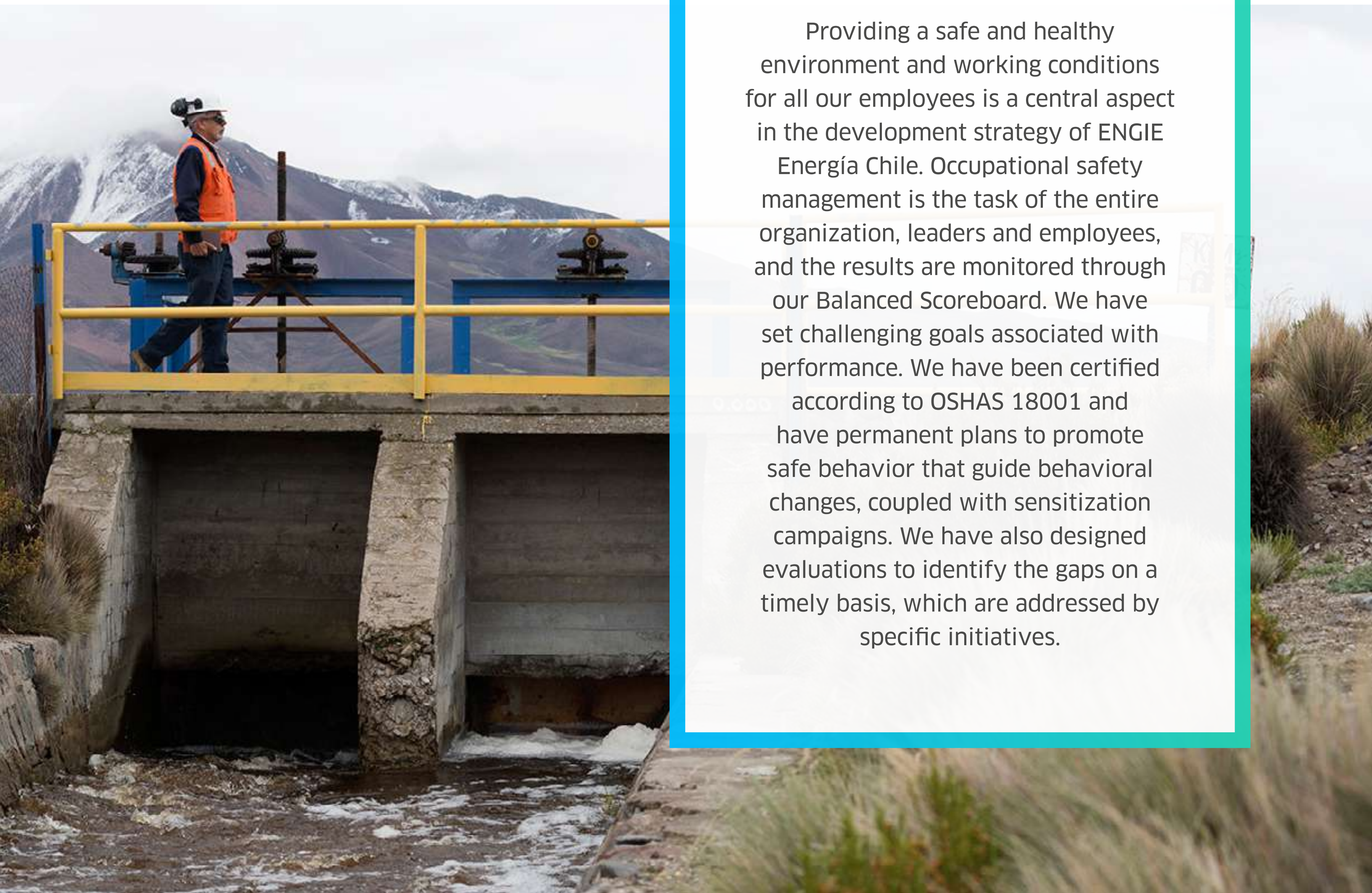
- Strengthen the search for suppliers that provide services to the solar and wind farms, mainly in the development stage.

The company saved US$1.2 million because of the management model of this new unit

• **Supply contracts:** In order to make the purchase of materials with a high turnover more efficient, such as hardware and office supplies, we incorporated all these purchases under supply contracts. This organized our demand into 40 supply contracts, which also resulted in better prices. Thanks to the SAP Ariba system, stock about to run out is automatically replaced. The system itself can generate the requisition, including prices and delivery dates. This has gained time so that the area can attend to more strategic matters.

Occupational Health and Safety

In 2019, we invested US$2.1 million in health and safety programs and infrastructure.



Management approach

Providing a safe and healthy environment and working conditions for all our employees is a central aspect in the development strategy of ENGIE Energía Chile. Occupational safety management is the task of the entire organization, leaders and employees, and the results are monitored through our Balanced Scoreboard. We have set challenging goals associated with performance. We have been certified according to OSHAS 18001 and have permanent plans to promote safe behavior that guide behavioral changes, coupled with sensitization campaigns. We have also designed evaluations to identify the gaps on a timely basis, which are addressed by specific initiatives.

We lowered the 15 HiPos **recorded in 2018 to 5 in 2019.**

REDUCTION IN HIGH POTENTIAL EVENTS

In the area of occupational safety, efforts were focused in 2019 on positioning preventive conduct as a relevant aspect of the internal culture and on implementing the measures in the Safe Behavior Plan designed in 2018.

In addition to not lamenting any serious or fatal accident, one of our major milestones was an important reduction in high potential events (HiPo). We went from 15 cases in 2018 to 5.

This demonstrates a favorable change in behavior. One example was the reduction in speeding violations of our employees. No violations were recorded in August, October and November.

The accident frequency ratio was impacted because this year, we set strict indicators based on the Zero Tolerance principle. We added a composite number to make the measurement, including everyone working in the company, not just operating personnel, but also the executives in our offices and contractors.

The result was a ratio of 1.21 instead of our demanding goal of 1.04. This ratio is just above the one for 2018, which was 1.20. There were more accidents in 2019, but lower in range and severity.

Health and Safety in figures

Own employee's safety ratio

1.25 frequency ratio (1)

41.81 severity ratio (2)

0

Fatalities, but there were profoundly serious accidents in the year

MAIN SAFETY CAMPAIGNS IN THE YEAR

- 9 rules that save lives
- If it is not safe, stop
- The hand of safety
- Safety walks
- Ultraviolet Radio (RUV)
- Respiratory protection
- First aid
- Eating healthily
- The minute that saves a life

Joint hygiene and safety committees

4

Joint Hygiene and Safety Committees were in operation ENGIE Energía Chile at the close of 2019

24

workers are members of these committees (2.4%)

(1) The number of lost-time accidents occurring during the workday per million hours worked by employees exposed to risks.
(2) The number of days lost per 1,000 hours of work.

CONDUCT COMMITTEE

We created the Conduct Committee In order to position safety within our culture. This Committee, comprised by members of senior management, not only aims to conduct a detailed monitoring of occupational health and safety ratios, but also bonuses, and we are increasing the presence of executives on site.

This committee was also created to lead safety management given the challenge represented by the geographic dispersion of the company's operations as a result of the increase in renewable energy projects in different areas of the country.

As part of our work, we created a mechanism for the recognition and punishment of unsafe conduct inspired on the principle of virtuous behavior and a fair culture. This means that people may be rewarded for their contribution, while others who breach the standard will be punished, as a sign of transparency in an issue in which everyone must be involved.

We created a mechanism for **recognition and punishment of unsafe conduct**

TOOLS TO REINFORCE SAFE BEHAVIOR

- **Safety letters:** Since 2019, all meetings held in administrative offices and at operations must start with an activity that is called the Safety Box. This is a dynamic that we conduct with the Mutual Safety Association where the group reviews index cards at random containing questions on safety issues, which results in conversation and cultural reinforcement.
- **New mobile application:** We added an app that can be used to report any safety issue. Anyone can report a case worthy of concern and the information in each report is sent to an internal system that takes over management of that report. We received a total of 1,086 reports in 2019. For the time being, this application works only on the company's telephones, but it is expected to be adapted in 2020 to any telephone device and to contractors.

PREVENTION TRAINING

To solidify and fortify a preventive culture in the training of our employees, we are developing the formation concept, which entails a deeper and more thorough intervention when promoting corporate safety standards.

In addition to providing information through workshops and courses, we kept abreast of, and monitored, the activities of each employee. We also kept track of how they adapted to safety protocols when their degree of responsibility was encouraged and increased.

Apart from the workshops held under the Safe Behavior Plan, in 2019 we accredited technical and soft skills in Mejillones.

5,350 *total hours of training*

1,350 **number of people trained**

4 **hours of training on average per person**

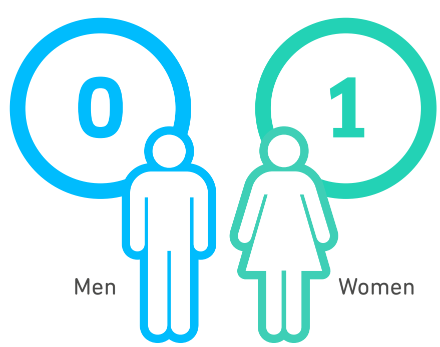
OCCUPATIONAL HEALTH

Health is a crucial component in the performance and wellbeing of our employees, so we are constantly taking actions to check the health parameters present in our processes. All new employees undergo physicals, all active employees undergo occupational examinations, and all employees leaving their job are checked.

We also implement all health and medical oversight protocols issued by the authority, complemented by eye exam campaigns, the supply of optical safety googles at no cost and weight checks. In this latter case, we encourage the cafeterias to serve calorie- and carbohydrate-balanced meals.

Another health milestone was the healthy living campaigns carried out by some local teams. Of particular note is the initiative "Lose the grams, add life," promoted by employees at the Chapiquiña power plant in Arica. As part of this project, employees set goals to lose weight both individually and as a group.

Occupational diseases in 2019



A total of 7,000 hours of prevention training of contractor employees

3,590 contractor employees trained in the year

GOOD CONTRACTOR PRACTICES

ENGIE Energía Chile includes contractor safety management in its performance indicators, so all our safety campaigns and training courses are extended to outsourced employees. Contractors also have been set a global goal that is monitored month to month. Repeated failures are considered to be a negative fact in new tenders and may even result in the termination of the contract.

OTHER SAFETY MANAGEMENT MILESTONES

- **"Perfect Days":** In 2019 we activated Work Permit Offices separate from Operations so that they could function independently, as a custody unit, in the process. We also incorporated a Permit Office to handle renewable energy projects. In the aim of maintaining the utmost rigorousness, more than 830 audits were made of the work permits in these offices in 2019. As part of this innovation, we created a new indicator called "ENGIE's perfect days," which records the number of calendar days when there are no deviations from safety indicators. In 2019, an average of 26 perfect days was reached, while the record was 27. This measurement was taken in the last quarter of the year and will be the benchmark for 2020.

- **Joint Hygiene and Safety Committee Certification:** One of the recommendations that was suggested by the recently created Safe Behavior Committee in 2019 to improve safety performance was certification of all of ENGIE's Joint Hygiene and Safety Committees. In line with this proposal, at the close of the year, the Tocopilla Joint Hygiene and Safety Committee, one of the four functioning in the company, was certified with the assistance of the ACHS Mutual Safety Association. This accreditation will enable it to strengthen its organization and be prepared for major actions. The goal is for the three remaining committees to begin their certification process in 2020.

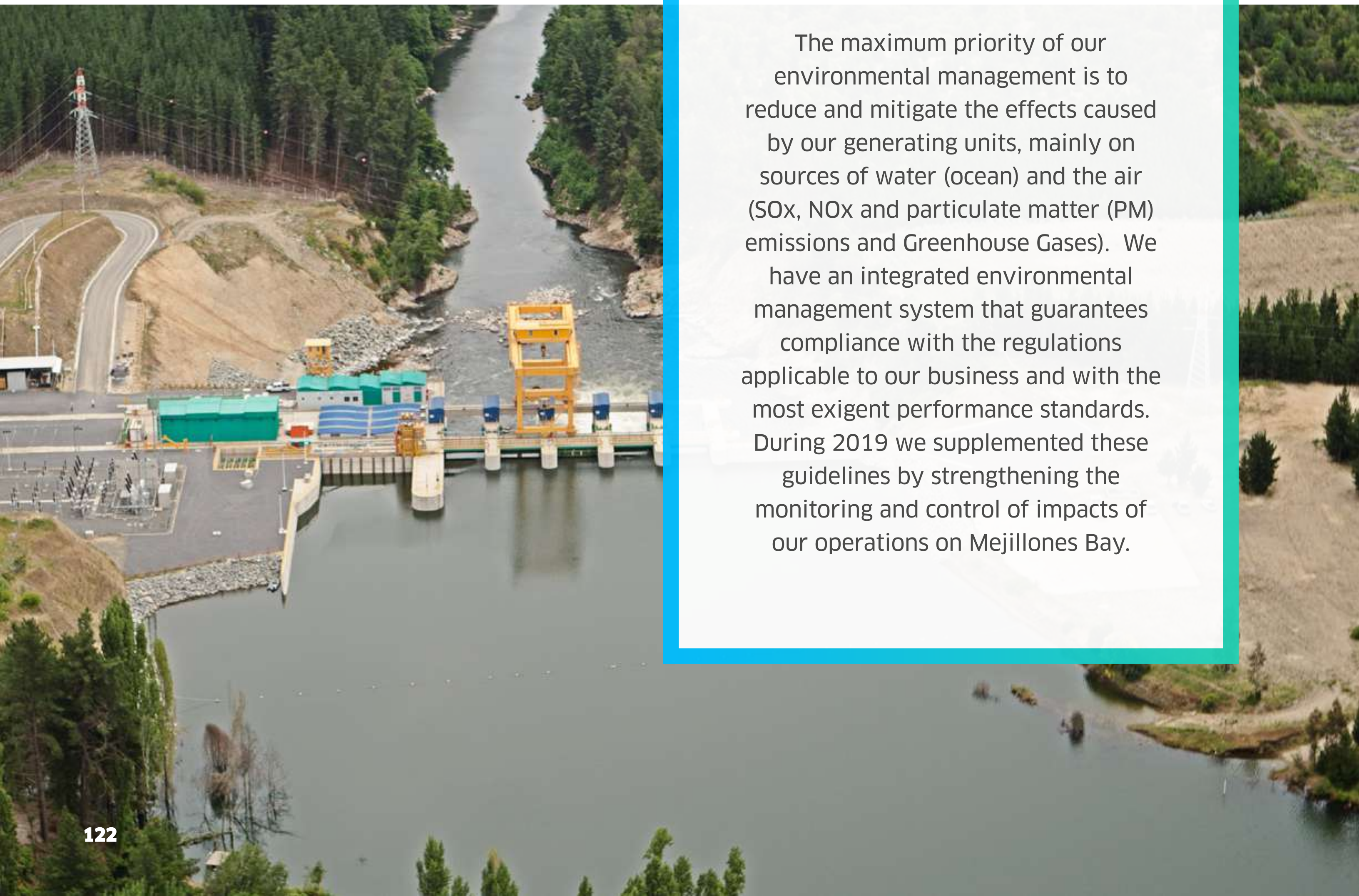
- **Update of Internal Regulations on Healthy, Safety and Hygiene:** Like we do every two years to improve the content, in 2019 we added new elements to our Internal Regulations. This time, we included issues on the Data Protection Law, procedures to report ethical issues and a drug and alcohol testing protocol.

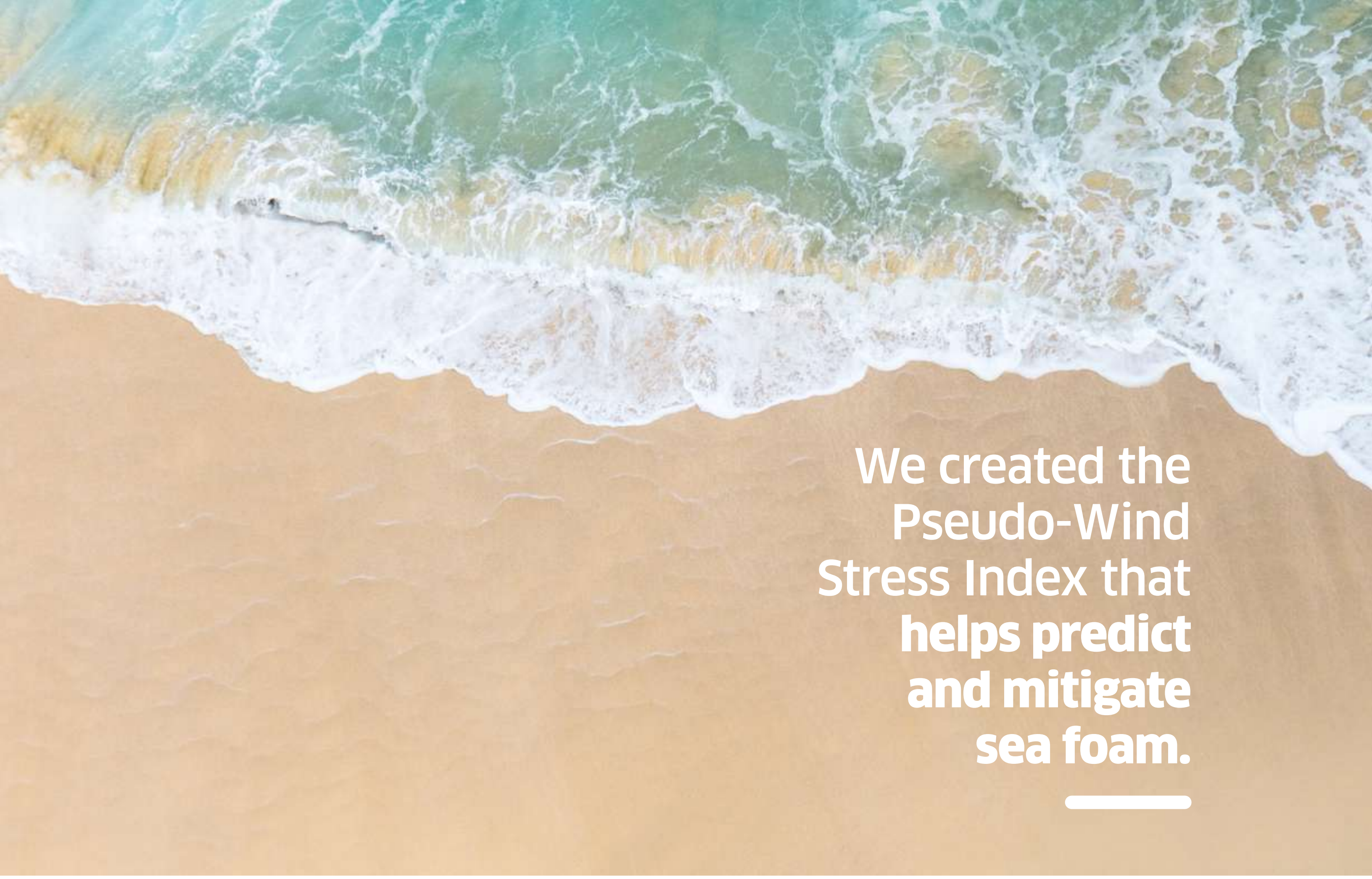
Environmental Management

During 2019, our environmental management was centered on mitigating the sea foam in Mejillones Bay. Although there was no environmental impact, this phenomenon created concern in the community.

Management approach

The maximum priority of our environmental management is to reduce and mitigate the effects caused by our generating units, mainly on sources of water (ocean) and the air (SO_x, NO_x and particulate matter (PM) emissions and Greenhouse Gases). We have an integrated environmental management system that guarantees compliance with the regulations applicable to our business and with the most exigent performance standards. During 2019 we supplemented these guidelines by strengthening the monitoring and control of impacts of our operations on Mejillones Bay.





SEA FOAM IN MEJILLONES

This year, one of our main focuses of environmental work was the mitigation of the sea foam that appeared in Mejillones Bay. We investigated, developed, implemented and automated an environmental indicator to determine the probability of the phenomenon occurring. The Pseudo-Wind Stress index helps predict ocean surges, meaning when deep water rises to the surface that contains a high content of nutrients and organic matter that, when combined with the discharge of water from our cooling system at high speeds, produces sea foam.

This is phenomenon is harmless to the ecosystem and does not signify any breach of regulations, but for years the sea foam has generated concern in the Mejillones community because of the visual impact. This concern has led to audits by the different authorities with jurisdiction over this subject, such as the Environmental Commission,* the Maritime Administration, the Port Harbormaster, the Environmental Crime Brigade of the National Detective Force and the Municipality of Mejillones. None of these audits resulted in penalties. The Pseudo-Wind Stress index helps us predict when sea foam might occur and take action in the cooling water and generation systems each time surface water is found to have moved towards the ocean.

There were two surges in September and October of 2019. Both were reported opportunely to the Environmental Commission and to the community so that our mitigation plan would be understood, which helped "calibrate" the model design to define early alerts.

PARTICIPATIVE MONITORING OF THE BAY

In order to make our environmental management more efficient and reduce the impact on Mejillones Bay, we developed two other important processes in 2019:

• Internally, we reviewed and simplified the report we provide to the authority. Concretely, we integrated our diverse environmental monitoring reports to include the air quality and marine environment monitoring programs.

• Externally, we began to monitor Mejillones Bay together with the leading actors in environmental oversight in the zone. We expect that this will be the basis to create a future participative integrated monitoring program with all users of the bay, the authorities and the community.

Along these lines, we devised an integrated work proposal that was validated by consultants and then sensitized with all the environmental teams of the companies present in the zone. This was done by setting up an environmental committee that was led by the Mejillones Industrialists Association. We aspire to characterize the water inflow and outflow processes to detect simultaneously all catchment and discharges into the bay. This method will give us scientific and academically valid information that will serve as the basis of joint action plans.

Main environmental progress in 2019

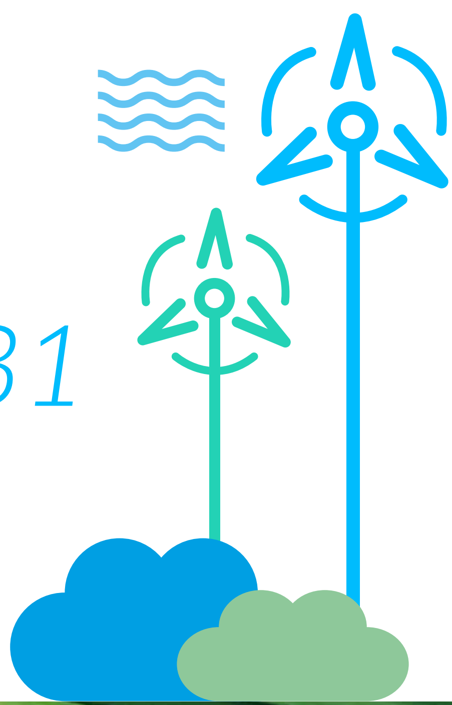
14 %
reduction in the carbon footprint

56.3
tons of PM
one-half of 2018

4,288
tons of NOx
53% below 2018

7.4%
reduction in energy consumption

66 %
reduction in hazardous waste



106
tons
of hazardous waste recovered

51.631
tons
of ash recycled

EMISSIONS

CARBON FOOTPRINT

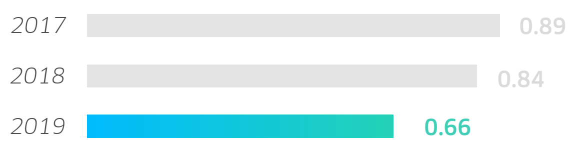
According to the measurement (*) that we took in 2019, ENGIE Energía Chile's GHG emissions in this period totaled 4.11 million tons of CO2 equivalent. This figure represents a 14% decrease compared to the 4.76 million tons of CO2 equivalent recorded in 2018. Based on these data, the intensity of emissions in 2019 rose to 0.66 tons of CO2 eq. per gross MWh generated.

At the close of 2019, we paid a green tax of US$24 million.

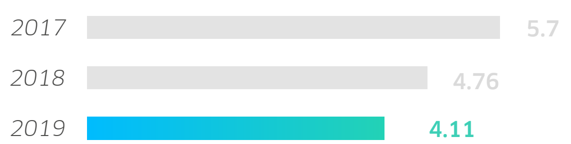
** This measurement is taken following the method proposed by the Ministry of Energy and the ISO standard, using emission factors proposed by the IPPC to determine tons of CO2 and the equivalency in GHG (SF6, NOx and SO2) to tons of CO2 eq.*

Greenhouse gas emissions (1)

Carbon Footprint Intensity (tons of CO2 eq./MWh)



CO2 eq. emissions (millions of tons)



(1) These data are being verified.

PM EMISSIONS

In 2019, our total PM emissions fell to one-half of what was recorded in the previous period. Nitrogen oxide (NOx) and sulfur dioxide (SO2) emissions also dropped significantly in the year because of the closing of Units 12 and 13 at our Tocopilla Thermoelectric Complex and because of the drop in energy generation by thermoelectric units.

During the past year, the annual mean concentration of PM10 in Tocopilla declined from 41 to 33 micrograms/m3N, quite below the requirements in that city's Air Decontamination Plan, the only plan to which our operations are subject.

Please note in this regard that in June, the Environmental Commission issued resolutions stating that we were in full compliance with the emission standard for thermoelectric power plants that regulates the levels of particulate matter, nitrogen oxide and sulfur oxide.

Total PM Emissions (tons/year)

177.8	121	56.3
2017	2018	2019

NOx emissions (tons/year)

7,909	6,506	4,288
2017	2018	2019

SOx emissions (tons/year)

8,145	6,138	3,496
2017	2018	2019

Air emissions breakdown (in micrograms/m^{3}N)	2017	2018	2019
Annual mean concentration of PM 2.5 in Tocopilla	15	14	12
Annual mean concentration of PM 2.5 in Mejillones	11	10	12
Annual mean concentration of PM 10 in Tocopilla	43	41	33
Annual mean concentration of PM 10 in Mejillones	19	16	22 (*)

(*) The variation compared to 2018 is due to the entry of IEM into operation.

OTHER ASPECTS OF EMISSIONS MANAGEMENT

- **The new sulfur dioxide standard:** The update of the Primary Sulfur Dioxide (SO2) quality standard entered into effect throughout the country in May 2019. It sets a reduction of daily and annual concentrations and a new limit on hourly concentrations. This standard applies to all urban areas in the country. These new standards do not affect our operations in the cities of Mejillones and Tocopilla.

SO2 Concentrations (micrograms/m^{3}N)

	Mejillones			Tocopilla		
	Hour	Daily	Annually	Hour	Daily	Annually
2017	12.0	6.0	1.8	59.0	28.3	8.7
2018	10.0	5.5	1.7	46.0	23.8	7.0
2019	9.4	6.3	1.9	39.9	24.2	7.7
Previous standard	None	250	80	None	250	80
New standard (May16, 2019)	350	150	60	350	150	60

ENERGY EFFICIENCY

In 2019, our energy consumption rose to 51,853,779 GJ. This level is equal to an increase of 7.4% compared to the 56,005,887 GJ we recorded in 2018.

Energy consumption (in GJ)	2018	2019	Definition
Total GJ of energy consumed	56,005,887	51,853,779	Consumption of electric energy (auxiliary services in operation) plus fuel consumption (carbon, gas, fuel oil, biomass).
GJ of electric energy consumed	1,585,047	1,484,742	Electric energy consumption (auxiliary services in operation)
Electricity sold	18,120,932	18,934,842	Net energy
GJ of fuel consumed	56,005,887	51,853,779	Fuel consumption (coal, gas, fuel oil, biomass)
Fuels from renewable sources	0	0	Biomass
Fuels from non-renewable sources	56,005,887	51,853,779	Coal, gas and fuel oil

We were able to reduce **our energy consumption by 7.4% between** 2018 and 2019.

WATER	CATCHMENT OF SEA WATER USED FOR COOLING M^3/YEAR			DISCHARGE OF SEA WATER USED FOR COOLING M^3/YEAR		
	2017	2018	2019	2017	2018	2019
Tocopilla	396,099,931	258,249,748	271,977,234	395,847,997	258,229,522	271,976,180
Mejillones	221,249,845	208,745,575	294,926,678	194,576,106	180,978,771	269,349,017
Andina	132,419,961	126,038,835	98,893,651	132,384,706	126,022,151	98,884,083
Hornitos	169,900,777	156,893,999	133,849,259	169,900,777	156,893,999	133,835,183
IEM	(-)	(-)	184,252,793	(-)	(-)	183,533,653

WATER MANAGEMENT

Given the shortage of water in all parts of the country, ENGIE Energía Chile is promoting a water management model that aims to use water responsibly.

All of the water we use is taken from the ocean to produce the different types of water required to operate our plants.

In the Tocopilla and Mejillones complexes, we use seawater as well as the water produced by our desalination plants. In Tocopilla, there is also a potable water plant in operation that allows us to be separate from the city's distribution system.

In 2019, the total volume of water discharged into the ocean increased because the IEM power plant began operation.

1.69
million m³
water footprint in 2018

WATER FOOTPRINT

We have been measuring our water footprint since 2015. The measurement we took in 2019 for the year 2018 showed that our water footprint was 1.69 million cubic meters, similar to 2017.

We also reached the following conclusions from this measurement:

REUSED WATER (WASTEWATER USED TO WATER GREEN AREAS) M3/YEAR			WATER FED TO WATER PLANTS (SEAWATER CATCHMENT) M3/YEAR			WATER USED FOR CTT ASH DUMP M3/YEAR		
2017	2018	2019	2017	2018	2019	2017	2018	2019
41,295	40,350	38,685	373,757	684,272	432,681	8,626	9,000	4,384
7,476	7,713	8,742	271,211	176,602	307,928	18,398	15,323	11,620
7,462	7,257	5,938	139,067	105,154	180,305	18,365	20,722	20,778
6,962	6,929	7,220	129,732	100,390	220,343	17,132	19,784	25,264
(-)	(-)	(-)	(-)	(-)	719,141	(-)	(-)	(-)

- The specific water consumption recorded by the company for 2018 fell 15% compared to 2017.
- All our power plants, except for the Laja Power Plant, have a specific consumption below that of powers plants using similar technology.
- The specific consumption of the company was 47% lower than that of the national electricity sector in 2017 (0.57 m^3/MWh) because the water demand of the power plants is supplied from desalinated water.
- The analysis of water consumption revealed that ENGIE's water footprint is influenced mainly by the evapotranspiration of water from the Laja River. Despite this, the environmental impact is lower than the impact caused by a conventional power plant or a hydroelectric power plant with a reservoir.
- The consumption of blue water by the Tocopilla and Mejillones thermoelectric power plants has no direct correlation to the generation process because blue water is used only when the water desalination plant breaks down.

WASTE MANAGEMENT

HAZARDOUS AND NON-HAZARDOUS WASTE

The operations of ENGIE Energía Chile produce two types of waste:

- **Non-Hazardous Waste:** This category includes mainly waste from combustion (ash and slag), junk metal, mineral wool and household waste. We conducted ongoing analysis and monitoring 2009 to ensure that combustion waste continued to be non-hazardous, and we reduced it by 2.2% compared to the previous year.

260,983 tons
of waste sent to dumps

51,631 tons
of recycled ash

106 tons
of hazardous waste recovered

WASTE BY DESTINATION (IN TONS)	ASH SENT TO DUMPS			SLAG SENT TO DUMPS		
	2017	2018	2019	2017	2018	2019
Tocopilla	118,670	81,384	16,127	9,570	9,007	1,670
Mejillones	76,582	56,964	41,968	2,109	2,507	2,311
IEM	(-)	(-)	47,927	(-)	(-)	4,249
Andina	74,502	35,222	51,962	9,876	6,884	2,515
Hornito	79,457	37,093	43,341	11,122	4,911	6,964
Total	**349,211**	**210,663**	**201,325**	**32,677**	**23,309**	**17,709**

Waste generated in the last three years (in tons)	2017	2018	2019
Hazardous Industrial Waste	287	608	206
Non-Hazardous Industrial Waste (including household waste)	412,492	321,021	313,715

- **Hazardous Waste:** This category includes waste that is delivered to companies for reuse (for example, waste oil, to be used as an alternative fuel) and waste that is sent to safety landfills authorized for final disposal. Last year, this type of waste dropped 66% in comparison to 2018. This change is due to the lower energy generation.

Please note that at the end of 2019, the new combustion waste deposit in the Cerro Gris sector began operation, which replaced the old ash deposit near the Mejillones Power Plant that completed its useful life.

RECYCLED ASH (SENT TO INACESA AND POLPAICO, CEMENT COMPANIES)			REJECT LIMESTONE SENT TO DUMPS			CLAY SENT TO DUMPS		
2017	2018	2019	2017	2018	2019	2017	2018	2019
(-)	NA	NA	(-)	NA	NA	NA	NA	NA
(-)	NA	NA	(-)	NA	NA	NA	NA	NA
(-)	(-)	NA	(-)	(-)	NA	(-)	(-)	12,553
41,755	32,089	16,451	14,626	13,230	13,266	NA	NA	NA
24,080	27,917	35,180	14,626	12,631	16,130	NA	NA	NA
65,835	**60,006**	**51,631**	**29,252**	**25,861**	**29,396**	**0**	**0**	**12,553**

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102-10 Significant changes to the organization and its supply chains	In 2019, ENGIE Energía Chile did not introduced significant changes in your organization or in your chain of value
102-11 Precautionary principle or approach	ENGIE Energía Chile safeguards its preventive approach through its operating policies and integrated management system that follows world standards like ISO 14001.
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102-23 Chair of the highest governance body	The chairman of the Board of Directors of Engie Energía Chile does not hold any other executive position in the company.
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102-26 Role of the highest governance body in setting purpose, value and strategy	The Board is the instance in Engie Energía Chile in charge of setting down the corporate sustainability strategies and policies, and it also participates in defining cultural guidelines. Since 2017 the Board has been receiving monthly reports on the Carbon Footprint and annual reports on the Water Footprint of the company.
102-27 Collective knowledge of highest governance body	Since 2017 the Board has been receiving monthly reports on the Carbon Footprint and annual reports on the Water Footprint of the company. Members also receive annual training in matters such as crime prevention, competition and anti-corruption.
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103-1 Explanation of the material topic and its boundary	18-21
103-2 The management approach and its components	18-21
103-3 Evaluation of the management approach	18-21
GRI 419: COMPLIANCE	
419-1 Non-compliance with laws and regulations in the social and economic area	21

Legal and Risk Information

CHARTER DOCUMENTS

ENGIE Energía Chile S.A. was incorporated by capital contributions from Empresa Nacional de Electricidad S.A. (Endesa) and the Production Development Association (Corfo). It was incorporated under the name of Empresa Eléctrica del Norte Grande Limitada (Edelnor) by public deed executed October 22, 1981 in the notarial office of Enrique Morgan Torres. An abstract of that deed was registered on page 556 (overleaf), No. 314, in the Commercial Register of the Antofagasta Real Estate Registrar, and it was published in the Official Gazette on November 7, 1981.

The business of the company is the production, transmission, distribution and supply of electricity; the purchase, sale and transport of all types of fuels, whether liquid, solid or gaseous; the rendering of consulting services in all areas and fields of engineering and business management; and the provision of electric system maintenance and repair services.

MAIN MODIFICATIONS

Since its incorporation ENGIE Energía Chile S.A. has undergone several modifications, the most important of which are described below:

Date of Public Deed	Notarial Office	Registration
09/30/1983	Enrique Morgan Torres	Page 467, No. 244
11/09/1988	Vicente Castillo Fernández, Antofagasta	Page 1,141, No. 437
03/13/2002	María Soledad Santos Muñoz, Antofagasta	Page 8,180, No. 6,673
06/02/2004	Fernando Opazo Larraín, Santiago	Page 17,684, No. 13,314
12/29/2009	Iván Torrealba Acevedo, Santiago	Page 3,581, No. 23
05/04/2010	Iván Torrealba Acevedo, Santiago	Page 22,767, No. 15,578
03/30/2011	Iván Torrealba Acevedo, Santiago	
05/09/2016	Iván Torrealba Acevedo, Santiago	Page 34,238, No. 18,064

Modification	Register	Publication in the Official Gazette
The company (then Edelnor) was converted into a continuing open corporation traded on the country's stock exchanges.	1983 Commercial Register of the Antofagasta Real Estate Registrar	11/03/1983
A Special Shareholders Meeting decided to divide the company effective July 1, 1998 into four corporations: a continuing company that would retain its name and three new open corporations: Empresa Eléctrica de Antofagasta S.A. (Elecda S.A.), Empresa Eléctrica de Iquique S.A. (Eliqsa S.A.) and Empresa Eléctrica de Arica S.A. (Emelari S.A.)	1988 Register of the Antofagasta Real Estate Registrar	01/03/1989
A Special Shareholders Meeting held March 13, 2002 resolved to amend the bylaws to move the registered offices from the city of Antofagasta to Santiago, in the municipality of Las Condes.	2002 Commercial Register of the Santiago Real Estate Registrar	03/23/2002
A Special Shareholders Meeting held April 26, 2004 resolved to modify the company's capital in order to state it in dollars of the United States of America.	2004 Commercial Register of the Santiago Real Estate Registrar	06/18/2004
A Special Shareholders Meeting held December 29, 2009 decided: A) to merge EDELNOR with Inversiones Tocopilla-1 S.A. ("Tocopilla" or the "Absorbed Company") by the absorption of Tocopilla by EDELNOR. As a result, Inversiones Tocopilla-1 S.A. was dissolved and all of its assets and liabilities were transferred in block to the company. The shareholders in Tocopilla received shares issued by EDELNOR in exchange, in the manner and periods agreed by that Shareholders Meeting. B) Because of the company's merger with Inversiones Tocopilla-1 S.A: and the merger conditions, to increase the capital by US$704,404,607.11 through the issuance of 604,176,440 new shares with no par value, in one series and of the same par value as the remaining shares in the company.	2010 Commercial Register of the Santiago Real Estate Registrar	01/22/2010
A Special Shareholders Meeting held April 27, 2010 amended the company's by-laws to change its name to E.CL S.A., with the right to do business under the acronym "E.CL."	2010 Commercial Register of the Santiago Real Estate Registrar	05/11/2010
The ipso jure decrease in capital was declared.		
A Special Shareholders Meeting held April 26, 2016 amended the company's by-laws to change its name to "ENGIE Energía Chile S.A."	2016 Commercial Register of the Santiago Real Estate Registrar.	05/19/2016

SHARE TRANSACTIONS BY RELATED PARTIES

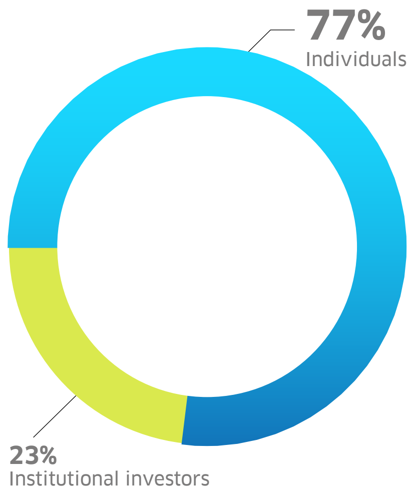
The management of ENGIE Energia Chile did not receive any reports of any purchases of the company's shares by its majority shareholders, chairman, directors, CEO or senior executives during 2019.

OWNERSHIP

Names of the majority shareholders as of December 31, 2019

Name	Number of Shares	Total Number of shares %
ENGIE LATAM S.A.	555,769,219	52.76%
BANCO ITAU CORPBANCA FOR ACCOUNT OF FOREIGN INVESTORS	34,827,135	3.31%
BANCO SANTANDER FOR ACCOUNT OF FOREIGN INVESTORS	33,477,798	3.18%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	25,535,066	2.42%
AFP PROVIDA S.A. FOR THE C PENSION FUND	22,596,021	2.15%
MONEDA SA AFI FOR THE PIONEER INVESTMENT FUND	20,511,000	1.95%
AFP CUPRUM S.A. A FUND	19,693,640	1.87%
AFP HABITAT S.A. A FUND	19,659,024	1.87%
AFP CUPRUM S.A. FOR THE C PENSION FUND	16,499,245	1.57%
AFP CAPITAL S.A. A PENSION FUND	16,360,738	1.55%
AFP PROVIDA S.A. B PENSION FUND	16,158,708	1.53%
AFP PROVIDA S.A. A PENSION FUND	15,809,541	1.50%
OTHER SHAREHOLDERS	256,412,641	24.34%
TOTAL NUMBER OF SHARES	1,053,309,776	100.00%

Percentage by type of shareholder



1,053,309,776

Number of shares as of December 31, 2019

ENGIE Energía Chile is traded on the Santiago Stock Exchange, Valparaíso Stock Exchange and Electronic Stock Exchange

Types of shareholders

Type of shareholder	Number of shareholders	Percentage per type of shareholder	Number of paid-in shares
Individual	1,381	77%	4,482,294
Institutional Investor	417	23%	1,048,827,482
Total	1,798	100%	1,053,309,776

ENGIE Energia Chile 2019 exchange transactions

2019	Units	Amount	Average price
First quarter	69,314,273	90,228,865,023	CLP$1,303.87
Second quarter	46,900,104	58,686,110,006	CLP$1,255.95
Third quarter	47,238,107	57,555,025,324	CLP$1,225.26
Fourth quarter	83,835,928	94,609,612,913	CLP$1,119.50

SHARES, THEIR FEATURES AND RIGHTS

DESCRIPTION OF THE SERIES OF SHARES

The capital of the Company is comprised by 1,053,309,776 shares in one single series, with no par value, that have been issued, subscribed and paid. They are officially traded on Chilean stock exchanges. The dividend policy of EECL, approved at the Regular Shareholders Meeting held April 30, 2019, is to distribute at least the minimum mandatory dividend according to the law and bylaws during the course of each fiscal year.

DIVIDEND POLICY

EECL's dividend policy, approved at the Regular Shareholders Meeting held April 30, 2019, is to pay the minimum during the course of the fiscal year according to the law and the bylaws. Provided the corporate situation allows, taking into account projects and the Company's development plans, an interim or final dividend payment can be approved in excess of the legal minimum. Subject to approval of the Board and, if required, the Shareholders Meeting, profits will be distributed in each fiscal year by paying two interim dividends based on the results of the financial statements for the second and third quarters, plus the final dividend payable in May of each year.

Dividends paid by ENGIE Energía Chile S.A.

Date of Payment	Type of Dividend	Amount (in millions of USD)	US$ per share
May 4, 2010	Final (on account of net profits from 2009)	77.7	0.07370
May 4, 2010	Additional (on account of net profits from 2009)	1.9	0.00180
May 5, 2011	Final (on account of net profits from 2010)	100.1	0.09505
August 25, 2011	Interim (on account of net profits from 2011)	25.0	0.02373
May 16, 2012	Final (on account of net profits from 2011)	64.3	0.06104
May 16, 2013	Final (on account of net profits from 2012)	56.2	0.05333
May 23, 2014	Final (on account of net profits from 2013)	39.6	0.03758
September 30, 2014	Interim (on account of profits from 2014)	7.0	0.00665
May 27, 2015	Final (on account of net profits from 2014)	19.7	0.01869
October 23, 2015	Interim (on account of profits from 2015)	13.5	0.01280
January 22, 2016	Interim (on account of profits from 2015)	8.0	0.00760
May 26, 2016	Final (on account of net profits from 2015)	6.8	0.00641
May 26, 2016	Interim (on account of profits from 2016)	63.6	0.06038
May 18, 2017	Final (on account of net profits from 2016)	12.8	0.01220
May 22, 2018	Final (on account of net profits from 2017)	30.4	0.02888
October 25, 2018	Interim (on account of profits from 2018)	26.0	0.02468
May 24, 2019	Final (on account of net profits from 2018)	22.1	0.02102
June 21, 2019	Interim (on account of profits from 2019)	50.0	0.04747
December 13, 2019	Interim (on account of profits from 2019)	40.0	0.03798

TRADEMARKS, PATENTS, LICENSES, FRANCHISES, ROYALTIES AND/OR CONCESSIONS AS OF DECEMBER 2019

Trademark	Application No.	Type	Class	Filed	Status	Reg. No.	Date	Coverage	Held by	Expiration Date
CTA	848564	D	37, 39, 40, 42	17/Dec/2008	R	1027608	02/Mar/2013	Service	Central Termoeléctrica Andina S.A.	2/Aug/2023
Puerto Andino	1249504	D	36	06/Apr/2017	R	1259247	14/Sep/2017	Product and Service	Central Termoeléctrica Andina S.A.	14/Sep/2027
Puerto Andino	1249505	D	37	06/Apr/2017	R	1269674	15/Feb/2018	Product and Service	Central Termoeléctrica Andina S.A.	15/Feb/2028
Puerto Andino	1249507	D	39	06/Apr/2017	R	1265467	13/Dec/2017	Product and Service	Central Termoeléctrica Andina S.A.	13/Dec/2027
Puerto Andino	1249508	D	42	06/Apr/2017	R	1261415	18/Oct/2017	Product and Service	Central Termoeléctrica Andina S.A.	18/Oct/2027
Central Termoeléctrica Andina	848563	D	37, 39, 40, 42	17/Dec/2008	R	873762	25/Jan/2010	Service	Central Termoeléctrica Andina S.A.	25/Jan/2027
Puerto de Tocopilla	979777	D	39	18/Nov/2011	R	945854	18/Jan/2012	Service	Electroandina S.A.	18/Jan/2022
EDELNOR	1037224	D	42	10/Dec/2012	R	1012123	18/Feb/2013	Service	Engie Energía Chile S.A.	18/Feb/2023
DISTRINOR	1003230	D	39	17/Apr/2012	R	971387	21/Jun/2012	Service	Engie Energía Chile S.A.	21/Jun/2022
Subestación el Cobre	842912	D	37, 39, 40, 42	29/Oct/2008	R	867931	26/Nov/2009	Service	Engie Energía Chile S.A.	Expired and not renewable
	1081618	E	35, 36, 37, 38, 39, 40, 42	06/Nov/2013	R	1066231	27/Nov/2013	Service	Engie Energía Chile S.A.	27/Nov/2023
	1081624	E	35, 36, 37, 38, 39, 40, 42	06/Nov/2013	R	1069793	04/Dec/2013	Service	Engie Energía Chile S.A.	04/Dec/2023
EDELNOR	892435	D	35, 37, 39, 40	20/Jan/2010	R	905136	16/Dec/2010	Service	Engie Energía Chile S.A.	16/Dec/2020
GNE Gas Natural Esencial	1027237	M	4, 16, 35, 39, 40	28/Sep/2012	R	1131771	09/Oct/2014	Product and Service	Engie Energía Chile S.A.	09/Oct/2024
E.CL	891537	M	35, 36, 37, 39, 40, 42	13/Jan/2010	R	942347	17/Jan/2012	Service	Engie Energía Chile S.A.	17/Jan/2022
T	811926	M	39, 40	18/Mar/2008	R	828494	29/May/2008	Service	Engie Energía Chile S.A.	29/May/2028
	809736	E	39	29/Feb/2008	R	838560	27/Feb/2008	Service	Gasoducto Norandino S.A.	27/Feb/2028
Gasoducto Norandino	942751	D	39	01/Mar/2011	R	917542	22/Jun/2011	Service	Gasoducto Norandino S.A.	22/Jun/2021
	809737	E	4	29/Feb/2008	R	847321	27/Feb/2008	Product	Gasoducto Norandino S.A.	27/Feb/2028
Gasoducto Norandino	943489	D	4	08/Mar/2011	R	917823	30/May/2011	Product	Gasoducto Norandino S.A.	30/May/2021
CTH	848565	D	37, 39, 40, 42	17/Dec/2008	R	872006	07/Jan/2010	Service	Inversiones Hornitos S.A.	Expired (renewable through 18/ Feb/2020)
Hornitos	848566	D	37, 39, 40, 42	17/Dec/2008	R	872007	07/Jan/2010	Service	Inversiones Hornitos S.A.	Expired (renewable through 18/ Feb/2020)
TEN S.A.	1162942	D	37, 39, 40, 42	20/Jul/2015	R	1232831	05/Jan/2017	Service	Transmisora Eléctrica del Norte S.A	05/Jan/2027
TEN S.A.	1162940	M	37, 39, 40, 42	20/Jul/2015	R	1211970	07/Jul/2016	Service	Transmisora Eléctrica del Norte S.A	07/Jul/2026

MAIN SUPPLIERS

SPARE PARTS AND SERVICES FOR GENERATING UNITS

G.E. (GENERAL ELECTRIC)
ANSALDO S.A.
ANSALDO ENERGÍA S P A AGENCIA EN CHILE
DOOSAN SKODA POWER SRO

AMMONIA SUPPLY

NITTRA S.A.

GENERATION AND TRANSMISSION SPARE PARTS AND SERVICES

SIEMENS S.A.

SPARE PARTS FOR GENERATING UNITS AND PORTS

KSB CHILE S.A.
CONTROL COMPONENTS INC. RSM (INI CSI)
EBARA INTERNATIONAL CORP
ATLAS COPCO CHILE SPA
IDE TECHNOLOGIES LTD
LIEBHERR CHILE SPA

SHIP UNLOADING

PUERTO DE MEJILLONES S.A.

SCAFFOLDING

FTF SERVICIOS S.A.

EMPLOYEE TRANSPORT

FLOTA HUALPEN LIMITADA

INDUSTRIAL PROTECTION

SOCIEDAD DE MANTENCIÓN, CONSERVACIÓN Y REPARACIÓN S.A.
(SOMACOR)

INDUSTRIAL OPERATION

SOC MARITIMA Y COMERCIAL SOMARCO LTDA.
SK INDUSTRIAL S A
INGETEAM SPA
SERVICIOS INDUSTRIALES LIMITADA (AXINNTUS)
IMA AUTOMATIZACIÓN LIMITADA

EMPLOYEE MEAL SERVICE

NEWREST CHILE SOPORTE LIMITADA

VEHICLE OPERATING LEASES

COMPAÑÍA DE LEASING TATTERSALL S.A.

MATERIAL DISCLOSURES

Day and time	Company	Disclosure
27/Mar/2019 6:48:27 p.m.	ENGIE Energía Chile S.A.	Regular shareholders meeting, meeting notice, resolutions and proposals
29/Mar/2019 12:48:10 p.m.	ENGIE Energía Chile S.A.	Assets or share packages, acquisition or sale in transactions with related persons or equity interest holders
30/Apr/2019 4:07:00 p.m.	ENGIE Energía Chile S.A.	Regular shareholders meeting, notices, resolutions and proposals. Profit distribution (dividend payment)
29/May/2019 12:40:33 p.m.	ENGIE Energía Chile S.A.	Changes in management
29/May/2019 12:47:20 p.m.	ENGIE Energía Chile S.A.	Profit distribution (dividend payment)
04/Jun/2019 10:18:08 a.m.	ENGIE Energía Chile S.A.	Other subjects
27/Nov/2019 09:30:22 a.m.	ENGIE Energía Chile S.A.	Profit distribution (dividend payment)
09/Dec/2019 11:56:39 a.m.	ENGIE Energía Chile S.A.	Other subjects
20/Dec/2019 8:54:36 p.m.	ENGIE Energía Chile S.A.	Other subjects

SUMMARY

- **On March 27, 2019,** the Company disclosed that a final dividend of US$22,137,935.42 would be distributed, corresponding to US$0.0210174973 per share, to be approved by the respective Regular Shareholders Meeting on April 30, 2019. This information remains unchanged at this time.

- **On March 29, 2019,** the Company disclosed the signature of contracts under which: (a) the purchase of all of the shares in Solairedirect Generation V SpA from Solaire Los Loros Holding SARL ("SARL") was agreed. Solaire Generation V SpA is the owner and operator of a photovoltaic solar farm in the province of Copiapó that has an installed capacity of 54 MWp ("Los Loros Farm"); and (b) the purchase of all of the shares in Solairedirect Generation Andacollo SpA, owner and operator of a photovoltaic solar farm with a capacity of approximately 1.3 MWp, from Solaire Direct Chile Ltda. and Engie Solar SAS. This farm is located in Tierra Amarilla, Region of Atacama ("Andacollo Farm").

- **On April 30, 2019,** the Company disclosed the following decisions by its Regular Shareholders Meeting: (a) distribution of a final dividend of US$22,137,935.42 to shareholders on account of the 2018 fiscal year, which means the shareholders would receive a dividend of US$0.02101749735 per share; (b) the appointment of Ernst & Young Servicios Profesionales de Auditoría y Asesoría Limitada (EY) as the external auditing firm. This information remains unchanged at this time.

- **On May 29, 2019,** the Company disclosed that the Board of Directors had accepted the resignation of Philip De Cnudde and Dante Dell'Elce, regular and alternate directors, respectively. Mr. Frank Demaille replaced Mr. De Cnudde as director and Chairman of the Board.

- **On May 29, 2019,** the Company disclosed that the Board of Directors approved distribution of an interim dividend totaling US$50,000,000 at its meeting held May 28, 2019, on account of profits from the present fiscal year, which meant a dividend of US$0.047469416 per share. This information remains unchanged at this time.

- **On June 4, 2019,** the Company disclosed the following events: (i) At the margin of the decarbonization of the energy matrix sponsored by the government, the Company signed an agreement with the Ministry of Energy called "Agreement on Retirement of Coal-Fired Power Plants," under which EECL stated its commitment to combat climate change and global warming; (ii) Based on the foregoing, the future notice was disclosed of a request to the National Energy Commission for authorization to proceed to disconnect and retire coal-fired Units 14 and 15 located at the Tocopilla Power Plant; (iii) As a consequence of that closing, it was reported that a negative book adjustment had to be made from that date due to the asset impairment caused by the upcoming closing of coal-fired Units 14 and 15 of the Tocopilla Power Plant for a net amount of approximately US$63,000,000 (after the positive tax impact).

  All such agreements were part of the energy transition to renewable energy generation.

- **On November 27, 2019,** the Company disclosed that at its meeting held November 26, 2019, the Board approved the distribution of an interim dividend for US$40,000,000 on account of the present fiscal year profits. This meant a dividend of US$0.0379755328 per share. This information remains unchanged at this time.

- **On December 9, 2019,** the Company disclosed that it will bring forward the decarbonization of the energy matrix sponsored by the government in the context of the Conference of Parties to the United Nations Framework Convention on Climate Change and signature last June 4th of the Agreement on Retirement of Coal-Fired Power Plants with the Ministry of Energy. It will therefore give notice to the National Energy Commission and other pertinent authorities of the date of disconnection and retirement of coal-fired Units 1 and 2 as of December 2024, thus bringing forward the date of disconnection and retirement of the power plants that was stipulated in the Agreement on Retirement for no later than 2040.

- **On December 20, 2019**, the Company disclosed that as a consequence of the upcoming closure of Units 1 and 2, the Board acknowledged, at its meeting held that same date, the need to make a negative book adjustment as from that date for a net amount of approximately US$70,000,000 (after the positive impact of taxes) due to asset impairment.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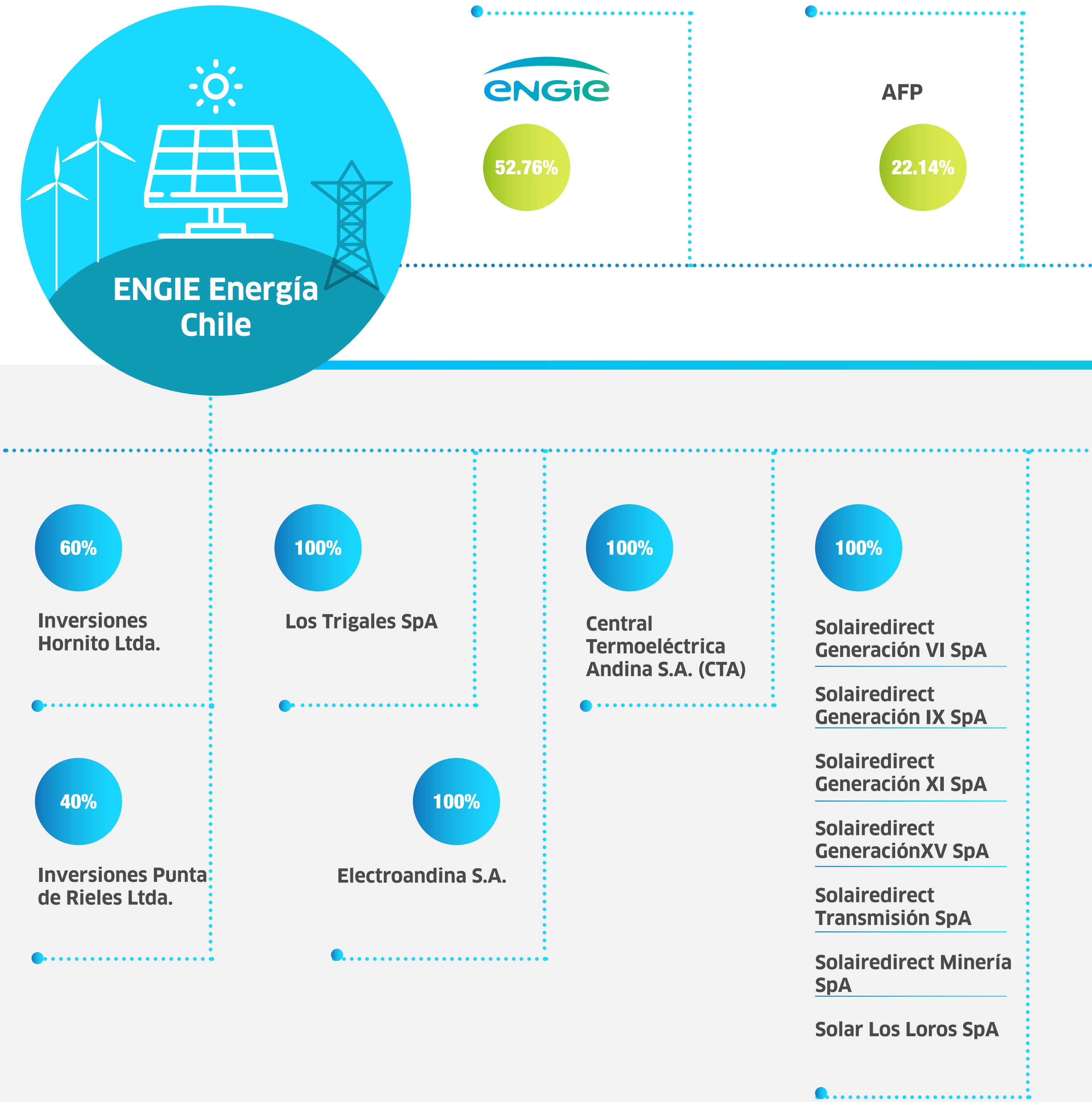
Corporate Organization Chart

(December 31, 2019)



Local Institutions

15.52%

Foreign Institutions

9.15%

Individual Investors

0.42%

100%

Gasoducto NorAndino SpA

78.915%

Gasoducto Nor Andino Argentina S.A.

100%

Edelnor Transmisión S.A.

50%

Transmisora Eléctrica del Norte S.A.(TEN S.A.)

50%

Red eléctrica Chile S.A.

21.085%

Work by the Directors Committee

In compliance with article 50-bis of Law 18,046, the company's Board of Directors agreed, at its Meeting #571 held April 24, 2018, to appoint Mauro Valdés Raczynski, Cristian Eyzaguirre Johnston and Claudio Iglesis Guillard as members of the Directors Committee, all of whom are independent directors. Mauro Valdés Raczynski was elected chairman at the Committee meeting held on that same date.

The Directors Committee met regularly during 2019 and accomplished the following:

(1) It examined and adopted a decision on the quarterly financial statements of the Company in 2019.

(2) It met with the Company's external auditing firm and the Internal Auditor and Crime Prevention Officer.

(3) It reviewed the transactions with related parties discussed in the next point.

RELATED-PARTY TRANSACTIONS

In accordance with article 50-bis of Law 18,046, in 2019, the Directors' Committee examined information on the company's transactions with related parties pursuant to Title XVI of Law 18,046, and it recommended approval of the following acts and contracts:

1. Supplement the resolution adopted by the Board at meeting No. 579 on making a contract with **Engie Factory** for the shared use of electric cars by EECL and Engie Group employees, and approval of additional services of installation of an electric charger and a magnetic key box (Committee Meeting held January 30, 2019).

2. A contract with **Engie Solaire** (SolaireDirect) to provide engineering and construction services in relation to photovoltaic projects (Committee Meeting held January 30, 2019).

3. A reduction in the scope of the contract with **Engie Solar** (SolaireDirect) to provide engineering and construction services in relation to photovoltaic projects in order to contract their assistance only for the development stage of those projects (Committee Meeting held March 5, 2019).

4. Approval of the form of distribution of expenses of marketing in which the company participates together with other companies in the **Engie Group**,

mainly in the context of the **"One Engie"** strategy (Committee Meeting held March 26, 2019).

5. Approval of the Company's participation in a tender convened by Codelco for the development, construction and operation of the "North District Desalinated Water Supply" project through a consortium in which **Suez Inversiones Aguas del Gran Santiago Limitada** is also a participant (Committee Meeting held March 26, 2019).

6. A contract with **Engie Services** for the installation of Engie technology electric chargers in the Santiago Airport and the supply, installation and maintenance of chargers and the charger management platform under a master agreement (Committee Meeting held April 30, 2019).

7. A master agreement with **Transmisora Eléctrica del Norte S.A.** for EECL to provide administrative services in the areas of accounting and finance, legal counsel, human resources, regulation, the environment, technology and data processing, management control, hygiene and safety and communications (Committee Meeting held April 30, 2019).

8. An agreement with **Sunplicity**, a related company belonging to the Engie Services group, for the joint development and execution of a construction contract with Nuevo Pudahuel S.A. for the supply and installation of a photovoltaic solar system above a terminal in the Santiago Airport (Committee Meeting held May 28, 2019).

9. A Joint Development Agreement with Puerto Ventanas S.A. for operation and maintenance of Port Andino (Committee Meeting held May 28, 2019).

10. A contract with **ANAM**, related company, for the service of sampling and analysis of combustion waste and waste from the coal-fired units' generation process at the Mejillones and Tocopilla Power Plants (Committee Meeting held June 28, 2019).

11. A service contract with **GNL Mejillones S.A.** for additional daily regasification to take place in July in the event of an operating contingency, at that company's public rate (Committee Meeting held June 28, 2019).

12. An agreement with **Sunplicity**, a related company, for the joint development, construction and installation of a photovoltaic solar system for WOM, subject to WOM's acceptance and extension of the power purchase agreement in effect with it (Committee Meeting held July 30, 2019).

13. A contract with **Engie Services** for the acquisition, supervision and start-up of a climate equipment monitoring system for Mall Plaza Antofagasta using the energy demand management system (DSM) Follow Energy (Committee Meeting held July 30, 2019).

14. Authorization of payment of 50% of the ticket of the Corporate Officer of **Engie Paris**, Daniel Rossi, for his trip to Chile to hold community relations workshops in Santiago, Tocopilla and Mejillones (Committee Meeting held July 30, 2019).

15. A contract with **Tuten SpA** of the Engie Group for preventive and corrective maintenance of electric panels and installation of electric points in the EECL offices in Santiago (Committee Meeting held July 30, 2019).

16. A contract with **Tuten SpA** of the Engie Group for minor civil works in the offices of EECL in Santiago (Committee Meeting held July 30, 2019).

17. A contract with **Eólica Monte Redondo S.A.** for operating and administrative services in replacement of the actual contract (Committee Meeting held July 30, 2019).

18. Formulation of a gas sale offer to **Engie Gas Chile SpA** for gas resale to Codelco (Committee Meeting held July 30, 2019).

19. Express and general authorization to perform related-party transactions indicated in letter (a) of article 147 of Law 18,046 according to article 171 of the Companies Regulations, i.e., “transactions irrelevant in amount,” not subject to the requirements and procedures in numbers 1 to 7 of said article 147, provided the aggregate amount of the acts or contracts performed or executed in each month does not exceed the equivalent to US$20,000. In those cases, the Board of Directors will not have to make a specific decision on each exempt transaction, although the Chief Executive Officer must report the transactions performed under such authorization to the Director’s Committee (Committee Meeting held July 30, 2019).

20. Approval of the signature of an agreement with **Blu.e** of the Engie Group to extend the Big Data software license developed by Blu.e for one year, to identify opportunities for improvement and optimize operations (June 2019 to June 2020) (Committee Meeting held August 27, 2019).

21.A master agreement with **Térmika S.A. Ingenería y Montaje (Sunplicity)** for the joint development and implementation of photovoltaic projects in the facilities of EECL's customers where Sunplicity would be an ECP contractor (Committee Meeting held August 27, 2019).

22. Extension of the collaboration agreement with **Engie Lab** in order to authorize it to install, at its cost and responsibility, 240 additional two-faced solar panels at the El Aguila solar power plant under the same pilot plan as the existing solar panels (Committee Meeting held August 27, 2019).

23. Contract EY, an external auditing firm, to conduct audits and issue the certifications required in relation to the Company's financial statements because of the refinancing of the international bonds by their repurchase and a new bond issue under "144-A" or "Reg S" (Committee Meeting held August 27, 2019).

24. A gas transportation agreement between EECL and **Gasoducto Nor Andino SpA** for the local, uninterruptible transportation of that fuel from the regasification terminal of GNLM to Tocopilla or another power plant in Chile (Committee Meeting August 27, 2019).

25. A gas transportation agreement between EECL and **Gasoducto Nor Andino SpA** for the international, uninterruptible transportation of that fuel from Pichanal to Jama Pass (Committee Meeting August 27, 2019).

26. A gas transportation agreement between **Gasoducto Nor Andino SpA** and **Gasoducto Nor Andino Argentina S.A.** for the international, interruptible transport of that fuel from Pichanal to Jama Pass (Committee Meeting August 27, 2019).

27. The import of natural gas from Argentina from October 2019 to April 2020 by the purchase of as much as 600,000 m3 daily from **Energy Consulting Services** (Committee Meeting held August 27, 2019).

28. The award to **CAM Chile SpA** of the contract for support and maintenance of the platform for administration of the information from energy meters to bill customers (Committee Meeting held September 26, 2019).

29. A contract with **Transmisora Eléctrica del Norte S.A.** for the purchase of 7,500 insulators for the New Chuquicamata–Calama Transmission Line project (Committee Meeting held September 26, 2019).

30. A contract with **Engie S.A.** for the licensing of Microsoft OnPremise products, including the licenses for Microsoft Project, Visio and Visual Studio (Committee Meeting held October 29, 2019).

31. Approval of the assignment by SolaireDirect Chile Limitada to **Solar Los Loros SpA**, an EECL subsidiary, of its contractual position in the maintenance contract between Solairedirect Chile Limitada and Termika Servicios de Mantención S.A. (Engie Services) for preventive and corrective maintenance of the Los Loros photovoltaic farm (Committee Meeting held October 29, 2019).

32. Renewal of the master agreement with **Engie Lab** for one year starting January 2020 to provide technical and specialized support in different aspects and technology disciplines (Committee Meeting held November 26, 2019).

33. Award to **Tractebel Engineering** of the contract to prepare the technical terms and conditions for the dismantling of Units 12 and 13, to then be able to tender the dismantling service (Committee Meeting held November 26, 2019).

34. A technical, legal and financial due diligence of **Eólica Monte Redondo S.A. (EMR)** to analyze and appraise its generation assets to decide on a potential acquisition of that company (Committee Meeting held November 26, 2019).

35. The signature of one or more leases for three floors in the Titanium building, located at Isidora Goyenechea 2800, municipality of Las Condes, to change the Company's registered offices, as well as the sublease of part of the area leased to **Transmisora Eléctrica del Norte S.A.** and related companies in the Engie Group (Committee Meeting held November 26, 2019).

36. A contract with **Engie Services** for operation, maintenance, calibration and reporting on the continuing emissions monitoring system (CEMS) of the IEM unit (Committee Meeting held December 20, 2019).

37. A contract with **Engie S.A.** for the licensing of Microsoft Office 365 products from 2019 to 2021 according to the Engie Group contract (Committee Meeting held December 20, 2019).

38. A contract with **Engie S.A.** for licensing of corporate products such as GAIA, WIPASS and security connectors, among others (Committee Meeting held December 20, 2019).

39. A contract with **Engie S.A.** for licensing of the corporate SAP S/4, HANA and Lumira products (Committee Meeting held December 20, 2019).

PROCEDURE FOR APPROVAL OF THE CONTRACTING OR TENDERING OF SERVICES IN WHICH RELATED COMPANIES MAY PARTICIPATE

1. In preparing the budget, the Corporate Divisions must plan the services that could potentially be provided by related companies.
2. The chief executive officer must present a list of the services at least quarterly to the Directors Committee, indicating the characteristics of the tender procedure to be followed in each case and the companies to be invited to submit bids. This presentation will be notwithstanding the need to submit the tendered agreement at the pertinent time to the approval procedure described below.
3. If there are market, competition or quality reasons that justify a direct contract, the chief executive officer must present the information to the Directors Committee so that it can express its opinion. However, the service cannot be awarded until it is approved by the Board.
4. The Directors Committee will state its opinion on the tenders presented to it and may, as part of its authority, make recommendations to management, review or cause others to review the bidding terms and conditions, and ask that certain companies be included or excluded from the invitees. It may also decide that the bids should be addressed exclusively to one of the independent directors appointed by the Committee especially for that purpose. Moreover, when services require a more complex evaluation, the Committee may ask that both the bidding terms as well as the bids received be reviewed by an independent third party in order to protect the competitiveness and transparency of the procedure.
5. If it is recommendable for a service to be awarded to a related company, the chief executive officer will present the outcome of the tender to the Directors Committee and a recommendation on its approval. However, the service cannot be awarded until it is approved by the Board.
6. During the course of the service, the respective corporate manager must report quarterly to the chief executive officer on the progress in the service and expenses involved, and any deviation from the scope or difficulty that may arise. The chief executive officer must report this quarterly to the Directors Committee.

7. The process of approval by the Directors Committee must be carried out by the pertinent corporate manager and once approval is received, it will take effect via a purchase order for the amounts approved by the Committee in order to keep an appropriate control of disbursements.

8. In general, services will be contracted from related companies for a lump sum after a comparison of the total cost, always endeavoring to avoid awards based on merely estimated budgets.

9. Any stages of bid improvement in bidding procedures must require that new bids--or changes to those submitted—be presented on the same date by all bidders selected for that stage. This will protect the arm's length conditions and competitiveness among the bidders. The contract must be awarded to the bid most convenient to the Company, according to the criteria set down in the bidding terms.

COMPENSATION OF THE DIRECTORS COMMITTEE AND USE OF EXPENSE BUDGET

The compensation set by the Regular Shareholders meeting for members of the Directors Committee totals an all-events fee of 55 UF monthly, and the committee was assigned a budget of 5,000 UF annually. The Committee made no disbursements against that budget in the 2019 fiscal year.

SUMMARY OF COMMENTS AND PROPOSALS BY SHAREHOLDERS AND BY THE DIRECTORS COMMITTEE

There were no comments or proposals by shareholders during the 2019 fiscal year.

In compliance with Law 18,046, the Directors Committee did make the following recommendations to shareholders:

(1) Approval of the annual report for the fiscal year ending December 31, 2018, balance sheet, other financial statements for that fiscal year, and external auditing opinion on the company for that fiscal year.

(2) Appointment of Deloitte Auditores y Consultores Limitada as the external auditing firm for the 2019 fiscal year and Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada as the second alternative.

(3) Appointment of Feller Rate Clasificadora de Riesgo Ltda. and Fitch Chile Clasificadora de Riesgo Ltda. as the private risk rating agencies for the 2019 fiscal year.

Subsidiaries and associates

December 31, 2019

ELECTROANDINA S.A.

This subsidiary was incorporated by public deed dated May 15, 1995 in the Santiago Notarial Office of Hugo Leonardo Perez Pousa. An abstract of that deed was registered on page 16 (overleaf), number 11, of the 1995 Tocopilla Commercial Register and was published in the Official Gazette on May 18, 1995.

Company Name: Electroandina S.A.
Tax ID: 96.731.500-1
Type of Company: Closed Corporation
Paid-in Capital: kUS$50,445
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Gabriel Marcuz, Axel Leveque, Fernando Valdés Urrutia, Rodrigo Cuadros Quiroz, Carlos Arias y Eduardo Milligan Wenzel.
Chief Executive Officer: Axel Levêque.
Business Purpose: Generation, transmission, sale of energy and other services

CENTRAL TERMOELÉCTRICA ANDINA S.A.

This subsidiary was incorporated by public deed dated November 20, 2006 in the Santiago Notarial Office of Juan Ricardo San Martin Urrejola. An abstract of that deed was registered on page 48,227, number 34,417, of the 2006 Santiago Commercial Register and was published in the Official Gazette on November 29, 2006.

Company Name: Central Termoeléctrica Andina S.A.
Tax ID: 76.708.710-1
Type of Company: Closed Corporation
Paid-in Capital: kUS$30,000
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Gabriel Marcuz, Axel Levêque, Fernando Valdés Urrutia, Carlos Arias y Eduardo Milligan Wenzel.
Chief Executive Officer: Axel Levêque.
Business Purpose: Generation, transmission and distribution of electricity.

INVERSIONES HORNITOS S.A.

This subsidiary was incorporated by public deed dated May 15, 1995 in the Santiago Notarial Office of Hugo Leonardo Perez Pousa. An abstract of that deed was registered on page 16 (overleaf), number 11, of the 1995 Tocopilla Commercial Register and was published in the Official Gazette on May 18, 1995.

Company Name: Inversiones Hornitos S.A.
Tax ID:76.009.698-9
Type of Company: Closed Corporation
Paid-in Capital: kUS$120,000
Held by: ENGIE Energía Chile S.A., 60%
Board of Directors: Eduardo Milligan Wenzel, Axel Levêque , Luc Imschoot, Demián Andrés Talavera, Beatriz Monreal Haase, Aníbal Prieto Larraín, Mauricio Ortiz Jara, Paula Aguirre Tapia and Carlos Acuña Cares.
Chief Executive Officer: Axel Levêque.
Business Purpose: The generation, transmission and distribution of electricity.

TRANSMISORA ELÉCTRICA DEL NORTE S.A.

TEN is an associate, incorporated by public deed dated March 1, 2007, executed in the Santiago Notarial Office of Juan Ricardo San Martín Urrejola. An abstract of that deed was registered on page 9373, No. 6856, of the 2007 Commercial Register of the Santiago Real Estate Registrar and it was published in the Official Gazette on March 7, 2007.

Company Name: Transmisora Eléctrica del Norte S.A.
Tax ID: 76.787.690-4
Type of Company: Closed Corporation
Paid-in Capital: kUS$72,876
Held by: ENGIE Energía Chile S.A., 50%
Board of Directors: Axel Levêque, Eduardo Milligan, Gabriel Marcuz, Roberto Garcia Merino (Chairman), Eva Pagán Diaz and Angel Mahou
Chief Executive Officer: Demian Talavera
Business Purpose: Electric power transmission. It may exploit and develop its own or third-party electric systems, regardless of the transmission system of which it is a member or the name it may be given. This therefore includes its own dedicated national transmission facilities, zonal facilities and development poles, the sale of transmission line capacity and the transformation capacity of power substations and assets, equipment and facilities associated with such lines and substations; obtaining and exploiting concessions, easements and the permits necessary to conduct its business; and providing services in the area of electrical engineering, electric system maintenance and the management of companies related to its special purpose.

EDELNOR TRANSMISIÓN S.A.

Edelnor Transmisión S.A., ("ETSA") was created under article 7 of the Electricity Law. It is a subsidiary that was incorporated by public deed dated December 9, 2008, executed in the Santiago Notarial Office of Iván Torrealba Acevedo. An abstract of that deed was registered on December 17, 2008 on page 59,017, No. 40920, of the 2008 Commercial Register of the Santiago Real Estate Registrar. That abstract was published in the Official Gazette on December 22, 2008.

Company Name: Edelnor Transmisión S.A.
Tax ID: 76.046.791-K
Type of Company: A corporation registered in the Reporting Entities Register established by Article 7 of Law 18,045.
Paid-in Capital: KUS$2
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Eduardo Milligan Wenzel, Fernando Valdés Urrutia, Carlos Regolf, Carlos Arias and Gabriel Marcuz
Chief Executive Officer: Axel Levêque
Business Purpose: Electricity transmission through power lines, power substations and other facilities, whether they are part of the trunk transmission system, subtransmission system or additional transmission system, owned by the Company or by third parties, in the terms of the Electricity Law, as amended.

GASODUCTO NOR ANDINO SpA

Gasoducto Nor Andino SpA was incorporated on March 4, 1997. It was converted into a Closed Corporation on November 12, 1997 and changed its name to its actual name, abbreviated as "GNA". On November 30, 2015, Gasoducto Nor Andino S.A. was converted to a Joint Stock Company and consequently changed its name to Gasoducto Nor Andino SpA.

Company Name: Gasoducto Nor Andino SpA
Tax ID: 78.974.730-K
Type of Company: Joint stock company
Paid-in Capital: kUS$12,516
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Gabriel Marcuz, Axel Levêque, Fernando Valdés Urrutia, Gustavo Schettini (Chairman), Eduardo Milligan Wenzel, Andrea Cabrera Monzón and Carlos Regolf
Chief Executive Officer: Axel Levêque
Business Purpose: (a) The design, construction, ownership, operation, exploitation, commercialization, financing, maintenance, expansion and modification of a gas pipeline running between the Republic of Argentina and the Republic of Chile, either directly or through third parties. (b) The purchase, sale, commercialization, import and export of natural gas, the transportation of that fuel from the Republic of Chile to other countries in the region and vice versa, and the export of services relating to the above activities. (c) The execution of any type of act and contract, including the creation of, and holding of an interest in, companies; and the obtainment of the permits, rights and concessions required for this purpose.

GASODUCTO NOR ANDINO ARGENTINA S.A.

The original by-laws were registered in the Public Commercial Register on December 1, 1997.

Company Name: Gasoducto Nor Andino Argentina S.A.
Type of Company: Closed Corporation
Paid-in Capital: The nominal capital is 6,565,300 shares with a par value of a A$1, equal to US$1.
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Axel Levêque (Chairman), Dante Dell'Elce, Gustavo Schettini, Ricardo Iglesias and Gabriel Marcuz
Chief Executive Officer: Gabriel Marcuz
Business Purpose: Construction, design, erection, operation and exploitation of gas pipelines, oil pipelines and multi-product pipelines in the territory of the Republic of Argentina and of related engineering works, services and equipment.

ALGAE FUELS S.A.

Algae Fuels S.A. was incorporated by public deed dated October 26, 2010, executed in the Santiago Notarial Office of Patricio Zaldívar Mackenna. An abstract of that deed was registered on page 61,492, No. 42,775, of the 2010 Commercial Register of the Santiago Real Estate Registrar and it was published in the Official Gazette on November 18, 2010.

Company Name: Algae Fuels S.A.
Tax ID: 76.122.974-5
Type of Company: Closed Corporation
Paid-in Capital: CLP$2,038,093
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Roberto Zazzali Sanchez, Lorenzo Gazmuri Schieyer, Gloria Lederman Enríquez, Anselmo Palma Pfotzer, Fernando Delfau Vernet and María Loreto Massanés Vogel
Chief Executive Officer: Juan Claudio Ilharreborde
Business Purpose: The implementation, execution and development of research, development and innovation programs relating to the production of biofuels made from microalgae, among other associated businesses.

PARQUE EÓLICO LOS TRIGALES SpA

Incorporation: The Company was incorporated on May 20, 2014 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 38,858, number 24,133, of the 2014 Santiago Commercial Register.

Company Name: Parque Eolico Los Trigales SpA

Tax ID: 76.379.625-K

Paid-in Capital: CLP$973,235,052

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The management, development and investment in all types of renewable energy projects in Chile, either for its own account or for third parties; and the generation, transmission, distribution, transportation, transformation, acquisition, supply, purchase and sale of electricity of any nature, in particular renewable energy.

SOLAIREDIRECT GENERACIÓN VI SpA

Incorporation: The Company was incorporated on August 31, 2012 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 66,219, number 45,959, of the 2012 Santiago Commercial Register.

Company Name: Solairedirect Generacion VI Spa

Tax ID: 59.169.880-K

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The generation, transmission, distribution, transportation, transformation, acquisition, supply, purchase and sale of electricity of any nature, in particular renewable energy.

SOLAIREDIRECT GENERACIÓN IX SpA

Incorporation: The Company was incorporated on February 28, 2013 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 18,840, number 12,302, of the 2013 Santiago Commercial Register.

Company Name: Solairedirect Generacion IX Spa

Tax ID: 76.267.537-4

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The generation, transmission, distribution, transportation, transformation, acquisition, supply, purchase and sale of electricity of any nature, in particular renewable energy.

SOLAIREDIRECT GENERACIÓN XI SpA

Incorporation: The Company was incorporated on April 11, 2013 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 30,412, number 20,234, of the 2013 Santiago Commercial Register.

Company Name: Solairedirect Generacion XI Spa

Tax ID: 76.534.501-4

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The generation, transmission, distribution, transportation, transformation, acquisition, supply, purchase and sale of electricity of any nature, in particular renewable energy.

SOLAIREDIRECT GENERACIÓN XV SpA

Incorporation: The Company was incorporated on April 11, 2013 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 30,411, number 20,213, of the 2013 Santiago Commercial Register.

Company Name: Solairedirect Generacion XV Spa

Tax ID: 76.534.502-2

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The generation, transmission, distribution, transportation, transformation, acquisition, supply, purchase and sale of electricity of any nature, in particular renewable energy.

SOLAIREDIRECT TRANSMISIÓN SpA

Incorporation: The Company was incorporated on April 15, 2013 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 31,712, number 21,197, of the 2013 Santiago Commercial Register.

Company Name: Solairedirect Transmision Spa

Tax ID: 76.274.746-4

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The transmission, distribution and transformation of electricity, the exploitation, use, beneficial use and lease of power lines for its own account and for others.

SOLAIREDIRECT MINERÍA SpA

Incorporation: The Company was incorporated on May 30, 2012 in the Santiago Notarial Office of Eduardo Avello Concha and it was registered on page 37,410, number 26,287, of the 2012 Santiago Commercial Register.

Company Name: Solairedirect Mineria Spa

Tax ID: 76.243.585-3

Paid-in Capital: CLP$100,000

Type of Company: Joint Stock Company

Held by: ENGIE Energia Chile, 100%

Board of Directors: It is managed by representatives of ENGIE Energia Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: The reconnaissance, exploration, development and exploitation of mining concessions, other rights of this nature, related rights comprising its equity and any it acquires in the future in any way.

SOLAR LOS LOROS SpA

The Company was incorporated on August 31, 2012 in the Santiago Notarial Office of Eduardo Avello Concha and registered on page 66,137, number 45,926, of the 2012 Commercial Registry of the Santiago Real Estate Registrar.

Name: Solar Los Loros SpA

Taxpayer ID: 76.247.976-1

Paid-In Capital: KUS$52,120

Type of Entity: Joint Stock Company

Held by: ENGIE Energía Chile S.A. 100%

Board of Directors: This company is managed by representatives of ENGIE Energía Chile S.A.

Chief Executive Officer: Axel Levêque

Business Purpose: Distribution, transmission, generation, transmission and supply of electricity or any other energy, in particular renewable energy, whether solar, wind, hydraulic or otherwise.

Risk Factors

The energy sector is subject to diverse and changing economic, political, social and competitive conditions. The Company exposed to several risk factors, both operational and financial, in the ordinary course of business that can impact its performance and financial condition. Those factors are closely monitored regularly by the Finance, Risk and Insurance Areas of the Company.

ENGIE Energía Chile has established Risk Management procedures that describe the method of risk assessment and analysis, including the construction of the risk matrix that is updated and reviewed semi-annually. The progress in action plans is also permanently monitored.

Risk management is presented to the Company's Board of directors each year. The Company's financial risk management strategy aims to protect the stability and sustainability of ENGIE Energía Chile against all components of financial uncertainty or material risk events.

Below is a summary of the risk management of the Company and its subsidiaries, grouped as:

1. Business risks

2.Country risks

3.Market risks

4.Reputation risks

5.Regulatory risks

The Chilean government has implanted a policy of supporting sources of renewable energy generation to reduce its dependency on coal in the production of electricity. Under this policy, the previous administration's Energy Agenda declared that at least 70% of electricity generation must come from renewable sources by 2050. The current regulatory framework stipulates that 20% of electricity must come from unconventional renewable sources by 2025.

Our Company has been an active participant in all instances and committees convened by the Government. In 2019, we announced the schedule to close six coal-fired units in the period 2019-2024 under our Decarbonization Plan. This program involves a plan to rotate assets that entails replacing thermal power generation by renewable power generation, together with a series of initiatives aimed at mitigating the social impact of this change, among them a drop in the ability to create jobs in the renewable energy assets. By the end of 2024, we will have disconnected 800 MW of coal-fired power from the grid, produced by Units 12 and 13 of the Tocopilla Thermal Power Complex (June 2019), by Units 14 and 15 of the Tocopilla Complex (2021) and Units CTM1 and CTM2 of the Mejillones Thermal Power Complex (2024).

1.BUSINESS RISKS

DECARBONIZATION

Our business faces risk because of the efforts to promote global and national decarbonization, a product of the growing demand for unconventionally generated energy. The potential legislative and regulatory actions to address climate change and environmental issues may also have a material impact on our industry and business.

In the same period of time, we will activate the first 417 MW of renewable energy **(more information on pages 45 to 49).**

There are several initiatives now before the National Congress that could result in even stricter limitations and prohibitions in relation to coal-fired power plants and their future production. Although we are engaged in finding ways to accelerate our decarbonization by closing or reconverting the remaining units, legal initiatives of this nature could translate into future losses due to an impairment in the value of our assets and the need for additional investment in renewable energy assets to fulfill our power purchase agreements.

FUELS AND THE SUPPLY CHAIN

- **Unavailability of fuel or interruptions in the chain of fuel supply**

  We import or buy fuel from local distributors who in turn import a significant portion of our fuel supply under short-, medium- and long-term contracts. This exposes us to a supply shortage or potential default by our suppliers. We also acquire a significant portion of coal, natural gas and other fuels from a limited number of suppliers. Should any of our important suppliers experience a disruption in their chain of production or are unable to fulfill their obligations under the supply contracts, we may be forced to acquire either the same fuel or a substitute at a higher price, and we might be unable to adjust the price of the electricity sold according to the rate adjustment formulas included in our PPAs with customers.

- **Fuel Price Risk**

  ENGIE Energía Chile is exposed to the price volatility of certain commodities since its generating activities require a continuous supply of fossil fuels, mainly coal, fuel oil and liquefied natural gas. The international prices of those fuels fluctuate according to market factors beyond the Company's control. Coal is mostly purchased under annual contracts in which the prices are indexed to the traditional indexes on the international coal market. Fuel oil and certain liquefied natural gas purchases are made at prices based on the international oil prices (WTI or Brent). The Company also has long-term liquefied gas purchase contracts where the prices are linked to the Henry Hub index.

  The price of fuel is also a key factor in the dispatching of thermal power plants, in the mean cost of the Company's generation and in the marginal costs of the power grid on which it operates. The Company's policy is to include price indexing in its power purchase agreements based on fluctuations in the price of fuels relevant in determining its variable operating costs. In this way, the Company has been able to align its procurement costs with the income from its power purchase agreements. However, in its energy transformation plan, the Company has preferred to index rates to the change in consumer price indexes instead of fuel price indexes, especially as of 2021, which could temporarily increase its exposure to commodity price risk until it has a renewable generation asset base sufficing to support the inflation-indexed power purchase agreements.

The Company has contracted derivatives hedges to protect its income and cash flows from exposure to fuel price volatility. This means that its commodity risk exposure is largely mitigated, so no sensitivity analysis is currently being made.

CLIENTS

- **Dependency on a limited number of clients that represent a significant volume of our sales**

Our electricity sale business depends on the capacity and willingness of a limited number of large clients to fulfill their contractual commitments to us as they come due. Our cash flow and financial condition could be affected should any of these clients be unable or refuse to fulfill payment obligations. Additionally, should any of these clients become insolvent, our ability to recover the payments owed under the power purchase agreements could be limited. Moreover, we cannot guarantee that we will be capable of renewing power purchase agreements with important clients when they expire or of renewing them under conditions that are at least as good for the Company as those now existing. According to the Company's assessment, the receivables concentration risk is acceptable because the clients are mainly large mining companies and power companies or power distributors of great solvency.

- **Impact of a drop in the price of copper on our main clients**

Approximately 48% of our physical energy sales in 2019 were to copper producers. Their financial condition depends largely on the international price of copper. Historically, copper prices have been subject to fluctuation and impacted by factors beyond our clients' control, such as international political and economic conditions, levels of supply and demand, the availability and cost of substitutes, inventory levels and diverse actions by commodities market agents. Although our clients are among the largest copper producers in the world, sustained drops in the copper price or prolonged drops in the demand for copper might have adverse impacts on the income and financial results of many of them, who might be forced to reduce or suspend some of their mining operations. That could cause their demand for electricity to decline and affect their ability to fulfill their financial obligations under our power purchase agreements.

- **Our plans and our clients' plans to expand installed capacity**

Historically, the increases in the demand for electricity in Chile have been correlated to the development of large mining projects. The growing concern about global warming and water shortages has also led to stricter environmental limitations and regulation of the mining industry, creating important challenges in the development of large mining projects. We have responded to our clients' needs to reduce their own carbon footprint by renegotiating our power purchase agreements to change the rate indexing and sources of supply.

If a power purchase agreement is signed with a mining project in development but the construction of that new project is not completed, the client may be unable to honor its contracted demand commitments under the power purchase agreement or it could terminate the agreement early. Although this type of contract is usually backed by guarantees, we might have to sell electricity on the spot market or look for alternative agreements, which could have an adverse impact on our financial condition and our operating results.

- **Fines for infringements in our supply to clients**

In Chile, the Company is exposed to fines for a breach of regulations, including a total or partial blackout on the grid and/or a delay in restoring energy after a blackout. These fines may be imposed upon all electric utilities participating in the SEN when the system blackout is the result of an operating error of any generator or transmission system operator, including failures related to the coordination of the obligations of system participants. Power companies may also be required to pay indemnities to unregulated customers or to regulated customers impacted by a power shortage.

- **Power supply to regulated customers**

Power companies supplying electricity to regulated customers are exposed to other risks. Additionally, 45% of our electricity sales in U.S. dollars are made to regulated distribution companies. First of all, a power company that enters into power purchase agreements with regulated customers has the obligation to make compensatory payments to them when they are impacted by power failures, provided such failures are attributable to the power company. For example, if a power company is unable to fulfill its power purchase agreements with regulated customers during periods when a rationing decree is in effect, the Company has the obligation to indemnify those customers for the resulting energy shortage. This contrasts with the power purchase agreements with unregulated customers where an indemnity is required only if stipulated in the power purchase agreement.

Moreover, power companies that have power purchase agreements with regulated customers cannot invoke force majeure under such agreements when a rationing decree has been enacted as a consequence of a drought, there is a failure in generating units or a lack of gas transported via international pipelines. Therefore, unlike power purchase agreements with unregulated customers, the supplier under a power purchase agreement with regulated customers assumes a greater risk should any force majeure occur.

- **Lawsuits, arbitration and other contingencies**

We sell electricity under contracts to large mining and industrial clients. We also have signed other commercial and legal contracts in the ordinary course of our business. The interpretation and enforcement of certain provisions or clauses in our contracts could lead to disagreement or disputes between us and our clients, suppliers or other parties.

• **Risks related to transmission system restrictions**

Our power plants are connected to the main system of Chile, the SEN. We supply energy using transmission lines that by law are open access. Consequently, we can dispatch energy to a substation, and our clients can withdraw that energy at another substation closer to their facilities. We also depend on services provided by third parties who own or control the transmission lines and substations that we use to supply energy. Our ability to supply energy to our clients could be limited should transmission restrictions be imposed because of technical or design conditions. That could have a material impact on our business and financial condition.

NEW PROJECTS

• **Delays or cost overruns in the construction or commencement of operation of our new projects**

Delays in construction or in the entry of our new projects to commercial operation could affect our business adversely even though we do carry insurance and our contracts with suppliers and contractors contain protective clauses. Some of the factors that might impact our ability to build or begin the operation of new projects are (i) delays in receiving permits, including environmental and sectorial permits; (ii) adverse legal rulings regarding existing government approvals, such as environmental resolutions; (iii) a shortage, or increase in the price, of equipment, materials or personnel; (iv) the inability of contractors to complete the main or auxiliary works by the agreed dates; (v) the opposition of political, environmental or ethnic groups, both local and international; (vi) strikes; (vii) adverse political and regulatory changes in Chile; (viii) bad weather; (ix) adverse geological conditions and (x) natural disasters, accidents or other unforeseen events.

- **Necessary capital investments**

Our business has a high capital coefficient. Major capital expenses will be required to build, repair, replace and improve our energy generation, transmission and transportation facilities. The response to increases in competition, the satisfaction of new client demand and an improvement in the capacity of our energy generation, transmission and transportation facilities could also cause an increase in our capital expenditures in the future.

TECHNOLOGY AND CYBERSECURITY

- **Technology change and greater competition**

Thanks to the tech evolution, the cost of developing wind and solar energy projects has decreased significantly in recent years compared to the traditional thermoelectric and hydroelectric technologies. This is one of the main reasons for an increase in competition, which has resulted in a decrease in the prices of energy offered in the most recent power supply tenders held by the Chilean government for power distribution companies.

- **Information security and cyberattacks**

Information security risks have generally increased in recent years because of a proliferation of new technologies and of the greater sophistication and higher number of cyberattacks, in addition to the rise in the connection of equipment and systems to the internet. Our commercial operations could be disrupted by a cyberattack that would trigger losses and response costs, in addition to litigation and reputation damage. A cyberattack may adversely affect our businesses, operating income and financial condition.

RISKS OF MECHANICAL OR ELECTRICAL FAILURES OR ACCIDENTS THAT MAY AFFECT ENERGY SUPPLY BY OUR ASSETS

We perform regular maintenance and make operating improvements to guarantee the commercial availability of our power plants. We carry insurance covering physical damages and loss of profit. However, mechanical or electrical failures or accidents may occur that could result in no supply for periods of time. Any prolonged period of inactivity of our power plants might have an adverse impact on our financial performance because we might be forced to purchase electricity on the spot market at a higher price or make up for this unavailability and meet our contractual obligations by increasing the energy produced by our power plants that operate at higher costs. The Company carries insurance to manage this risk that covers both physical damage and loss of profit resulting from service interruption.

2.COUNTRY RISKS

THE COUNTRY'S SOCIAL AND ECONOMIC SITUATION

Our business, operating income and financial condition depend considerably on the economic conditions reigning in Chile. Chile's economic conditions also rely substantially on the export of raw materials like copper, and those exports in turn are dependent on international prices. As prices drop, copper exports decrease, which reduces the electricity demand of our mining clients, causing a negative impact on our sales and operating income. Power sales in particular by some of our subsidiaries are tied to the mining industry, especially the copper mining industry.

In addition, changes in social, political, regulatory and economic conditions or in laws and policies on foreign trade, manufacture, development and investment in Brazil, the United States, Asia and Europe, among other nations and regions, combined with the political crises and uncertainty in other countries in Latin America, could have an adverse impact on the economic growth of Chile and neighboring countries and, consequently, on our business.

NATURAL DISASTERS

Natural disasters could damage our power plants, adversely affect our generating capacity and increase our production costs. Should any of those operating difficulties occur, we might have to buy energy on the spot market or enter into additional power purchase agreements in order to fulfill our contractual obligations, all of which could have a negative impact on our financial condition and operating income. Chile is a seismic country, which exposes our facilities to earthquakes. The Company's management has adopted the measures it deems pertinent to mitigate the potential effects of this risk, such as contracting property and business-interruption insurance policies, preparing evacuation plans coordinated with the authorities, holding drills, assigning contingency sites and other business continuity measures.

HEALTH CRISES: EPIDEMICS, ENDEMIC DISEASES AND PANDEMICS

A health crisis, be it an epidemic or a pandemic, could have adverse effects on our personnel, our operations, the demand for energy and the capacity of our clients to make payment, among other multiple effects that might negatively impact our financial condition and operating income. The Company will immediately form a Crisis Committee should a health crisis arise and implement on-site contingency plans containing all the corresponding health measures, following the orders by the authority, to ensure the health and wellbeing of our collaborators. The actions taken by our contractors and suppliers will be monitored and they will be required to meet the necessary standards to keep their own employees safe.

In a health crisis, we will prioritize three lines of action: ensuring the wellbeing of our employees; ensuring the operational continuity of our Company, basically to continue supplying power to the country; and coordinating as best possible with our stakeholders, such as shareholders, clients, suppliers and communities, to keep a dialogue going and collaborate with each to the extent possible. The Company is highly digitalized and a great percentage of its collaborators are able to work remotely to avoid any contagion and spread of any virus. A pandemic may lead to an international financial crisis that could adversely impact our ability to obtain loans on the financial market or affect finance costs. It might also impact international trade and, as a result, the supply of the inputs we need to guarantee our continued operation and the construction of investment projects. After the closing date of this integrated report, the first case of Coronavirus, or Covid-19, was recorded in Chile on March 3, 2020. On March 11, 2020, the World Health Organization officially acknowledged that the Coronavirus was a pandemic. As of the date of this integrated report, the health and socioeconomic impacts of this pandemic are still unknown as are the effects that it will have on our operations and results, which we will report from time to time in our quarterly releases.

EXPOSURE TO INFLATION

Chile has experienced high inflation rates in the past. Although those rates have been relatively low in recent years, we cannot guarantee that this trend will continue. It may be that the measures adopted by the Chilean government to control inflation restrict the availability of loans and impede economic growth. It is also possible that inflation will increase some of our costs and expenses. Even though our power purchase agreements are partially indexed to the U.S. CPI, it might be that we are unable to transfer all of those increases to our clients, which could have an adverse effect on the Company's results.

TAX RISKS

On September 29, 2014, Law 20,780 was published in the Official Gazette of Chile (amended by Law 20,899, the "2014 Tax Reform"). That law made significant changes to the tax system of Chile and strengthened the authority of the Chilean IRS (SII) to control and prevent tax evasion. The 2014 Tax Reform made changes to the corporate taxation system by allowing alternative taxation regimes to co-exist: (i) the partially integrated regime and (ii) the attributed income regime. As an open corporation, we became subject to the partially integrated regime that meant a corporate tax rate of 27% from 2018 onward.

As a consequence of the social disturbances taking place in October 2019 in Chile, the Chilean government and part of the opposition reached an agreement to make the following changes to the 2018 tax reform bill of law (i) a new marginal ceiling rate of 40% on personal income instead of 35%; (ii) a surcharge on the normal property taxes for properties of high fiscal value; (iii) gradual limitations on the use of cumulative losses as a means to reduce taxes. That use will end definitively in 2024; (iv) the elimination of the attributed income regime. The semi-integrated regime will continue as the general and only income tax system (where any corporate tax can be used as a credit against personal income taxes); (v) a special tax regime for SMB taxpayers (entities whose annual sales are less than approximately US$2.6 million), which includes measures to improve their growth

and development, such as allowing SMB owners to credit corporate taxes towards their personal taxes; (vi) new tax rules on investment vehicles; and (vii) the elimination of the proposal to increase the special VAT benefit for construction companies. The agreement also contains a long-term plan to review tax exemptions for various economic sectors. That review is expected to lead to a new tax reform to regulate, reduce or eliminate those exemptions. Since part of the opposition did not participate in the agreement, the political situation of these changes is uncertain and, therefore, it may be that the entire tax reform bill of law is rejected or that it is significantly modified. Hence, on the date of this Integrated Report, we cannot guarantee when or in what way the tax reform bill of law will be approved or the effect it might have on the Company's operating income and financial condition.

The 2014 Tax Reform also imposed a new annual tax on the emissions of particulate matter, NOx, SO2 and CO2 by establishments whose fixed sources, like boilers and turbines, have an individual or combined thermal energy of 50 MW or higher (the "Green Tax"). This Green Tax is payable by the Company.

The Green Tax currently assessable on CO2 emissions is approximately US$5.00 per ton emitted, while the Green Tax on NOx, SO2 and particulate matter emissions is approximately US$0.02 per ton emitted. In each case, the tax base is multiplied according to a formula that takes in account the contaminant's dispersion factor, the social cost per capita of the contaminant and the country's population. The Green Tax was implemented and began to accrue on emissions in 2017. The Company and its subsidiaries paid a total of US$24.9 million in Green Taxes in April 2019.

The new tax reform bill of law submitted to the Chilean Congress in August 2018 contains some changes to the Green Tax regulations. The House of Representatives passed the bill of law after making certain amendments, and its approval by the Senate is pending. On this date, the main amendments consist of the following:

- First, the new tax reform bill of law replaces the 50 MW limit for the assessment of Green Taxes and says that all establishments must pay a Green Tax (regardless of the technical capacity of their fixed sources) if their emissions are in excess of (i) 100 tons of particulate matter or (ii) 25,000 tons of CO2 per year. Therefore, this bill of law focuses on any type of establishment whose emitting sources generate particulate matter, NOx, SO2 or CO2. Although the bill of law specifically says that this Green Tax will be assessable on any person or company that possesses establishments whose emitting sources generate particulate matter, NOx, SO2 or CO2, the above limits refer only to the generation of particulate matter and CO2 to determine whether the Green Tax is assessable. It is likely that this incongruity will be corrected during the legal debate of the bill of law. However, thus far no NOx and SO2 emission limits have been added. This change should enter into force on January 1, 2025.
- Second, the tax reform bill of law says that all emissions of particulate matter, NOx, SO2 and CO2 generated by emitting sources of each establishment must be taken in account in calculating the Green Tax, regardless of the above emissions limit in the assessment of Green Taxes.
- Third, the bill of law allows Green Tax taxpayers like the Company to offset all or part of their taxable emissions by implementing a project to reduce the contaminant emissions that trigger the tax. Those projects will be regulated by instructions issued by the Ministry of the Environment and this change should enter in force three years after publication of the law.
- A new specific tax was enacted, applicable to air emissions, under the 2014 Tax Reform that entered into effect in 2017, with the initial payments coming due in 2018. This might have a negative effect on our business, financial condition and operating income if we are unable to transfer the increase in costs caused by this tax to our clients. A new tax reform bill of law now being debated by the Chilean Congress contains changes to some aspects of this specific tax.

At this time, the Environmental Commission (Superintendencia del Medioambiente) sends a report in March of each year to the Internal Revenue Service of Chile (SII) on the quantity of emissions by each Green Tax taxpayer in the previous calendar year so that the SII can calculate the applicable tax. If the Green Tax taxpayer objects to the Environmental Commission's calculation, the law only allows a remedy to oppose the report, in the form of a general tax appeal before the Tax Courts, after the Green Tax has been calculated. The bill of law now under debate gives Green Tax taxpayers the right to file appeals with the Environmental Courts petitioning for a review of the calculation of emissions subject to the Green Tax made by the Environmental

Commission. If the Environmental Court renders a decision changing the report, the SII must issue a new tax calculation.

According to some of our power purchase agreements, we can transfer part of an increase in costs resulting from certain changes in laws to our clients. However, it may be that we cannot always transfer the entire cost increase of specific Green Taxes to our clients according to the change-in-law provisions in our Power Purchase Agreements. Our business, financial condition and operating results may be affected if we are unable to transfer those costs to clients, whether existing or future. Moreover, we cannot guarantee that there will be no more changes in the Green Tax regulations as a result of the modifications to the new tax reform bill of law that will increase Green Taxes in the future, or that we will able to continue transferring the entire cost increase under our power purchase agreements. All of the foregoing could have a materially adverse impact on our business, financial condition and operating income. In any case, our strategy to convert our generators to renewable energy resources aims, among other things, to reduce our exposure to the risk of an increase in Green Taxes.

MARKET RISKS

Market risk means the risk that the fair value of future cash flows of a financial instrument fluctuate due to changes in market prices. This is composed of four types of risk: interest rate, exchange rate, commodity and other risks.

Financial instruments exposed to market risk are mainly loans, bank debt, time deposits, mutual funds and financial derivatives.

EXCHANGE RATE RISK

Exchange rate risk is the risk that the value of an asset or liability (including the fair value of future cash flows of a financial instrument) fluctuate due to variations in the exchange rates. In the fiscal year ending December 31, 2019, EECL had hedges ("forwards and options") outstanding with banks in order to reduce the effects of fluctuations in the dollar/peso, dollar/euro and dollar/unidad de fomento exchange rates on the Company's cash flows and its financial results. As most of our income, costs and financial debt are denominated in dollars, our exposure to the risk of fluctuations in exchange rates is limited. The Company's income is mostly denominated in, or indexed to, the U.S. dollar. The rate in the price-regulated contracts with distribution companies is set in dollars and converted to pesos at the average monthly observed dollar exchange rate, so the exposure of these contracts to an exchange rate risk is limited in terms of the impact on the Company's income statement. However, there is an impact on the Company's cash flow because of the delays in the publication of Average Node Price decrees, which means that monthly invoices are issued using exchange rates other than the monthly exchange rate stipulated in each contract. Although these temporary differences are resettled once the Average Node Price decrees are published, the uncertainty as to the time of resettlement does not allow for an effective hedging using derivatives. This delay in collecting from distribution companies the differences between the invoiced exchange rates and exchange rates applicable according to governing regulations increased after approval of the Electricity Price Stabilization Law in November 2019.

Our main cost in Chilean pesos is administrative staff and expenses that account for approximately 10% of our operating costs. Therefore, as most of the Company's income is denominated in its functional currency while some operating costs are in Chilean pesos, the Company has decided to partially hedge peso payment flows corresponding to recurrent items with known payment dates, such as wages and salaries, some service contracts and dividend payment commitments. On the other hand, in the past the Company and CTA, its subsidiary, signed cash flow hedges for payments under ECP contracts for the construction of projects, which are normally considered regular payment flows in currencies other than the dollar (CLF and EUR) until completion of the respective construction project. That is how the Company has avoided variations in the cost of investment in fixed assets due to fluctuations in exchange rates beyond its control. As of December 31, 2019, there were no derivatives contracts associated with ECP contracts.

INTEREST RATE RISK

Interest rate risk means the risk of changes in the fair value of cash flows from financial instruments in the balance sheet due to changes in market interest rates. Interest rate risk exposure occurs mainly in long-term debt at floating interest rates. The Company and its subsidiaries manage interest rate risk through fixed-rate loans or interest rate hedges (Interest Rate Swaps or IRS) in which the Company agrees to swap from time to time an amount resulting from the differences between a fixed rate and a variable rate calculated on an agreed notional amount. As of December 31, 2019, 100% of EECL's consolidated financial debt was at a fixed rate.

STOCK PRICE RISK

Neither EECL nor its subsidiaries held investments in equity instruments as of December 31, 2019 and 2018.

CREDIT RISK

Our income depends on certain major clients. Most of our sales are to large mining clients and to power distribution companies. These sales are governed by terms set down in long-term contracts, which consequently creates a dependency on the financial capacity of these clients and on fulfilment of their contractual obligations.

A decrease in the price of copper and other raw materials could negatively affect the income and financial results of our clients, causing mining operations to be reduced or a drop in the demand for electricity. Moreover, the smaller growth in the demand for energy by end consumers and the migration of customers from power distribution companies because they choose to sign power purchase agreements directly with generating companies could have a negative impact on our financial condition, operating income and cash flow. Although the Electricity Price Stabilization Law enacted in November 2019 is not expected to have a significant impact on our income, it is predicted to affect our cash flow, with the consequent financial costs associated with a higher temporary level of working capital.

TRADE RECEIVABLES RISK

Credit risk is managed by each business unit following the policies, procedures and controls established by the Company. The Company sets credit limits for all its clients according to its internal policies. Both credit limits and credit policies are reviewed regularly. The performance of trade receivables is monitored regularly, taking into account international prices of minerals and other relevant factors. The monitoring of receivables from generating companies is based on their generating capacity and debt. Any impairment is analyzed on each reporting date individually for each important client. The maximum exposure to credit risk on the reporting date is the current value of trade receivables. The Company considers the risk of concentration in trade receivables to be acceptable as clients are mainly large mining companies, power companies and power distribution companies of great solvency.

FINANCIAL ASSETS AND DERIVATIVES

The credit risk to which the Company is exposed because of current accounts, time deposits, mutual funds and financial derivative transactions with banks and financial institutions is managed by the corporate finance division according to the Company's policy. Investments can only be made with authorized counterparties within credit limits assigned to each counterparty. The Company has also set limits per period and a diversification of risks per financial counterparty. Each counterparty's credit limit is set according to the national or international risk rating and to the liquidity and solvency indicators of each that are reviewed from time to time by management. The limits are set to minimize risk concentration and thus mitigate any loss should there be a counterparty default.

LIQUIDITY RISK

Liquidity risk relates to the need for funding to pay obligations as they come due. The Company's goal is to maintain a balance between the availability of money and a financial flexibility by means of normal operating flows, loans, short-term investments and credit facilities. The Company recurrently assesses concentration risk in its debt refinancing.

As of December 31, 2019, the Company owed a total of USD 80 million in short-term financial debt, USD 40 million expiring in June 2020 and USD 40 million in October 2020, with no other significant debt maturities until 2021. Given its sound credit rating, the Company has open access to financial markets and to cash and short-term investments for amounts that allow it to easily pay its short-term financial commitments. Therefore, the Company's liquidity risk is currently considered to be low.

4. REPUTATION RISKS

REPUTATION AND IMAGE

In addition to the environmental and electricity industry regulations, our business must abide by a significant number of laws, standards and regulations, including in relation to competition, antitrust, antibribery and anticorruption, health, safety and the environment, labor and employment, and taxation. We could be the subject of investigation and proceedings by the authorities due to alleged infringements of these laws. The outcome of these processes might result in fines or other forms of liability that could have a materially adverse effect on our reputation, business, financial condition and operating income.

To mitigate this risk, we have compliance procedures and internal control systems in place to prevent or detect inappropriate practices, fraud or infringements of the law by our subsidiaries, directors, officers, employees or other individuals acting on our behalf.

SUSTAINABILITY

As part of sustainability management, we created a socio-environmental indicator in 2019 that measures the handling of undesired incidents that may cause social unrest, with an impact on the Company's reputation, regardless of whether or not there is any resulting environmental damage. That indicator takes into account the operational containment of the event and timely actions with stakeholders.

5. REGULATORY RISKS

The Company is subject to regulations governing in Chile that may encompass several aspects of the business. The Company's operations must abide by broad regulations on rates and other aspects regulating its activities in Chile. Accordingly, the introduction of new laws or standards or a change in existing laws or standards could impact its activities, economic situation and the results of its operations. The Company's activities are also subject to broad environmental regulations that must be followed at all times. Any changes in these respects could affect activities, the economic situation and the results of operations.

Among other things, environmental regulations require that: environmental impact studies be prepared for projects under study; licenses, permits and other regulatory authorizations be received; and all requirements in such licenses, permits and standards be met. Like what occurs with any regulated company, the Company cannot warrant that: the government authorities will approve those environmental impact studies; public opposition will not result in delays or changes to any proposed project; or laws and regulations will not be amended or interpreted in a way that increases expenses or affects the Company's operations, plants or plans **(further information on page 36/Regulatory Framework).**

CHANGES IN ENVIRONMENTAL REGULATIONS AND COMPLIANCE WITH THOSE REGULATIONS

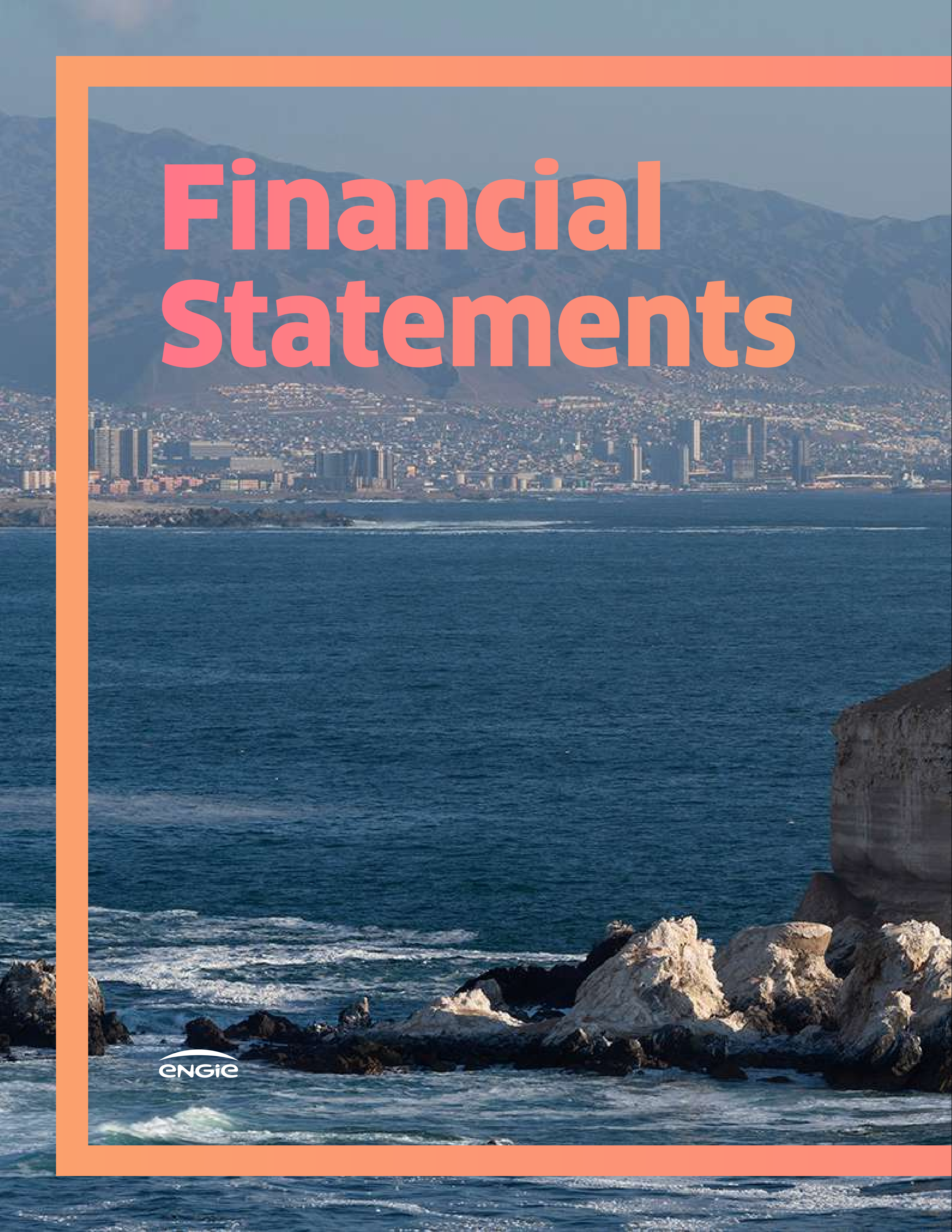
Our operations are subject to a wide range of environmental requirements. We have defrayed expenses and made investments that we will continue to make in order to continue to comply with environmental laws and the permits required for our operations. A breach of environmental requirements could result in fines or civil or criminal penalties, environmental lawsuits, reparation obligations, the revocation of environmental authorizations or the temporary or permanent closure of facilities. Many of our power purchase agreements include clauses on the transfer to subcontracts and the assignment of rights and obligations regarding capital, operating or compliance costs resulting from certain changes in the law, in particular environmental law.

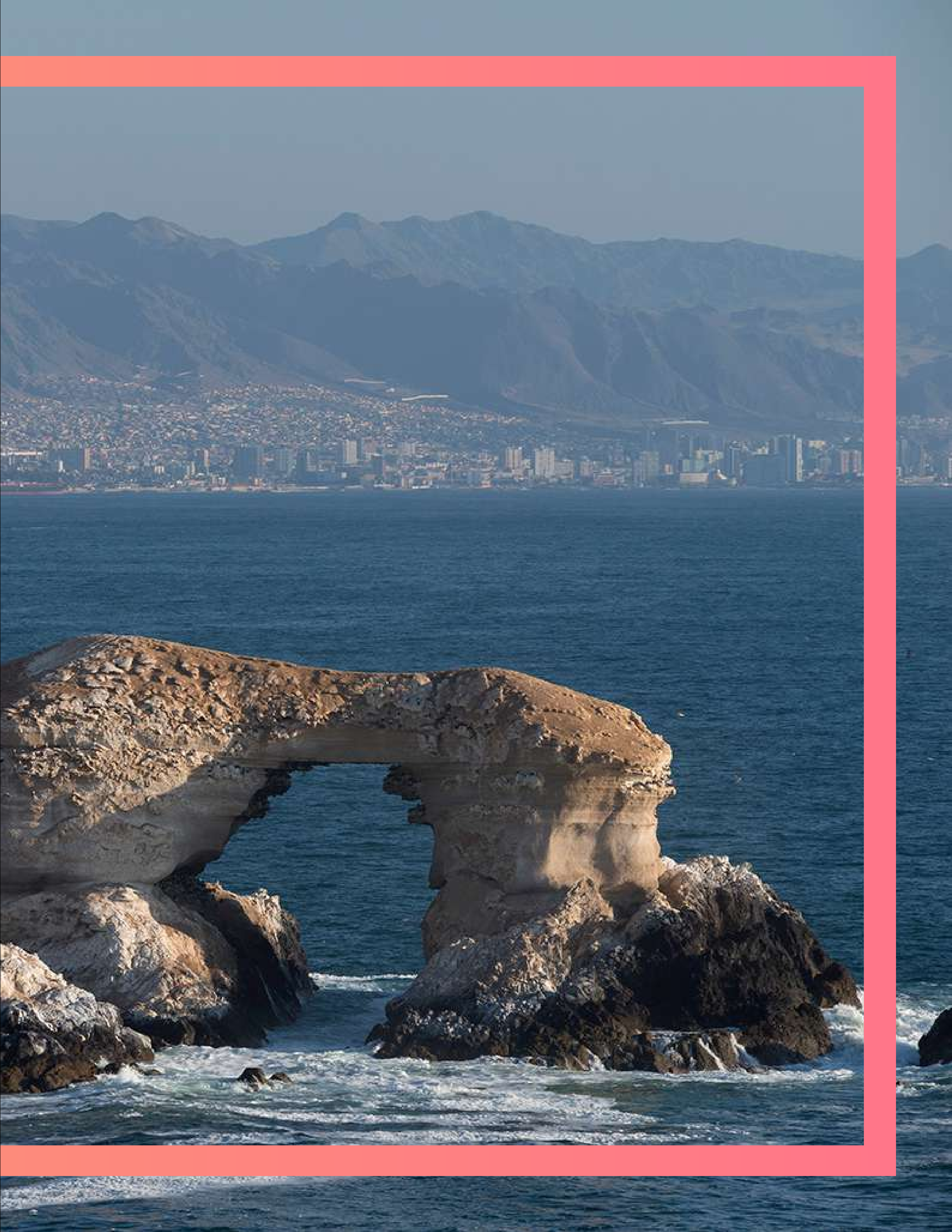
It may be that new environmental requirements or changes in the enforcement, interpretation or application of existing requirements result in a substantial increase in capital, operating or compliance costs and that conditions are imposed that restrict or limit our operations. Moreover, changes in environmental regulations might restrict even more the use of coal or increase the cost of using it as a fuel source, having an adverse impact on our income and therefore a negative effect on our financial condition and operating income. These changes in environmental regulations could limit the availability of the money available for other purposes, which might have a negative impact on our business, operating income and financial condition.

LAW 21,185 AND THE TEMPORARY ELECTRICITY PRICE STABILIZATION METHOD

In November 2019, the Government enacted Law 21,185, which established a temporary method for price stabilization from July 2019 to 2027, the date when the cheaper renewable energy contracts should have entered the market. In its first year, this method had a direct impact of US$73.5 million on the accounts receivable of ENGIE Energía Chile, which meant a financial cost of approximately US$1.5 million as of December 2019. The Stabilization Fund will increase only through July 2023 or until there is a system total of US$1,350 million, whichever occurs first. In this case, the Regulated Client Stabilized Price (PEC) will be adjusted to avoid a greater accumulation. Balances will only accrue interest from January 2026 to December 2027, the date when the fund must be liquidated.

Financial Statements





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CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION

as of December 31, 2019 and 2018, in thousands of U.S. dollars

ASSETS	Note	12/31/2019 kUSD	12/31/2018 kUSD
Current Assets			
Cash and cash equivalents	6	239,083	61,512
Other financial assets, current	7	471	0
Other non-financial assets, current	8	8,181	9,113
Trade receivables and other accounts receivable, current	9	96,638	161,798
Intercompany receivables, current	10	11,999	26,116
Current inventories	11	116,204	158,860
Current tax assets	12	12,679	10,216
Total Current Assets		**485,255**	**427,615**
Non-Current Assets			
Other non-current non-financial assets	13	5,707	10,670
Trade receivables and other accounts receivable, non-current	9	73,519	20
Intercompany receivables, non-current	10	27,722	26,216
Investments accounted for using the equity method	14	89,697	96,745
Intangible assets other than goodwill	15	221,288	238,492
Goodwill	16	25,099	25,099
Property, plant and equipment	17	2,561,391	2,635,728
Deferred tax assets	18	18,112	2,151
Total Non-Current Assets		**3,022,535**	**3,035,121**
Total Assets		**3,507,790**	**3,462,736**

The accompanying notes form an integral part of these consolidated financial statements.

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CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION

as of December 31, 2019 and 2018, in thousands of U.S. dollars

EQUITY AND LIABILITIES	Note	12/31/2019 kUSD	12/31/2018 kUSD
Current Liabilities			
Other financial liabilities, current	19-20	103,748	109,889
Trade payables and other accounts payable	22	190,426	160,808
Intercompany payables, current	10	12,635	10,295
Current tax liabilities	12	23,432	10,117
Current provisions for employee benefits	23	12,348	13,275
Other non-financial liabilities, current	24	14,896	1,382
Total Current Liabilities		**357,485**	**305,766**
Non-Current Liabilities			
Other non-current financial liabilities	19-20	760,446	734,610
Intercompany payables, non-current	10	56,431	57,914
Other non-current provisions	25	16,395	4,120
Deferred tax liabilities	18	193,370	222,174
Non-current provisions for employee benefits	26	62	128
Total Non-Current Liabilities		**1,026,704**	**1,018,946**
Total Liabilities		**1,384,189**	**1,324,712**
Equity			
Issued capital		1,043,728	1,043,728
Retained earnings		701,167	697,707
Other reserves	27	314,356	328,371
Net equity attributable to the owners of the controller		**2,059,251**	**2,069,806**
Non-controlling interests	28	64,350	68,218
Total Equity		**2,123,601**	**2,138,024**
Total Equity and Liabilities		**3,507,790**	**3,462,736**

The accompanying notes form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION

as of December 31, 2019 and 2018, in thousands of U.S. dollars

Consolidated Statement of Comprehensive Income by Function	Note	12/31/2019 kUSD	12/31/2018 kUSD
Revenue	29	1,454,436	1,275,296
Cost of sales	30	(1,042,145)	(1,005,810)
Gross Earnings		**412,291**	**269,486**
Other income	31	6,783	9,939
Administrative expenses	32	(43,813)	(41,525)
Other income or expenses by function	34	(185,579)	(86,066)
Profit (loss) from operating activities		**189,682**	**151,834**
Financial income	35	5,166	5,846
Financial expenses	36	(37,837)	(12,771)
Share in earnings (losses) of associates and joint ventures accounted for using the equity method	14	7,334	6,938
Exchange differentials	37	(3,024)	(2,285)
Pre-tax profit (loss)		**161,321**	**149,562**
Tax expense in continuing operations	18	(42,604)	(38,339)
Earnings from continuing operations		**118,717**	**111,223**
Earnings attributable to			
the owners of the controller		110,823	102,582
non-controlling interests	28	7,894	8,641
Earnings per Share			
Profit (loss)		110,823	102,582
Basic earnings (loss) per share in continuing operations	37	USD 0.105	USD 0.097

The accompanying notes form an integral part of these consolidated financial statements.

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OTHER CONSOLIDATED COMPREHENSIVE INCOME BY FUNCTION

as of December 31, 2019 and 2018, in thousands of U.S. dollars

Other comprehensive income	12/31/2019 kUSD	12/31/2018 kUSD
Gain (loss)	**118,717**	**111,223**
Cash flow hedges		
Earnings (losses) on cash flow hedges, before taxes	(14,826)	5,669
Income tax related to cash flow hedges in other comprehensive income		
Income tax related to cash flow hedges in other comprehensive income	811	1,002
Other comprehensive income	**(14,015)**	**6,671**
Comprehensive income	**104,702**	**117,894**
Comprehensive Income attributable to:		
the owners of the controller	96,808	109,253
non-controlling interests	7,894	8,641
Total Comprehensive Income	**104,702**	**117,894**

The accompanying notes form an integral part of these consolidated financial statements.

/ ENGIE Energia Chile S.A

STATEMENTS OF CASH FLOWS – DIRECT METHOD,

as of December 31, 2019 and 2018, in thousands of U.S. dollars

Consolidated Statement of Cash Flow - Direct	Note	12/31/2019 kUSD	12/31/2018 kUSD
Cash flow from (used in) operating activities			
Types of collections in operating activities			
Collection of the sales of goods and provision of services		1,621,576	1,482,897
Collection of premiums and benefits, annuities and other policy benefits		2,133	11,929
Other collections in operating activities		81,204	2,685
Types of cash payments in operating activities			
Payments to suppliers for the supply of goods and services		(977,305)	(1,039,514)
Payments to and for account of employees		(51,879)	(77,663)
Payments for premiums and benefits, annuities and other obligations under policies		(14,127)	(5,580)
Other payments in operating activities		(266)	0
Cash flow from (used in) operating activities			
Interest paid, classified as operating activity		(21,471)	(2,936)
Interest earned, classified as operating activity		0	41
Income tax paid (refunded), classified as operating activity		(55,594)	(38,502)
Other cash inflows (outflows) classified as operating activities		(106,439)	(61,328)
Cash flow from (used in) operating activities		**477,832**	**272,029**

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STATEMENTS OF CASH FLOWS – DIRECT METHOD,

as of December 31, 2019 and 2018, in thousands of U.S. dollars

Consolidated Statement of Cash Flow - Direct	Note	12/31/2019 kUSD	12/31/2018 kUSD
Cash flow from (used in) investing activities			
Cash flow used to obtain control of subsidiaries or other businesses		(35,472)	-
Other collections from the sale of equity or debt instruments of other entities, classified as investing activities		0	223,988
Other payments to acquire equity or debt instruments of other entities, classified as investing activities		0	(224,620)
Proceeds from the sale of property, plant and equipment, classified as investing activities		35	14
Purchases of property, plant and equipment, classified as investing activities		(154,720)	(224,155)
Collections from related entities		21,559	20,381
Interest received		2,706	1,621
Payments under futures, term, option and swap contracts		(31,983)	(102,400)
Collections under futures, term, option and swap contracts		27,902	98,083
Cash flow from (used in) investing activities		**(169,973)**	**(207,088)**
Cash flow from (used in) financing activities			
Proceeds from short-term loans		215,000	90,000
Loans paid		(225,000)	(100,000)
Payment of financial lease liabilities		(2,868)	0
Dividends paid		(118,703)	(71,129)
Cash flow from (used in) financing activities		**(131,571)**	**(81,129)**
Increase (decrease) in cash and cash equivalents before the effect of variations in the exchange rate		176,288	(16,188)
Effects of the variation in the exchange rate on cash and cash equivalents		(1,671)	(441)
Increase (decrease) in cash and cash equivalents		**174,617**	**(16,629)**
Cash and cash equivalents at the start of the period	6	64,466	78,141
Cash and cash equivalents at the end of the period	**6**	**239,083**	**61,512**

The accompanying notes form an integral part of these consolidated financial statements.

ENGIE Energia Chile S.A

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

as of December 31, 2019, in thousands of U.S. dollars

Statement of Changes in Net Equity as of December 31, 2019	Changes in Issued Capital Common Shares	Changes in Other Reserves: Other Sundry Reserves	Changes in Other Reserves: Translation Reserves	Change in Retained Earnings (Cumulative Losses)	Net Equity Attributable to the Owners of the Controller, Total	Changes in Non-Controlling Interests	Changes in Net Equity, Total
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Equity at 1/1/2019	**1,043,728**	**328,371**	**0**	**697,707**	**2,069,806**	**68,218**	**2,138,024**
Profit	0	0	0	110,823	110,823	7,894	118,717
Other Comprehensive Income	0	(14,015)	0	0	(14,015)	0	(14,015)
Total Comprehensive Income	**0**	**(14,015)**	**0**	**110,823**	**96,808**	**7,894**	**104,702**
Dividends	0	0	0	(107,363)	(107,363)	(11,762)	(119,125)
Increases (decreases) due to other changes, equity	0	0	0	0	0	0	0
Changes in Equity	**0**	**(14,015)**	**0**	**3,460**	**-10,555**	**(3,868)**	**(14,423)**
Final Balance as of 12/31/2019	**1,043,728**	**314,356**	**0**	**701,167**	**2,059,251**	**64,350**	**2,123,601**

ENGIE Energia Chile S.A

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

as of December 31, 2018, in thousands of U.S. dollars

Statement of Changes in Net Equity as of December 31, 2018	Changes in Issued Capital Common Shares	Changes in Other Reserves: Other Sundry Reserves	Changes in Other Reserves: Translation Reserves	Change in Retained Earnings (Cumulative Losses)	Net Equity Attributable to the Owners of the Controller, Total	Changes in Non-Controlling Interests	Changes in Net Equity, Total
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Equity at 1/1/2018	**1,043,728**	**321,700**	**0**	**626,065**	**1,991,493**	**73,978**	**2,065,471**
Profit	0	0	0	102,582	102,582	8,641	111,223
Other Comprehensive Income	0	6,671	0	0	6,671	0	6,671
Total Comprehensive Income	**0**	**6,671**	**0**	**102,582**	**109,253**	**8,641**	**117,894**
Dividends	0	0	0	(30,940)	(30,940)	(14,401)	(45,341)
Increases (decreases) due to other changes, equity	0	0	0	0	0	0	0
Changes in Equity	**0**	**6,671**	**0**	**71,642**	**78,313**	**(5,760)**	**72,553**
Final Balance as of 12/31/2018	**1,043,728**	**328,371**	**0**	**697,707**	**2,069,806**	**68,218**	**2,138,024**

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1 – GENERAL INFORMATION

1.1 Corporate Information

ENGIE ENERGIA CHILE S.A., hereinafter EECL, was created as a limited liability company on October 22, 1981, through contributions made by Empresa Nacional de Electricidad S.A. (ENDESA) and Corporación de Fomento de la Producción (CORFO, the Production Development Association of Chile).

The Company´s first registered address was in Antofagasta, where it began operating in June 1981.

On September 30, 1983, Engie Energia Chile S.A. was transformed into a continuing open corporation listed on the Chilean stock exchange. It was registered under number 273 on July 23, 1985, in the Securities Registry of the Securities and Insurance Commission, and is therefore subject to oversight by the Financial Market Commission. The company's taxpayer identification number is 88.006.900-4.

A Special Shareholder's Meeting held on April 26, 2016 resolved to change the company's name from E.CL S.A. to "Engie Energia Chile S.A."

The registered and main offices of Engie Energia Chile S.A. are at Avenida Apoquindo 3721, Suite 61, Las Condes, Santiago, Chile, and its phone number is (56-2) 2353-3200.

The company is controlled directly by the Engie Group through Engie LATAM S.A., which owns 555,769,219 shares with no par value in one single series, equal to an interest of 52.76%. The remaining 47.34% is traded on Chilean stock exchanges.

The Company´s Board approved the consolidated financial statements of Engie Energia Chile S.A. as of December 31, 2019 on January 28, 2020. The Company's Board approved the consolidated financial statements of Engie Energia Chile S.A. as of December 31, 2018 on January 29, 2019.

These consolidated financial statements are presented in thousands of U.S. dollars (unless otherwise expressly indicated), as this is the Company's functional currency.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements of Engie Energia Chile S.A. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements fairly reflect the financial position of Engie Energia Chile S.A. as of December 31, 2019 and 2018, and the results of its operations, changes in net equity and cash flows for the periods ending on those dates.

These Consolidated Financial Statements have been prepared using the accounting records kept by Engie Energia Chile S.A. and its subsidiaries.

2.2 New IFRS and Interpretations of the IFRS Interpretations Committee

The Company applied certain standards, interpretations and amendments for the first time that entered into effect for the periods beginning January 1, 2019 or later. The Company has not adopted any standard, interpretation or amendment early that was issued but had not yet entered into effect.

The standards, interpretations and amendments to IFRS that entered into effect on the date of the financial statements, their nature and impacts are described below:

Standards and Interpretations	Date of mandatory application
IFRS 16 Leases	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. The standard sets down principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to take into account the majority of leases in one single balance sheet model.

Lessor accounting according to IFRS 16 remains substantially the same as in IAS 17. Lessors will continue to classify leases as operating or financial using principles similar to those in IAS 17.

IFRS 16 has been applied by the group since 2019 (the effects are in Note 2.7).

IFRIC 23 Uncertainty over income tax treatments

The interpretation addresses the accounting of taxes on income when tax treatment implies uncertainty that affects the application of IAS 12 – Income Taxes. It is not applicable to taxes or assessments that are outside of the scope of IAS 12, and it does not specifically include the requirements relating to interest and penalties associated with uncertain tax treatment. The interpretation specifically addresses the following:

- Whether an entity considers uncertainty over income tax treatments separately.
- The assumptions that an entity makes about the evaluation of tax treatments by the tax authorities.
- How an entity determines the tax gain (tax loss), tax base, unused tax losses, unused tax credits and tax rates.
- How an entity takes into account changes in facts and circumstances.

The entity must determine whether it must take into account each uncertainty over income tax treatments separately or together with one or more uncertain tax treatments. The entity must adopt the focus that best predicts the resolution of the uncertainty.

The group evaluated the impacts that this standard might cause and believes that it will not materially impact the consolidated financial statements.

Amendments	Date of mandatory application
IFRS 3 Business combinations – interests previously held in a joint operation	January 1, 2019
IFRS 9 Financial instruments – prepayment features with negative compensation	January 1, 2019
IFRS 11 Joint arrangements – interests previously held in a joint operation	January 1, 2019
IAS 12 Income taxes – tax consequences of payments related to financial instruments classified as equity	January 1, 2019
IAS 23 Borrowing costs – the cost of loans eligible to be capitalized	January 1, 2019
IAS 28 Investments in associates – long-term investments in associates and joint ventures	January 1, 2019
IAS 19 Employee benefits – plan amendment, curtailment or settlement	January 1, 2019

IFRS 3 Business Combinations – interests previously held in a joint operation

The amendments clarify that when an entity obtains control of an entity that is a joint operation, the requirements apply for a business combination by stages, including interests previously held in the assets and liabilities of a joint operation presented at the fair value. Amendments must be applied to business combinations occurring after January 1, 2019. Early application is allowed.

The amendment became applicable for the first time in 2019 and it has no impact on the entity's consolidated financial statements.

IFRS 9 Financial instruments – prepayment features with negative compensation

Under IFRS 9, a debt instrument can be measured at the amortized cost or fair value through other comprehensive income provided the contractual cash flows are only payments of principal and interest on the outstanding principal and the instrument is carried under a business model for that classification. The amendments to IFRS 9 are intended to clarify that a financial asset meets the criteria of "payments of only principal plus interest" regardless of the event or circumstance that causes the early termination of the contract or of which party pays or receives the fair compensation for early termination of the contract.

Amendments to IFRS must be applied when the prepayment is close to the total unpaid principal and interest so that it reflects the change in the reference interest rate. This means that prepayments at the fair value or for an amount that includes the fair value of the cost of an associated hedge instrument will normally meet the criteria of payment of only principal plus interest only if other elements in the change in fair value are not representative, such as the effects of credit risk or liquidity.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

IFRS 11 Joint Arrangements – interests previously held in a joint operation

The amendment impacts joint arrangements on interests previously held in a joint operation. One participant who does not have joint control of a joint operation could obtain control if the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the interests previously held in that joint operation are not re-measured at the time of the transaction.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

IAS 12 Income Taxes – tax consequences of payments related to financial instruments classified as equity

The amendments clarify that the income tax on dividends paid on financial instruments classified as equity is linked more directly to past transactions or events that created distributable gains than to distributions to the shareholders. Therefore, an entity recognizes the income tax on dividends in income, other comprehensive income or equity, depending on where the entity originally recognized those past transactions or events.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

IAS 23 Borrowing Costs – the costs of loans eligible to be capitalized

The amendments clarify that an entity treats any indebtedness originally assumed to develop a qualified asset as a general loan provided substantially all activities required to finish that asset for its use or sale have been completed.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

IAS 28 Investments in Associates – long-term investments in associates and joint ventures

The amendments clarify that an entity applies IFRS 9, Financial Instruments, to long-term investments in associates or joint ventures for investments that are not accounted for by the equity method, but essentially form a part of the net investment in the associate or joint venture. This clarification is relevant because it means that the expected credit loss model, described in IFRS 9, is applicable to these long-term interests.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

IAS 19 Employee Benefits – Plan amendment, curtailment or settlement

The amendments to IAS 19 address the accounting of an amendment, curtailment or settlement of the plan during the reporting period.

The amendments specify that when a change, reduction or liquidation of a plan occurs during the annual reporting period, the entity must:

- determine the actual service cost for the remainder of the period subsequent to the amendment, curtailment or settlement of the plan using the actuarial assumptions utilized to re-measure the net liability (asset) for defined benefits to reflect the benefits offered under the plan and the assets of the plan after that event.

- determine the net interest for the remainder of the period after the amendment, curtailment or settlement of the plan using: the net liability (asset) for defined benefits reflecting the benefits offered under the plan and the assets of the plan after that event; and the discount rate used to re-measure the net liability (asset) for defined benefits.

The amendment became applicable for the first time in 2019 and has no impact on the entity's consolidated financial statements.

b) The following new standards and interpretations have been issued, but have not yet entered into effect:

Standards and Interpretations	Date of mandatory application
Revised Conceptual Framework for Financial Reporting	January 1, 2020
IFRS 17, Insurance Contracts	January 1, 2021

Amendments	Date of mandatory application
IFRS 3, Definition of a Business	January 1, 2020
IAS 1 and IAS 8, Definition of material	January 1, 2020
IFRS 9, IAS 9 and IFRS 7, Interest Rate Benchmark Reform	January 1, 2020
IFRS 10 and IAS 28, Consolidated Financial Statements – sale or contribution of assets between an investor and its associate or joint venture	To be determined

Conceptual Framework (Revised)

The IASB issued the Conceptual Framework (Revised) in March 2018. It adds new concepts, provides revised definitions and criteria on the recognition of assets and liabilities. It also explains some important concepts.

The changes to the Conceptual Framework may affect the application of IFRS when no standard applies to a particular transaction or event. The revised Conceptual Framework will enter into effect for periods beginning on or after January 1, 2020.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new integral accounting standard for insurance contracts that covers recognition, measurement, presentation and disclosure. Once it takes effect, it will supersede IFRS 4, Insurance Contracts, issued in 2005. The new standard applies to all types of insurance contracts, regardless of the issuing entity.

IFRS 17 is effective for periods beginning on or after January 1, 2021 and requires comparative figures. Application is allowed early provided the entity also applies IFRS 9 and IFRS 15.

IFRS 3 Business Combinations - Definition of a business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether a set of activities and assets acquired is or is not a business. The IASB explains the minimum requirements to define a business, eliminates the evaluation of whether market participants are capable of replacing any missing element, includes guidance to help entities evaluate whether a process acquired is substantive, reduces the definitions of a business and products, and introduces an optional fair value concentration test.

The amendments must be applied to business combinations or asset acquisitions occurring on or after the start of the first year of reporting as from January 1, 2020. Consequently, entities do not have to review any transactions in previous periods. Early application is allowed and must be disclosed.

Since the amendments are applied prospectively to transactions or other events occurring on or after the date of first application, most entities will likely not be affected by these amendments in the transition. However, entities that considered the acquisition of a set of assets and activities after applying the amendments must first update their accounting policies on a timely basis.

The amendments may also be relevant to other areas of IFRS (such as when a controller loses control of a subsidiary and has adopted early the sale or contribution of assets between an investor and its associate or joint venture) (amendments to IFRS 10 and IAS 28).

IAS 1 Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material" in all standards and explain certain aspects of the definition. The new definition stipulates that Information is material "if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments must be applied prospectively. Early application is allowed and must be disclosed.

Although the amendments to the definition of material are not expected to have a significant impact on an entity's financial statements, the introduction of the word "obscuring" to the definition could impact the way in which judgments of materiality are made in practice, raising the importance of how information is communicated and organized in financial statements.

IFRS 9, IAS 9 and IFRS 7, Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 that concluded the first phase of its work to respond to the effects of the interbank offering rate (IBOR) reform on financial information. The amendments provide temporary exceptions for hedge accounting to continue during the period of uncertainty, prior to replacing existing benchmark interest rates by alternative interest rates that are virtually risk-free.

The amendments must be applied retrospectively. However, any hedge relationship that has been previously discontinued cannot be reintegrated by the application of these amendments, nor can a hedge relationship be designated using the benefit of retrospective reasoning. Early application is allowed and must be disclosed.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associations and Joint Ventures – sale or contribution of assets between an investor and its associate or joint venture

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 in IFRS 10 and those in IAS 28 (2011) in the treatment of a sale or contribution of assets between an investor and its associate or joint business. The amendments, issued in September 2014, stipulate that when the transaction involves a business (whether or not it is in a subsidiary), the entire gain or loss must be recognized. A partial gain or loss is recognized when the transaction involves assets not comprising a business, even when the assets are in a subsidiary. The date of mandatory application of these amendments is to be determined because the IASB is waiting for the results of its research on accounting according to the equity method. These amendments must be applied retrospectively, and early adoption is allowed, which must be disclosed.

2.3 Responsibility for the information, judgments and estimates

The Board of Engie Energia Chile S.A. has analyzed the information included in these consolidated financial statements and assumes liability for the veracity of the information contained in these financial statements as of December 31, 2019.

The preparation of the financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Relevant estimates and assumptions are reviewed on a regular basis. Any revision to these accounting estimates is recorded in the period in which such estimates are revised and in any future period affected.

The estimates mainly relate to:

- Useful lives of property, plant and equipment and impairment testing

Management has estimated the useful life of each set of productive assets. This estimate could vary as a result of technological changes and/or other business factors. In addition, the Company has looked for any signs of impairment at the fiscal year closing, as required by IAS 36.

- Assumptions used for the actuarial calculation of severance indemnities

An actuarial study is the method that has been used to determine the respective liability, using the discount rate, employee turnover, the mortality rate, average retirements and, finally, the salary increase rate (Note 3.10.1).

- Contingencies, lawsuits and litigation

The Company evaluates the probability of losing its lawsuits and of contingencies from time to time based on estimates made by its legal counsel. No provisions have been made whenever Management and the Company’s attorneys opine that the outcome will be favorable or is uncertain and the lawsuits are ongoing.

- Intangible Assets

The Company prepares pre-tax future cash-flow provisions to estimate value in use. If the recoverable amount is less than the net carrying value of the asset, the corresponding impairment loss provision is made for the difference, as a debit against amortization in the Statement of Income.

2.4 Subsidiaries

These consolidated financial statements include the financial statements of the Company and of entities controlled by the Company. Control exists when the company:

- has power over the investee;
- has rights or is exposed to variable returns on its interest in the investee; and
- has the ability to use its power to affect the investee's returns.

The Company re-evaluates whether it has control over an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control mentioned above.

The subsidiaries Electroandina S.A., Central Termoeléctrica Andina S.A., Gasoducto Nor Andino SpA, Gasoducto Nor Andino Argentina S.A., Inversiones Hornitos S.A., Edelnor Transmisión S.A., Solairedirect Transmisión SpA, SD Minera SpA, Solairedirect Generación VI SpA, Solairedirect Generación IX SpA, Solairedirect Generación XI SpA, Solairedirect Generación XV SpA, Parque Eolico Los Trigales SpA and Solar Los Loros SpA are consolidated in these financial statements. The assets, liabilities and income are included in the annual consolidated financial statements after eliminating and/or adjusting transactions within the EECL Group (see Appendix 1.a).

2.5 Investments Accounted for Using the Equity Method

These are interests in companies in which EECL has joint control with another company or over which it exercises a significant influence.

The equity method consists of recording the interest as the fraction of net equity that the Company's interest represents in the issuer's adjusted capital.

Associates are entities over which the Company has a significant influence, but not control over financial and operating policies.

The companies accounted for using the equity method are described in Appendix 1.b.

Transmisora Electrica del Norte S.A. is accounted for using the equity method.

A joint venture is a joint agreement whereby the parties who have joint control under the agreement have the right to the net assets in the joint venture. Joint control is a contractual agreement to share the control of an agreement, and it exists only when the decisions on the relevant activities require the unanimous consent of the parties sharing control.

The income, assets and liabilities of associates and/or joint venturees are included in these Financial Statements using the equity method, unless the investment is classified as held for sale. In this latter case, it is recorded according to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates and/or joint ventures are initially recorded at cost, and then adjusted by the changes occurring to the portion of net assets of the associate belonging to the Company after the acquisition, less any impairment in the value of the individual investments.

When the Company's share in losses of an associate or joint venture exceeds its share in the same, it will stop recognizing its share in further losses. The share in an associate or joint venture will be the carrying value of the investment in the associate or joint venture calculated using the equity method, as well as any long-term interest that essentially forms a part of the net investment by the entity in the associate or joint venture.

An investment in an associate and/or joint venture will be accounted for using the equity method as from the date when it becomes an associate or joint venture. Any cost of the investment exceeding the Company's share in the net fair value of identifiable assets and liabilities at the time of investment in the associate or joint venture will be recorded as goodwill and will be added to the carrying value of the investment. Any interest in the net fair value of identifiable assets and liabilities of the investee exceeding the investment cost, after a reassessment, will be immediately recognized in income in the period when the investment was acquired.

2.6 Principles of Consolidation

The operations of Engie Energia Chile S.A. and its subsidiaries have been consolidated line by line according to the following basic principles:

1. On the date that the Company takes control, the assets acquired and liabilities assumed by the subsidiary are recorded at the fair value, except for certain assets and liabilities, which are accounted for according to the valuation principles of the IFRS. If the fair value of the total transferred, plus the fair value of any non-controlling interest, exceeds the fair value of the net assets acquired in the subsidiary, this difference is recorded as goodwill. Any gain from a purchase at a low price is recorded as a credit to income, after re-evaluating whether the assets acquired and liabilities assumed have been correctly identified and after reviewing the procedures used to measure the fair value of such assets and liabilities.
2. If it is not possible to determine the fair value of all such assets and liabilities on the date of acquisition, the Company will report the provisional values recorded. During the measurement period, which may not exceed one year from the date of acquisition, the provisional values will be adjusted retrospectively and additional assets or liabilities will also be recognized to reflect new information on the facts and circumstances existing on the date of acquisition, but which were unknown to management at that time.
3. The value of the interests of non-controlling shareholders in the equity and comprehensive income of subsidiaries is shown in *Non-Controlling Interests* in *Total Equity* in the consolidated statement of financial position and in Earnings attributable to *non-controlling interests* and *Comprehensive income attributable to non-controlling interests* in the Consolidated Statement of Comprehensive Income.
4. The balances and transactions among the consolidated companies have been eliminated in their entirety in the consolidation process.
5. The changes in interests in subsidiaries that do not result in a gain or loss of control are recorded as equity transactions and the carrying value of controlling and non-controlling interests are adjusted to reflect changes in the relative shares in the subsidiary. Any difference that may exist between the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in *Equity attributable to the owners of the controller.*

2.7 Changes in significant accounting policies

The Company implemented IFRS 16, Leases, effective January 1, 2019, and it is disclosing the impacts in the Consolidated Financial Statements as of December 31, 2019. The comparative information included in these financial statements was not restated to reflect the requirements in the new standard. As a lessee, Engie Energía Chile S.A. has decided not to use the practical exception in IFRS 16 that allows no re-evaluation of old contracts classified as an operating lease under IAS 17 and IFRIC 4: "As a practical solution, an entity is not required to re-evaluate whether a contract is or contains a lease on the date of initial application. Instead, the entity is allowed: (a) to apply the standard to contracts that were previously identified as leases in the application of IAS 17, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease." Since Lessors are not required to any make any adjustment in the transition to IFRS 16, the company opted not to analyze the contracts in which EECL is lessor. For the transition to the standard, EECL decided to apply the modified retrospective approach model to record the right-of-use asset for an amount equal to the liability. This record began to be made on January 1, 2019, thus applying the standard on its date of mandatory application. The effect of applying this standard totals KUSD 24,407 (consolidated total). The "incremental" discount rates used to calculate the respective amortization tables associated with the lease obligation were determined by the Company's Management as well as the lease periods for those where a renewal is possible. The application of other pronouncements has had no significant impact on EECL. The remaining accounting criteria applied during the 2019 fiscal year did not vary compared to those used in the previous fiscal year.

2.8 Functional Currency and Currency of Presentation

The functional currency and currency of presentation of the Company and its subsidiaries is the U.S. dollar. All amounts have been rounded to the nearest thousand (kUSD).

2.9 Accounting Period

These Consolidated Financial Statements cover the following periods:

- Consolidated Statements of Financial Position for the fiscal years ending December 31, 2019 and 2018.
- Statements of Changes in Equity for the years ending December 31, 2019 and 2018.
- Consolidated Statements of Comprehensive Income for years ending December 31, 2019 and 2018.
- Statements of Direct Cash Flows for the years ending December 31, 2019 and 2018.

2.10 Foreign Currency Translation

The U.S. dollar is the Company's functional currency and the presentation currency of the consolidated financial statements of Engie Energia Chile S.A. Transactions in local and foreign currencies other than the functional currency are translated using the exchange rates on the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the functional currency exchange rate on the date of the general balance sheet. Foreign currency gains and losses resulting from these transactions and from the translation of monetary assets and liabilities in a foreign currency at the closing exchange rates are recognized under Exchange Differences in the consolidated statement of income.

Assets and liabilities in a foreign currency were translated using the following closing exchange rates:

Currency	12/31/2019 USD 1	12/31/2018 USD 1
Chilean peso	748.7400	694.7700
Euro	0.8918	0.8742
Yen	108.9000	110.3800
Argentine peso	59.8300	37.7413
Pound sterling	0.7615	0.7874
Unidad de Fomento	37.8101	39.6761

NOTE 3 – ACCOUNTING CRITERIA

The main accounting criteria applied in preparing these consolidated financial statements were as follows:

3.1 Property, Plant and Equipment

Property, plant and equipment are valued at either the acquisition cost or construction cost, less cumulative depreciation and impairment losses. The historic cost of property, plant and equipment as of January 1, 2009, the date of transition to IFRS, was used to determine the cost of property, plant and equipment. Costs include expenses attributed directly to the acquisition of the asset. The cost of assets built by the Company includes the cost of materials, direct labor, and any other cost directly attributable to the process of making the asset ready for use. In addition to the price paid to acquire each element, cost also includes the following items, where relevant:

1. Financial expenses accrued during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, and which require a substantial period of time before being ready to use. The specific loan interest rate was used, or if there was none, the mean financing rate of the company making the investment.
2. Subsequent costs: The cost of replacing part of an item of property, plant and equipment is recorded as an asset when it is likely that the future economic benefits associated with it will be received by the company, provided they can be reliably determined. The value of the replaced component is charged off in the accounting.

The costs of maintaining property, plant and equipment are recognized in profit or loss as they are incurred.

Strategic spare parts are classified as Property, Plant and Equipment and a distinction is made as to whether they will be used in major maintenance or are required for emergencies.

Depreciation is recognized in profit or loss using the straight-line method for the economic useful life of each component of property, plant and equipment, without any residual value. Leased assets are depreciated over the shorter of the term of the lease or their useful lives, unless the Company is certain that it will obtain ownership at the end of the lease.

Land is recorded separately from buildings or facilities that might be built on it, and it has an indefinite useful life, so it is not depreciable.

The following are the main classes of property, plant and equipment along with their estimated useful lives:

Estimated Useful Lives of the Company's Main Assets		Minimum	Maximum
Coal-fired power plants	Years of useful life	25	40
Combined cycle power plants	Years of useful life	25	25
Civil works	Years of useful life	25	50
Hydraulic works	Years of useful life	35	50
Transmission lines	Years of useful life	10	50
Gas pipelines	Years of useful life	25	30
Control systems	Years of useful life	10	14
Auxiliary systems	Years of useful life	7	10
Furniture, vehicles and tools	Years of useful life	3	10
Other	Years of useful life	5	20

The Group reviews the useful lives of property, plant and equipment at the end of each fiscal year being reported.

3.2 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on the acquisition date, and the amount or quantity of any non-controlling interests in the investee. The Group chooses, for each business combination, whether to measure non-controlling interests in the investee at the fair value or at the proportional part of its identifiable net assets. The costs related to the acquisition are recorded as expenses incurred and included in administrative expenses.

When the Group acquires a business, it evaluates the financial assets and liabilities acquired for their classification and designation according to the contract terms, economic circumstances and pertinent conditions on the date of acquisition. This includes the separation of embedded derivatives in the investee's main contracts. Any contingent consideration to be transferred by the buyer will be recognized at the fair value on the acquisition date.

The contingent consideration classified as equity is not remeasured, and any subsequent settlement is accounted for in net equity. A contingent consideration classified as an asset or liability that is a financial instrument within the scope of IFRS 9 Financial Instruments is measured at the fair value, and changes in fair value are recognized through profit or loss according to IFRS 9.

Other contingent considerations outside the scope of IFRS 9 are measured at the fair value on each reporting date, and changes in fair value are recognized through profit or loss.

Goodwill is initially measured at cost (which is the excess of the aggregate of the consideration transferred and the sum recognized for non-controlling interests and any prior interest held in identifiable net assets acquired and liabilities assumed). If the fair value of the net assets acquired is above the consideration transferred, the Group re-evaluates whether it has correctly identified all assets acquired and all liabilities assumed, and it reviews the procedures used to measure the amounts to be recognized on the acquisition date. If there is an excess fair value of the net assets acquired above the consideration transferred after this re-evaluation, then the gain is recognized in income.

After the initial recognition, goodwill is measured at cost, less any cumulative impairment loss. For impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash generating units that are expected to benefit from the combination, regardless of whether other assets or liabilities in the investee are allocated to those units.

When goodwill has been allocated to a cash generating unit (CGU) and part of the operation is eliminated from that unit, the goodwill associated with the eliminated operation is included in the carrying value of the operation to determine the gain or loss in the derecognition or impairment. Goodwill that has been written off or derecognized under these circumstances is measured at the value of the transferred operation and the portion retained in the cash generating unit.

3.3 Other Non-Current Non-Financial Assets

The Company includes assets among its other non-current non-financial assets that are by nature long term and are not classified as tangible assets, intangible assets or financial assets.

The Company classifies all its relevant projects under development in this line until they begin to operate or have tangible elements. As of that moment, they are reclassified to Property, Plant and Equipment.

3.4 Intangible Assets

Intangible assets in contracts with customers are comprised mainly of power purchase agreements of our subsidiaries Central Termoeléctrica Andina S.A. and Inversiones Hornitos S.A., which are being amortized over 30 years and 15 years, respectively, since 2011. The amortization shown for intangible assets in contracts with customers in 2010 pertains to the gas transportation agreement of our subsidiary, Gasoducto Nor Andino SpA, and the amortization is being recorded as a cost of sale in the statement of income for a period of 11 years.

The other identifiable intangible assets are comprised of assignments and transfers of rights, transmission line concessions and other government-land concessions. These rights are recorded at the purchase price and are being amortized on a straight-line basis over a period of 30 years starting in 2012.

Intangibles	Useful Life of Intangibles	
	Minimum	Maximum
Rights and concessions	20 years	30 years
Contracts with customers	10 years	30 years

Nevertheless, the potential recovery of intangible assets with indefinite useful lives that form a part of Cash-Generating Units is assessed annually.

The recoverable amount is the higher of its market value less the cost required to sell it, and its value in use, which is understood to be the present value of the estimated future cash flows. Value-in-use is the criterion that is almost always used by the Company to calculate the recoverable value of intangible assets.

To estimate the value in use, Engie Energia Chile S.A. prepares pre-tax future cash-flow projections based on the most recent available budgets. These budgets contain EECL Management's best estimates of income and costs of cash-generating units based on sectorial projections, past experience and future expectations. These projections cover the next five years. Cash flows are estimated for following years using reasonable growth rates that are never increasing or in excess of the mean long-term growth rates for the relevant sector and country.

3.5 Asset Impairment

The useful lives of property, plant and equipment are reviewed annually to determine whether there are any signs of impairment. This occurs when there are events or circumstances indicating that the value of the asset might not be recoverable. When the carrying value of an asset exceeds its recoverable value, a loss is recognized in the statement of income.

The recoverable value is the higher of the fair value, less the cost of sale, and its value in use. Fair value less the cost of sale is the amount that can be obtained by selling an asset or cash-generating unit in an arm's length transaction between interested and duly informed parties, less disposal costs. The value in use is the present value of the estimated cash flows from the continuous use of an asset. If this cannot be determined for a specific asset, the cash-generating unit to which it belongs is used.

Intangible assets and other non-current non-financial assets are evaluated during the fiscal year, especially on the closing date, for any sign of any impairment loss. If there is any impairment loss, an estimate is made of the recoverable value of the asset in order to determine the impairment, if any.

For financial instruments, the Group's companies have established a generally applicable policy of recording an impairment provision based on the age of the balance past-due, except in cases where a certain particularity makes a specific collectability analysis advisable.

The process of determining the obsolescence of spare parts consists of an item-by-item review, and a provision is made for 100% of the impairment of spare parts for which:

- the related equipment is in permanent disuse;
- there is no related equipment;
- the spare part is damaged in such a way that it cannot be used; and
- there is no active market for its sale

The provision for the rest of the spare parts inventory is calculated globally according to the following rule:

- 10% after 2 years without use
- 20% after 4 years without use
- 30% after 6 years without use
- 40% after 8 years without use

- 50% after 10 years without use
- 60% after 12 years without use
- 70% after 14 years without use
- 80% after 16 years without use
- 90% after 18 years without use
- 100% after 20 years without use

3.6 Leased Assets

The implementation of IFRS 16 means that most leases are recognized in the balance sheet by lessees, which changes the financial statements of companies and their related ratios to a greater extent. EECL has leases for long-term concessions with the government, for vehicles, pick-ups and properties.

3.6.1 Lessee

As a lessee, the Company recognizes an asset on the date the lease begins provided it represents the right to use the underlying asset during the period of the lease (a right-of-use asset) and a liability for rent payments (lease liability). Leases out to less than 12 months (and not renewable) may be excluded as well as leases where the value of the underlying asset is not significant. The Company recognizes separately the interest expense for the lease liability and the amortization expense for the right-of-use asset.

3.6.2 Classification

All leases are classified as if they were financial. Lessees record a right-of-use asset and a lease liability on the date the lease begins.

3.6.3 Depreciation Charge

Los arrendatarios aplicarán los requisitos de depreciación de la NIC 16, Propiedades, planta y equipo, al depreciar un activo por derecho de uso (amortizar).

3.6.4 Impairment

Lessees will apply IAS 36, Impairment of Assets, to determine whether the right-of-use asset has become impaired and to account for identified impairment losses.

3.6.5 Lessor

The accounting of lessors under IFRS 16 is substantially the same as the accounting under IAS 17. Lessors will continue classifying at the start of the lease whether the lease is operative or financial based on the essence of the transaction. Leases that substantially transfer all risks and benefits inherent to ownership of the underlying asset are classified as financial leases. All other leases are classified as operating leases.

In the case of operating leases, the installments are recognized as expenses if the Company is lessee, or as revenue if it is lessor, on a straight-line basis for the term of the lease, unless another systematic basis of distribution is more representative.

3.7 Financial Instruments

A financial instrument is any contract that simultaneously creates a financial asset in an entity and a financial liability or an equity instrument in another entity.

Financial assets mostly include investments in time deposits and fixed-income mutual funds, which are recognized at the fair value. They are classified as investments held through maturity and are settled in 90 days or less.

3.7.1 Fair Value Hierarchy

The Company measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- on the principal market for the asset or liability or
- in the absence of a principal market, on the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset for its greatest and best use or by selling it to another market participant that would use the asset for its greatest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

Level 1: Quoted (unadjusted) price on active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are included in Level 1 and are observable for assets or liabilities, either directly (namely price) or indirectly (i.e., a price derivative). The methods and assumptions used to determine the fair values in this level take into consideration, by type of financial asset or financial liability, the estimated future cash flows discounted using the zero-coupon interest rate curves for each currency. All such appraisals are made using external tools like "Bloomberg"; and

Level 3: Inputs for assets or liabilities not based on observable market information (non-observable inputs).

3.7.2 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and in subsequent measurements, at amortized cost, at fair value through other comprehensive income (OCI), or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the EECL's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, EECL initially measures a financial asset at its fair value, and in the case of a financial asset not at fair value through profit or loss, plus transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in the section (IFRS 15 Revenue from contracts with customers).

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it must generate cash flows that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding. This assessment is referred to as the SPPI test and it is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

EECL’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective of holding financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and of selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

<u>Financial assets at amortized cost (debt instruments)</u>

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

EECL’s financial assets at amortized cost include trade receivables, loans to an associate and loans to a director included under other non-current financial assets.

<u>Financial assets at fair value through OCI (debt instruments)</u>

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and calculated in the same way as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

EECL’s debt instruments at fair value through OCI includes investments in listed debt instruments included under other non-current financial assets.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established, except when EECL benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

This category includes derivatives and listed equity investments which EECL had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset outside the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from EECL's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company as neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that EECL has retained.

Continuing involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that EECL expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from events of default that may occur within the next 12 months (a 12-month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, EECL applies the low credit risk simplification. At every reporting date, EECL evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, EECL reassesses the internal credit rating of the debt instrument. In addition, EECL considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, EECL may also consider a financial asset to be in default when internal or external information indicates that EECL is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.7.3 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as loans and borrowings, as accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and accounts payable, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, and financial derivatives.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchase in the near term. This category also includes financial derivatives entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.7.4 Derivatives and Hedge Transactions

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognized firm commitment;
- hedges of a net investment in a foreign business.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship;
- The hedge ratio is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

<u>Fair value hedges</u>

The change in the fair value of a hedging instrument is recognized in the statement of income as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of income as other expenses.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

<u>Cash flow hedges</u>

The effective portion of the gain or loss on the hedging instrument is recognized in the cash flow hedge reserve in OCI, while any ineffective portion is recognized immediately in the statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expenses and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity, under hedging reserve cost.

The amounts accumulated in OCI are accounted for according to the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and added to the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecasted transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for according to the nature of the underlying transaction, as described above.

The financial risk management strategy of Engie Energia Chile S.A. and its subsidiaries focuses on mitigating the exchange rate risk related to income, costs, investments of cash surpluses, investments in general and debt denominated in a currency other than the U.S. dollar.

Delays or changes in the payment flows may produce a mismatch between the hedge flows and the hedged item. To reduce the impact of these mismatches on the effectiveness of the hedge, the main hedged instruments are complemented by other instruments contracted on their due date, such as: (a) time deposits in UF, (b) repo agreements, (c) extensions of forwards or (d) new, opposite forwards.

EECL's hedges may only be interrupted in the following cases:

- The position of the designated hedge instrument expires, and no situation or renewal is predicted if it is sold or liquidated, exercised or closed.
- The hedge no longer meets one of the requirements for special hedge accounting.
- There is evidence that the predicted future transaction being hedged will not be consummated.
- Any subsidiary of the Company suspends its designation separately from the other subsidiaries.

3.8 Inventories

This category mainly includes spare parts for maintenance and inputs used in generating electricity. Inventories are recorded at cost, based on the weighted average. The cost of inventories excludes financing expenses and exchange differentials. The cost of inventories is debited against income as the inventories are consumed.

3.9 Non-Current Assets Held for Sale and Discontinued Operations

The Company classifies property, plant and equipment, intangible assets, investments in associates, joint ventures and disposal groups (a group of assets that will be sold together with the directly associated liabilities) as non-current assets held for sale, provided actions are being taken as of the closing date of the statement of financial position to sell them and it is considered highly likely that the sale will be consummated within twelve months following that date.

These assets or disposal groups are appraised at the lower of the carrying value or the estimated sale price after deducting the costs of sale, and they are no longer amortized as of the date that they are classified as non-current assets held for sale.

The assets no longer classified as held for sale or no longer considered part of a disposal group are appraised at the lower of the carrying value prior to classification, less depreciation, amortization or revaluation that would have been recognized if they had not been so classified, and the recoverable value on the date on which they will be reclassified in *Non-Current Assets.*

3.10 Provisions

A provision is made if:

- the Company has a legal or implicit obligation as a result of a past event;
- it can be estimated reliably;
- it is likely that a cash outflow will be required to settle the obligation.

Obligations existing as of the date of the financial statements as a consequence of past events that are likely to result in equity damage for the Company, but the amount and payment date of which are uncertain, are recorded as provisions at the current value of the most probable amount that is estimated to be disbursable to discharge the obligation.

3.10.1 Post-Employment Benefits and Other Similar Benefits

The Company recognizes the present value of severance indemnity obligations in liabilities (severance for years of employment) as of the closing date of its financial statements. These obligations are appraised using an actuarial calculation that utilizes assumptions on mortality rates, employee turnover, interest rates, derecognition dates, effects of employee salary raises, and the effects on benefit variations resulting from changes in the rate of inflation. The actuarial losses or gains from variations in the pre-established obligations are recorded directly in other comprehensive income. The actuarial losses and gains originate in the deviations between the estimated and real values of the actuarial assumptions or the reformulation of the established actuarial assumptions (see Note 26).

3.11 Classification of Current and Non-Current Assets and Liabilities

The Company classifies its assets and liabilities by maturity. Current assets and liabilities mature in twelve months or less and any maturing beyond one year are classified as non-current.

Liabilities maturing in less than twelve months but securely refinanced in the long term, at the Company's discretion, through unconditional long-term credit facilities, may be classified as non-current liabilities, and the short-term portion as a current liability.

3.12 Income Tax and Deferred Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to calculate the amount are those that have been enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in net equity, and not in the statement of income. Management periodically evaluates positions adopted in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred taxes are calculated, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction, either in other comprehensive income or directly in equity.

3.13 Recognition of Income and Expenses

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

EECL analyzes and takes into consideration all relevant facts and circumstances when it applies each step of the IFRS 15 model for contracts with customers: (i) identification of the contract; (ii) identification of performance obligations; (iii) determination of the transaction price; (iv) allocation of the price; and (v) recognition of revenue.

EECL also evaluates whether there are any incremental costs of obtaining a contract as well as the costs directly related to contract performance. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

EECL recognizes revenue when the steps in IFRS 15 have been completed satisfactorily and it is likely that future economic benefits will flow to the company.

Revenue comes mainly from the sale of energy, capacity, port services, industrial services and electricity transmission, including services provided but not yet invoiced at the close of the period. It is shown net of taxes, refunds, rebates and discounts and is recorded when the amount can be reliably measured and it is likely that future economic benefits will flow to the Company. Said benefits are allocated on an accrual basis.

- Energy sales: Energy supplied and not invoiced as of the last day of the closing month is recorded as revenue, appraised at the prices in force in the relevant period of consumption. The energy cost is also included in income.
- Sales of services: Services are recorded in income in the period that the services are provided.
- Interest income: Interest income is recorded on the basis of the proportion of time elapsed, using the effective-interest-rate method.
- Leases: The current value of the payments for leased assets recognized as a financial lease is recorded as an account receivable. The difference between the gross amount receivable and the current value of such payment is recognized as a financial yield. This amount is recorded in income on a straight-line basis over the term of the lease.

3.14 Earnings (Loss) per Share

The basic earning per share is calculated as a quotient between the net earnings (losses) in the fiscal year attributable to the Parent Company and the weighted average number of common shares in the Parent Company outstanding during the fiscal year, excluding the average number of Parent Company shares held by subsidiaries, if any.

3.15 Dividends

EECL's dividend policy is to pay the minimum dividend required by the law and the Company's bylaws. Dividends above the legal minimum can be approved if the company's conditions allow. Each year the board proposes a dividend payment based on financial results, available cash and the estimated financing needed for capital investments. The dividend proposed by the Board must be approved at a Regular Shareholders Meeting pursuant to law.

In relation to Circulars 1945 and 1983 of the Financial Market Commission, the Company's Board decided that the net distributable profit will be the fiscal year profit attributable to shareholders shown in the financial statements, without any adjustment.

A proposal may be made to the respective Regular Shareholders Meeting to distribute, as a final dividend, the profits not distributed as an interim dividend, which must be done within thirty days following the date of the respective Meeting.

3.16 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, unrestricted bank checking accounts, time deposits and marketable securities maturing within 90 days, which are easily convertible into known amounts of cash with little risk of significant changes in value.

3.17 Operating Segments

The Company´s principal business is the generation and sale of electricity. It has thermal and combined-cycle, solar and hydroelectric power plants that produce the energy that is sold to customers with whom it has power purchase agreements, pursuant to the Electricity Law. Its customers are classified as regulated customers, non-regulated customers and the spot market.

There is no direct relationship between any one generating unit and the power purchase agreements as power purchase agreements are made in line with the Company's total capacity. PPAs are supplied by any of its power plants or, otherwise, energy is acquired from other generating companies.

EECL is part of the National Grid (SEN). The National Electricity Coordinator (CEN) defines how much each of the generating units will generate.

As EECL only operates on the National Grid, geographic segmentation does not apply.

Chilean electricity regulations define energy and capacity separately, not because they are different physical elements, but rather in order to set economically efficient prices. Energy prices are thus set in monetary units per unit of energy (KWh, MWh, etc.), and capacity prices are set in monetary units per unit of capacity–unit of time (KW-month).

Consequently, in accordance with IFRS 8, EECL's only operating segment is the entire business described above.

3.18 Contingent Assets and Liabilities

Contingent liabilities are not recorded in the financial statements, but rather are disclosed in the notes to the financial statements unless it is unlikely that they will occur. Contingent assets are not recorded in the financial statements and are disclosed only if the cash inflow is likely.

NOTE 4 – REGULATION AND OPERATION OF THE ELECTRICITY SYSTEM

4.1 Description of the Business

The objectives of Engie Energia Chile S.A. are the production, transmission, distribution and supply of electricity; the purchase, sale and transportation of fuels, either in a liquid, solid or gaseous state; and the provision of engineering and management consultancy services as well as electrical system maintenance and repair services.

As of December 31, 2019, Engie Energia Chile S.A. had an installed capacity of 2,201 MW on the National Grid, thus giving it an approximate 8.8% share of the system's total gross capacity. The Company's transmission lines are operated over a distance of 2,293 kilometers, and it has a natural gas pipeline with the capacity to transport 8 million cubic meters per day for gas distribution and sale in the north of Chile.

4.2 Regulation and Operation of the Electricity System

The electricity sector in Chile is regulated by the General Electricity Law contained in Statutory Decree 1, issued in 1982 by the Ministry of Mining, and by the Regulations to that law contained in Executive Decree 327 of 1998. Three government agencies are responsible for the enforcement of, and compliance with, the law: the National Energy Commission (Comisión Nacional de Energía, or NEC), which has the authority to propose regulated prices (node price) and to design indicative plans for the construction of new generation units; the Electricity and Fuels Commission (Superintendencia de Electricidad y Combustibles, or EFC), which supervises and enforces compliance with the laws, regulations and technical standards for the generation, transmission and distribution of electricity, liquid fuels and gas; and the Ministry of Economy, which reviews and approves the prices proposed by the NEC and regulates concessions granted to electricity generation, transmission and distribution companies based on a report prepared by the EFC. The law establishes a panel of experts primarily responsible for resolving any disputes that might arise among electricity companies.

The National Grid runs from Arica to Chiloe.

According to the Electricity Law, companies that generate for a power grid must coordinate their operations through the CEN so that the system operates at minimum cost while preserving service security. The CEN therefore plans and manages the operation of the system, including the calculation of the hourly marginal cost, which is the price used to appraise energy transfers among generators. Each company´s generation is subject to the CEN operating plan. Companies may freely decide whether to sell electricity to regulated or non-regulated customers. Any surplus or deficit between customer sales and production is sold to, or purchased from, other generators at the marginal cost.

4.3 Types of Customers

a) Regulated customers: Residential, commercial and small and mid-sized businesses with a connected capacity of no more than 5,000 KW that are located in a distribution company's concession area. The transfer price between generation and distribution companies will be the price resulting from tenders by distribution companies.

b) Non-regulated customers: Customers that have an installed capacity above 5,000 KW, mainly mining and industrial companies. These customers can negotiate their power supply prices freely with generators and/or distributors. Customers with a capacity of 500 to 5,000 KW have the option of contracting energy at prices agreed with their suppliers, or to continue to be subject to regulated prices. They must remain in the chosen regime for a minimum of four years.

c) Spot or short-term market: Power purchase transactions between generating companies resulting from the coordination of the CEN to ensure an economic operation of the system. Any production surpluses (deficits) as compared to a generator's commercial commitments are transferred through sales to (purchases from) other generators who are members of the CEN. Energy transfers are appraised at the marginal cost, while capacity is appraised at the appropriate node price set by the authority every six months.

The capacity payable to each generator in Chile depends on the annual system-wide calculation made by the CEN that shows the sufficiency capacity for each power plant. This value is separate from load dispatching.

With the enactment of Law 20,018, since 2010 distribution companies must have a supply available constantly for their entire demand, which requires that they hold long-term public tenders.

4.4 Principal Assets

The generating capacity of EECL and its subsidiaries is comprised of combined-cycle thermal and coal-fired power plants that combined supply 2,201 MW to the National Grid, 8.8% of the total gross generation supplied to that grid.

It has 9 coal-fired and combined-cycle power plants in the Region of Antofagasta, 6 located in Mejillones and 3 in Tocopilla, with a total capacity of 1,940 MW, and other smaller power plants that, taken together, generate a total of 261 MW, which are located along the SEN.

4.5 Renewable Energy

Renewable Energy Law 20,257 was enacted in April 2008 and amended by Law 20,698 passed in October 2013. It encourages the use of unconventional renewable energy (UCRE). The principal aspect of this law is that it obliges generators to generate at least 5% of their energy sold from renewable sources between 2010 and 2014. That requirement then rises progressively by 0.5% per annum from 2015 to 2024, the year when a total of 10% should be generated for contracts signed after August 31, 2007 but prior to July 1, 2013. For contracts signed after July 1, 2013, this requirement is 5% by 2013, with annual increases of 1% from 2014 until it totals 12% by 2020, and then annual increases of 1.5% as of 2021 to total 18% by 2024, followed by an increase of 2% in 2025 to become 20%.

In 2013, EECL opened the El Aguila I Photovoltaic Power Plant that has an installed capacity of 2 MWp.

The Pampa Camarones Photovoltaic Solar Power Plant began commercial operation on September 9, 2016. It has an installed capacity of 6 MWp.

The Company purchases unconventional renewable energy (UCRE) in order to comply with governing regulations.

On April 17, 2019, the Company acquired the subsidiaries “Solar Los Loros SpA,” that has an installed capacity of 46 MWp, and “Solairedirect Generacion Andacollo SpA,” that has an installed capacity of 1.3 MWp.

NOTA 5 – CORPORATE REORGANIZATIONS

5.1 Acquisition of subsidiaries

On March 29, 2018, the Company acquired Solairedirect Transmisión SpA, SD Minera SpA, Solairedirect Generación II SpA, Solairedirect Generación VI SpA, Solairedirect Generación IX SpA, Solairedirect Generación XI SpA and Solairedirect Generación XV SpA from Solairedirect S.A.S., a French company.

On July 9, 2018, the Company acquired Parque Eólico Los Trigales SpA.

On April 17, 2019, the Company purchased all of the shares in the subsidiary “Solar Los Loros SpA” from Solaire Los Loros Holding SARL (“SARL”). This purchase was treated as an investment.

On April 17, 2019, the Company purchased all of the shares in the subsidiary “Solairedirect Generación Andacollo SpA” from Solaire Direct Chile Ltda. and Engie Solar SAS. This purchase was treated as an investment. Solairedirect Generación Andacollo SpA was merged with Engie Energia Chile S.A. on August 1, 2019.

On October 25, 2019, SOLAIREDIRECT GENERACIÓN II SPA was dissolved pursuant to article 103 of Law 18,046 and article 31 of its bylaws because all shares became the property of Engie Energía Chile S.A., taxpayer identification number 88.006.900-4. As a result, this latter company acquired all assets, liabilities, rights and obligations of the dissolved company.

Details are provided in Appendix 1.a).

NOTE 6 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2019 and 2018, classified by type of cash, are shown below:

Types of Cash and Cash Equivalents (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Cash	45	38
Bank balances	9,464	6,532
Short-term deposits classified as cash equivalents	229,574	54,942
Total Cash and Cash Equivalent	**239,083**	**61,512**

Reconciliation of the initial cash flow balance

Reconciliation of the initial cash flow balance	kUSD
Starting balance at 1-1-2019	61,512
Increase due to the acquisition of subsidiaries (April 2019) (1)	2,954
Total of reconciled initial balance	**64,466**

(1) The subsidiaries Solar Los Loros SpA and Solairedirect Generación Andacollo SpA.

The balances of cash and cash equivalents included in the Statement of Financial Position do not differ from those shown in the Statement of Cash Flow and are not subject to any type of restriction.

Each item of cash and cash equivalents is explained below:

6.1 Cash Available

Cash is comprised of cash on hand and in bank checking accounts, and the carrying value is the same as the fair value.

6.2 Time Deposits

Time deposits include principal plus accrued interest and adjustments as of the closing date.

Entity	Currency	Rate %	Expiration	12/31/2019 kUSD	Rate %	Expiration	12-31-2018 kUSD
Banco Consorcio	USD	3.45%	13-Jan-20	8,027	3.00%	2-Jan-19	7,008
Banco Consorcio	USD	3.50%	13-Jan-20	7,023	3.15%	10-Jan-19	4,001
Banco Corpbanca	USD	3.25%	2-Jan-20	10,025		-	0
Banco Corpbanca	USD	3.50%	2-Jan-20	10,033		-	0
Banco Corpbanca	USD	2.90%	7-Jan-20	16,018		-	0
Banco Corpbanca	USD	2.70%	17-Jan-20	6,002		-	0
Banco Scotiabank	USD	3.55%	9-Jan-20	15,060	3.00%	2-Jan-19	7,008
Banco Scotiabank	USD	3.50%	11-Jan-20	4,013	3.60%	10-Jan-19	4,002
Banco Scotiabank	USD	2.40%	13-Jan-20	6,000		-	0
Banco Scotiabank	USD	2.55%	14-Jan-20	16,016		-	0
Banco Santander	USD	2.20%	3-Jan-20	4,501	3.00%	2-Jan-19	7,008
Banco Santander	USD	1.44%	6-Jan-20	6,678	3.10%	3-Jan-19	3,007
Banco Santander	USD	2.24%	10-Jan-20	6,501		-	0
Banco Santander	USD	2.42%	27-Jan-20	11,000		-	0
Banco Estado	USD	2.45%	2-Jan-20	6,003	2.50%	10-Jan-19	900
Banco Estado	USD	2.47%	2-Jan-20	13,010		-	0
Banco Estado	USD	1.56%	3-Jan-20	5,343			
Banco Estado	USD	2.32%	3-Jan-20	12,003			
Banco Estado	USD	2.30%	10-Jan-20	3,001			

Entity	Currency	Rate %	Expiration	12/31/2019 kUSD	Rate %	Expiration	12/31/2018 kUSD
Banco Chile	USD	3.15%	2-Jan-20	8,019	2.70%	3-Jan-19	8,002
Banco Chile	USD	2.20%	28-Jan-20	3,001	2.70%	16-Jan-19	3,001
Banco BCI	USD	3.30%	2-Jan-20	6,019	2.90%	4-Jan-19	3,002
Banco BCI	USD	2.32%	8-Jan-20	4,001	2.83%	10-Jan-19	8,003
Banco BCI	USD	2.71%	10-Jan-20	10,008		-	0
Banco BCI	USD	2.65%	13-Jan-20	6,004		-	0
Banco BCI	USD	2.77%	17-Jan-20	16,014			
Banco BCI	USD	2.57%	27-Jan-20	10,001			
Banco BBVA	USD	1.55%	3-Jan-20	250		-	0
Consolidated Total				**229,574**			**54,942**

6.3 Cash and Cash Equivalents

		Financing cash flows			Changes not representing cash flows						
Liabilities originating in financing activities	Balance at 1/1/2019 (1) kUSD	From kUSD	Used kUSD	Total kUSD	Acquisition of subsidiaries	Sale of subsidiaries	Changes in fair value	Exchange differentials	New financial leases	Other changes (2) kUSD	Balance at 12/31/2019 (1) kUSD
Unsecured bonds (Note 19)	751,529	0	(38,250)	(38,250)						24,425	737,704
Interest-bearing loans (Note 19)	91,472	175,000	(185,000)	(10,000)	0	0	0	0	0	(809)	80,663
Intercompany loans (Notes 10.5 and 10.6)	9,460	78,959	(75,784)	3,175	0	0	0	0	0	0	12,635
Total	**852,461**	**253,959**	**(299,034)**	**(45,075)**	**0**	**0**	**0**	**0**	**0**	**23,616**	**831,002**

		Financing cash flows			Changes not representing cash flows						
Liabilities originating in financing activities	Balance at 1/1/2018 (1) kUSD	From kUSD	Used kUSD	Total kUSD	Acquisition of subsidiaries	Sale of subsidiaries	Changes in fair value	Exchange differentials	New financial leases	Other changes (2) kUSD	Balance at 12/31/2018 (1) kUSD
Unsecured bonds (Note 19)	748,332	0	(38,250)	(38,250)						41,447	751,529
Interest-bearing loans (Note 19)	100,138	90,000	(100,000)	(10,000)	0	0	0	0	0	1,334	91,472
Intercompany loans (Notes 10.5 and 10.6)	25,206	2,822	(18,568)	(15,746)	0	0	0	0	0	0	9,460
Total	**873,676**	**92,822**	**(156,818)**	**(63,996)**	**0**	**0**	**0**	**0**	**0**	**42,781**	**852,461**

(1) The balance includes the current and non-current portions.

(2) Interest accrued.

NOTE 7 – OTHER FINANCIAL ASSETS

Current

Description of Instruments	12/31/2019 kUSD	12/31/2018 kUSD
Mutual Funds	471	0
Total Other Financial Assets	**471**	**0**

7.1 Fixed-Income Mutual Fund Shares

Mutual fund shares are recorded at fair value and were as follows:

Description of Instruments	Moneda	12/31/2019 kUSD	12/31/2018 kUSD
Banco Santander Río	USD	471	0
Total Mutual Funds		**471**	**0**

NOTE 8 - OTHER CURRENT NON-FINANCIAL ASSETS

The amounts that the Company has recorded in this category correspond to services that will be provided in subsequent months, within one year from the closing date of the period being reported.

Types of Payments	12/31/2019 kUSD	12/31/2018 kUSD
Prepaid insurance (1)	4,491	346
VAT credit	2,111	3,795
Advance payment of TGN (GNAA) contract (2)	0	1,709
Supplier advances (3)	1,144	2,205
Other	435	1,058
Total	**8,181**	**9,113**

(1) Damage and business interruption insurance policies for EECL and associates.

(2) A settlement agreement between TGN (Transportadora de Gas del Norte S.A.) and GNAA (Gasoducto Nor Andino Argentina S.A.) because the contract was amended, changing from firm gas transport to interruptible gas transport, applicable to services to be provided between May 2014 and December 2019.

(3) Mainly the prepayment of spare parts.

NOTE 9 – TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

In general, balances in this category do not accrue interest.

There are no restrictions on the disposal of significant amounts of this type of accounts receivable.

As required by paragraph 36 of IFRS 7, the Company carries no collateral for its commercial credit to customers.

The average maturity of customers' obligations is 15 calendar days from the invoice date. No individual customer has significant balances as compared to the Company's total sales or accounts receivable.

See Note 21 Risk Management for further analysis of the risk of uncollectibles.

The Company establishes an uncollectibles provision at the close of each quarter, taking into account aspects such as the age of its accounts receivable and a case-by-case analysis of each.

The Company has renegotiated accounts with one customer and has no protested portfolio or customers from whom collection is being sought through the courts.

The amounts included in this category relate to the following types of documents:

9.1 Current Trade Receivables and Other Accounts Receivable

Current trade receivable and other accounts receivable	12/31/2019 kUSD	12/31/2018 kUSD
Invoices pending payment	88,511	151,370
Sundry receivables, current	372	338
Other accounts receivable, current	7,755	10,090
Total	**96,638**	**161,798**

9.2 Non-Current Trade Receivables and Other Accounts Receivable

Non-current trade receivable and other accounts receivable	12/31/2019 kUSD	12/31/2018 kUSD
Accounts receivable (*)	73,499	0
Other sundry receivables	20	20
Total	**73,519**	**20**

(*) These are the accounts receivable impacted by the rate stabilization fund under Electricity Price Stabilization Law 21,185.

The aged balances of the Company´s gross receivables were as follows as of December 31, 2019:

Receivables	Compliant Portfolio	Payment 1-30 días	Payment 31-60 días	Payment 61-90 días	Payment 91-120 días	Payment 121-150 días	Payment 151-180 días	Payment 181-210 días	Payment 211-250 días	Payment Mas 250 días	Total Current	Total Non-Current
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Current receivables for credit transactions	82,712	4,697	181	215	194	71	66	35	360	4,083	92,614	73,499
Estimated uncollectibles	(200)	0	0	-128	(194)	(71)	(66)	(35)	(360)	(3,049)	(4,103)	0
Current sundry receivables	372	0	0	0	0	0	0	0	0	0	372	20
Estimated uncollectibles	0	0	0	0	0	0	0	0	0	0	0	0
Other current accounts receivable	7,755	0	0	0	0	0	0	0	0	0	7,755	0
Total	**90,639**	**4,697**	**181**	**87**	**0**	**0**	**0**	**0**	**0**	**1,034**	**96,638**	**73,519**

Balances expired for which no provision has been made correspond to customers who have no liquidity or solvency troubles. However, they have objected to a charge in some invoices and we were negotiating a solution on the date of these financial statements.

The aged balances of the Company's gross receivables were as follows as of December 31, 2018:

Receivables	Compliant Portfolio	Payment 1-30 days	Payment 31-60 days	Payment 61-90 days	Payment 91-120 days	Payment 121-150 days	Payment 151-180 days	Payment 181-210 days	Payment 211-250 days	Payment More than 250 days	Total Current	Total Non-Current
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Current receivables for credit transactions	136,785	10,074	1,115	1869	197	64	224	29	1833	2,773	154,963	0
Estimated uncollectibles	0	0	0	0	0	0	(92)	(29)	(699)	(2,773)	(3,593)	0
Current sundry receivables	338	0	0	0	0	0	0	0	0	0	338	20
Estimated uncollectibles	0	0	0	0	0	0	0	0	0	0	0	0
Other current accounts receivable	10,090	0	0	0	0	0	0	0	0	0	10,090	0
Total	**147,213**	**10,074**	**1,115**	**1,869**	**197**	**64**	**132**	**0**	**1,134**	**0**	**161,798**	**20**

The rescheduled portfolio is defined as a non-performing portfolio or a portfolio with a significant increase in risk. No lower risk rating can be assigned until the entire debt is repaid. This ensures that a rescheduling will not cause any reduction in provisions.

Segments of Payment Arrears as of December 31, 2019	Rescheduled Portfolio		Portfolio Not Rescheduled		Total Gross Portfolio	
	Number of Customers	Amount kUSD	Number of Customers	Amount kUSD	Number of Customers	Amount kUSD
Compliant	-	0	1,086	90,839	1,086	90,839
From 1 to 30 days	-	0	666	4,697	666	4,697
From 31 to 60 days	-	0	133	181	133	181
From 61 to 90 days	-	0	90	215	90	215
From 91 to 120 days	-	0	73	194	73	194
From 121 to 150 days	-	0	11	71	11	71
From 151 to 180 days	-	0	24	66	24	66
From 181 to 210 days	-	0	47	35	47	35
From 211 to 250 days	-	0	23	360	23	360
More than 251 days	1	2,288	305	1,795	306	4,083
Total		**2,288**		**98,453**		**100,741**

Segments of Payment Arrears as of December 31, 2018	Rescheduled Portfolio		Portfolio Not Rescheduled		Total Gross Portfolio	
	Number of Customers	Amount kUSD	Number of Customers	Amount kUSD	Number of Customers	Amount kUSD
Compliant	-	0	997	147,213	997	147,213
From 1 to 30 days	-	0	732	10,074	732	10,074
From 31 to 60 days	-	0	225	1,115	225	1,115
From 61 to 90 days	-	0	133	1,869	133	1,869
From 91 to 120 days	-	0	83	197	83	197
From 121 to 150 days	-	0	69	64	69	64
From 151 to 180 days	-	0	62	224	62	224
From 181 to 210 days	-	0	23	29	23	29
From 211 to 250 days	-	0	51	1,833	51	1,833
More than 251 days	1	2,288	79	485	80	2,773
Total		**2,288**		**163,103**		**165,391**

Provisions and write-offs	12/31/2019 kUSD	12/31/2018 kUSD
Starting balance	**3,593**	**2,912**
Provision for portfolio not rescheduled	493	1,264
Recoveries in the period	(412)	(394)
Write-offs in the period	0	(121)
Other	429	(68)
Ending balance	**4,103**	**3,593**

NOTE 10 – ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND TRANSACTIONS WITH RELATED PARTIES

10.1 Compensation of Key Management Personnel

The Company is managed by a Board of Directors comprised of seven members who hold office for a period of two years and may be re-elected.

The shareholders appointed all the members of the board, in accordance with Law 18,046, at the Regular Shareholders Meeting held on April 24, 2018. The Company has identified key personnel to be the Chief Executive Officer and Corporate Managers.

The Regular Shareholders Meeting approved compensation of UF 160 per meeting per director for the 2018 fiscal year, payable until the next Regular Shareholders Meeting. The chairman of the board receives compensation of U.F. 320 per meeting. The shareholders also resolved that alternate directors would receive no compensation for their duties, except when they attend meetings in replacement of a regular director.

No other compensation is paid but the fees received by the directors for their directorships, except as explained in the next paragraph.

In accordance with the article 50-bis of Companies Law 18,046, the minutes of the Regular Shareholders Meeting show that although the Company has no obligation to create a director´s committee, it has done so voluntarily. The members of this committee are the independent directors. Their compensation will be UF 55 monthly, and the committee approved an annual expense budget of UF 5,000. The committee did not disburse against this budget in the 2019 fiscal year.

Board Compensation	12/31/2019 kUSD	12/31/2018 kUSD
Cristian Eyzaguirre, Director	101	109
Emilio Pellegrini, Director (*)	0	29
Mauro Valdes, Director	101	109
Claudio Iglesis, Director	101	80
Total Board Compensation	**303**	**327**

* Mr. Emilio Pellegrini resigned from his directorship at the Regular Shareholders Meeting of the Company held April 24, 2018.

At its meeting held May 28, 2019, the Company's Board was informed that Mr. Philip De Cnudde, director and Chairman of the Board, and his alternate, Dante Dell'Elce, had submitted their resignations. The Board resolved to appoint Mr. Frank Demaille in replacement of Mr. De Cnudde and Board Chairman, who took office immediately.

Engie Energia Chile S.A. did not pay any member of the Company's Board of Directors for any additional consulting during the 2019 fiscal year, and it recorded general expenses of kUSD 119 for the Board in the same period.

Key Manager Compensation	12/31/2019 kUSD	12/31/2018 kUSD
Compensation	2,291	2,634
Short-term benefits	317	695
Total	**2,608**	**3,329**

The costs include recurrent monthly salaries part of which is variable and earned in the form of bonuses based on individual performance and the Company's results for the fiscal year. They also include severance indemnities.

10.2 Key Management Personnel

Name	Position
Axel Levêque	Chief Executive Officer
Fernando Valdes	Corporate Chief Legal Officer
Rodrigo Cuadros*	Corporate Chief Business Officer, Large Customers
Eduardo Milligan	Corporate Chief Financial and Shared Services Officer
Andrea Cabrera	Corporate Chief Human Resources Officer
Beatriz Monreal	Corporate Chief Officer of Corporate Affairs
Gabriel Marcuz	Corporate Chief Operations Officer
Carlos Arias	Corporate Chief BTB Officer

In June 2019, the Corporate Chief Business Officer, Large Customers, left the Company.

10.3 Current Intercompany Accounts Receivable

Accounts receivable from and payable to, and transactions with, related parties are in compliance with articles 44 and 49 of Companies Law 18,046. The Company has made no provisions for doubtful accounts because these obligations are paid when due, which varies from 7 to 30 days.

Intercompany accounts receivable were as follows:

Tax I.D.	Company	Country	Relationship	Currency	12/31/2019 kUSD	12/31/2018 kUSD
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	CLP	95	0
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	7,934	3,287
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	UF	2	9
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	CLP	0	1
96.885.200-0	ENGIE LATAM S.A.	Chile	Parent	UF	29	32
96.885.200-0	ENGIE LATAM S.A.	Chile	Parent	CLP	0	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	3,844	22754
76.122.327-5	Desert Bioenergy S.A.	Chile	Associate	CLP	2	13
Foreign	Energy Consulting Services S.A.	Argentina	Associate of Shareholder	Argentine Peso	0	1
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	CLP	20	0
76.247.976-1	Solar Los Loros SpA	Chile	Common Parent	CLP	0	10
76.169.132-5	Solairedirect Generación Andacollo SpA	Chile	Common Parent	CLP	0	9
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	USD	10	0
Foreign	Suez International	France	Common Parent	USD	20	0
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	UF	10	0
76.242.762-1	IMA S.A.	Chile	Common Parent	USD	33	0
Intercompany Receivables, Current					**11,999**	**26,116**

10.4 Non-Current Intercompany Accounts Receivable

Tax I.D.	Company	Country	Relationship	Currency	12/31/2019 kUSD	12/31/2018 kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A. (1)	Chile	Joint Control	USD	27,722	26,216
Intercompany Receivables, Non-Current					**27,722**	**26,216**

(1) A loan granted to Transmisora Electrica del Norte S.A. Interest accrues annually at the 180-day Libor + 2.7%. The loan expires on July 17, 2024.

10.5 Current Intercompany Accounts Payable

Tax I.D.	Company	Country	Relationship	Currency	12/31/2019 kUSD	12/31/2018 kUSD
96.885.200-0	ENGIE LATAM S.A.	Chile	Parent	USD	0	2,519
96.885.200-0	ENGIE LATAM S.A.	Chile	Parent	EUR	21	0
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	996	3,716
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	338	451
77.292.170-5	Inversiones Punta Rieles Ltda. (1)	Chile	Shareholder	USD	3,762	0
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	USD	222	0
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	UF	7	437
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	CLP	45	0
Foreign	Engie GBS Latam SA de CV	México	Common Parent	USD	523	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	2,220	644
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	1,718	589
76.787.690-4	Transmisora Eléctrica del Norte S.A.(2)	Chile	Joint Control	USD	1,263	1,148
76.284.839-2	Laborelec Chile Spa	Chile	Common Parent	EUR	65	56
76.284.839-2	Laborelec Chile Spa	Chile	Common Parent	UF	46	0
76.108.126-8	IMA Automatización Ltda.	Chile	Common Parent	UF	46	15
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	UF	665	209
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	CLP	100	0
76.169.132-5	Solairedirect Generación Andacollo SpA	Chile	Common Parent	CLP	0	4
76.247.976-1	Solairedirect Generación V SpA	Chile	Common Parent	CLP	0	299
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	CLP	309	7
Foreign	ENGIE Global Markets	France	Common Parent	USD	0	164
78.851.880-3	SUEZ Water Technologies & Solutions	Chile	Common Parent	USD	0	37
96.902.900-6	Termika S.A. Ingeniería y Montaje	Chile	Common Parent	UF	88	0
76.143.206-0	Los Andes Rent a Car Ltda.	Chile	Common Parent	UF	9	0
Foreign	Engie S.A.	France	Common Parent	EUR	72	0
Foreign	Engie Information et Technology	France	Common Parent	EUR	65	0
96.858.530-4	Termika Servicios de Mantención S.A.	Chile	Common Parent	CLP	55	0
Intercompany Payables, Current					**12,635**	**10,295**

(1) Dividend provision.

(2) The short-term portion of the lease payable for transmission facilities, in monthly installments over a period of 20 years.

10.6 Non-Current Intercompany Accounts Payable

Tax I.D.	Company	Country	Relationship	Currency	12/31/2019 kUSD	12/31/2018 kUSD
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	93	313
76.787.690-4	Transmisora Eléctrica del Norte S.A. (1)	Chile	Joint Control	USD	56,338	57,601
Intercompany Payables, Non-Current					**56,431**	**57,914**

(1) The long-term portion of the lease payable for transmission facilities, in monthly installments over a period of 20 years.

10.7 Intercompany Transactions

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount kUSD	Impact on Income kUSD	Amount kUSD	Impact on Income kUSD
96.885.200-0	Engie LATAM S.A.	Chile	Parent	USD	Dividend	59,169	0	15,966	0
96.885.200-0	Engie LATAM S.A.	Chile	Parent	USD	Expense reimbursement	0	0	36	0
96.885.200-0	Engie LATAM S.A.	Chile	Parent	UF	Leases	354	354	335	335
96.885.200-0	Engie LATAM S.A.	Chile	Parent	CLP	Recovery of expenses	0	0	44	0
96.885.200-0	Engie LATAM S.A.	Chile	Parent	EUR	Services	20	-20	0	0
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Sale of energy, capacity and services	1,055	1,055	1,235	1,235
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Gas regasification service	43,716	-43,716	46,238	(46,238)
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	CLP	Recovery of expenses	0	0	43	0
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Tolls	693	693	255	255
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Green taxes	5	5	16	16
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	UF	Services rendered	1,495	1,495	1,833	1,833
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	USD	Sale of energy and capacity	49	49	186	186

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	USD	Purchase of energy and capacity	388	-388	2,911	(2,911)
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	USD	Green taxes	39	-39	0	0
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	USD	Tolls	20	20	10	10
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	CLP	Sale of fuel	0	0	15	0
76.019.239-2	Eólica Monte Redondo S.A.	Chile	Common Parent	CLP	Recovery of expenses	1	0	2	0
Foreign	Energy Consulting Services S.A.	Argentina	Shareholder Associate	Argentine peso	Services rendered	2	2	4	4
Foreign	Energy Consulting Services S.A.	Argentina	Shareholder Associate	Argentine peso	Services received	203	-203	588	(588)
Foreign	Energy Consulting Services S.A.	Argentina	Shareholder Associate	USD	Purchase of gas	1,560	-1,560	4,437	(4,437)
Foreign	Energy Consulting Services S.A.	Argentina	Shareholder Associate	USD	Sale of gas	0	0	4,107	4,107
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	UF	Leases	16	16	18	18
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Services rendered	66	66	65	65
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Services received	146	-146	154	(154)
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Sale of gas	15,307	0	13,183	13,183
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Gas transportation	580	580	523	523
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	CLP	Recovery of expenses	25	25	2	0
Foreign	GDF SUEZ LNG Supply S.A. *	Luxembourg	Common Parent	USD	Purchase of LNG	0	0	36,864	0
Foreign	GDF SUEZ LNG Supply S.A. *	Luxembourg	Common Parent	USD	Recovery of expenses	0	0	198	0
76.284.839-2	Laborelec Chile SpA	Chile	Common Parent	EUR	Services received	108	-81	817	(353)
76.284.839-2	Laborelec Chile SpA	Chile	Common Parent	UF	Services received	16	0	82	0
59.281.960-0	Laborelec Latin America	Chile	Common Parent	EUR	Services received	180	-163	0	0

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
59.281.960-0	Laborelec Latin America	Chile	Common Parent	UF	Services received	70	-25	0	0
77.292.170-5	Inversiones Punta Rieles Ltda.	Chile	Shareholder	USD	Dividends	10,308	0	11,055	0
76.108.126-8	IMA Automatización Ltda	Chile	Common Parent	USD	Services	0	0	162	0
76.108.126-8	IMA Automatización Ltda	Chile	Common Parent	UF	Services	341	-341	405	(405)
Foreign	Tractebel Engineering S.A.	Belgium	Common Parent	EUR	Services received	66	0	353	0
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	EUR	Services received	3	0	294	0
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	UF	Services received	403	0	4,089	(239)
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	CLP	Services	55	-55	6	0
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	UF	Leases	11	7	2	0

*As of July 2018, GDF Suez LNG Supply S.A., an Engie subsidiary, was acquired by Global LNG, wholly owned by Total S.A.

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
Foreign	ENGIE Global Markets	France	Common Parent	USD	Derivatives	1,210	-1,210	1,051	(1,006)
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Loans (interest)	1,529	1,529	3,017	3,017
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Payment of loan	21,559	0	20,381	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	UF	Services rendered	0	0	374	374
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Services rendered	612	612	0	0

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Recovery of expenses	5	0	38	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	UF	Lease of facilities	253	253	269	269
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	Tolls	7,492	-7,492	4,529	(4,529)
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	Sale of energy and capacity	229	229	209	209
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Capital lease	0	0	65,772	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Amortization of lease principal	1,148	0	1,044	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Amortization of lease interest	6,220	-6,220	6916	-6,916
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Dividends	2,558	0	576	0
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	UF	Services	0	0	48	(27)
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	CLP	Services	3,671	-3,671	1,464	(1,324)
88.689.100-8	IMA Industrial Ltda.	Chile	Common Parent	USD	Services	442	-442	0	0
Foreign	SSINERGIE blu.e	France	Common Parent	EUR	Services	101	-101	108	(33)
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	USD	Purchase of shares	0	0	1	0
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	USD	Projects under development	0	0	1,339	0
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	UF	Services	218	-218	0	0
76.129.879-8	Solairedirect Chile Ltda.	Chile	Common Parent	USD	Services	65	-65	0	0
Foreign	Engie SA	France	Common Parent	USD	Services	0	0	49	-49
Foreign	Engie SA	France	Common Parent	EUR	Services	71	-71	49	(49)
76.592.461-8	Factory Contenidos SpA	Chile	Common Parent	UF	Services	0	0	6	(6)

Entity						12/31/2019		12/31/2018	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
76.579.088-3	Factory Soluciones SpA	Chile	Common Parent	CLP	Services	1	-1	1	(1)
76.023.027-8	Engie Factory Chile SpA	Chile	Common Parent	CLP	Services	3	-3	0	0
Foreign	Engie Information et Technologies	France	Common Parent	EUR	Services	145	-145	201	(201)
Foreign	Engie (China) Energy Technology CO., LTD.	China	Common Parent	USD	Services	4	0	2	(2)
78.851.880-3	Suez Water Technologies & Solutions	Chile	Common Parent	USD	Services	0	0	31	(31)
96.858.530-4	Termika Servicios de Mantención S.A.	Chile	Common Parent	CLP	Services received	290	-290	0	0
96.858.530-4	Termika Servicios de Mantención S.A.	Chile	Common Parent	UF	Services received	58	-58	0	0
96.902.900-6	Termika S.A. Ingeniería y Montajes	Chile	Common Parent	USD	Services received	264	0	0	0
96.902.900-6	Termika S.A. Ingeniería y Montajes	Chile	Common Parent	UF	Services received	313	0	0	0
Foreign	Engie GBS Latam S.A. de CV	Mexico	Common Parent	USD	Services received	1,665	-1,665	0	0
76.143.206-0	Los Andes Rent a Car Ltda.	Chile	Common Parent	CLP	Services received	30	-30	0	0
96.543.670-7	CAM Chile SpA	Chile	Common Parent	CLP	Services received	15	-15	0	0
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	USD	Recovery of expenses	10	0	0	0
Foreign	Suez International	France	Common Parent	USD	Recovery of expenses	20	0	0	0
Foreign	Electrabel Corporate HQ Benelux	Belgium	Common Parent	USD	Services	23	0	0	0
76.242.762-1	IMA S.A.	Chile	Common Parent	USD	Recovery of expenses	33	0	0	0

Guarantees have been granted or received for transactions with related parties (see Note 38.2).

There are no doubtful accounts related to outstanding balances that warrant a provision or expense for this reason.

All transactions with related parties were performed under market terms and conditions.

NOTE 11 – CURRENT INVENTORIES

Current inventories were as follows at the closing date:

Types of Inventories	12/31/2019 kUSD	12/31/2018 kUSD
Operating materials and inputs	102,698	107,169
Obsolescence provision	(24,327)	(27,643)
Spare parts impairment provision*	(42,295)	(12,330)
Coal	49,939	60,732
Bunker oil 6	511	511
Diesel oil	2,398	1,404
Hydrated lime	5,532	6,972
Limestone - Biomass - Silica Sand	1,081	2,937
LNG	20,488	18,935
Lubricants	179	173
Total	**116,204**	**158,860**

* The increase in the period is due to the kUSD 8,477 impairment provision for the spare parts for Units 14 and 15 in Tocopilla and the spare parts impairment provision of kUSD 21,488 for Units 1 and 2 in Mejillones.

Details on the inventory costs recorded in expenses in the 2019 and 2018 fiscal years are shown in the next table:

Expenses in the period	12/31/2019 kUSD	12/31/2018 kUSD
Fuel for operations	253,152	271,831
Other operating inputs	12,983	18,543
Materials and spare parts	8,514	9,131
Total	**274,649**	**299,505**

The movements in the obsolescence provision were as follows:

Inventories Obsolescence Provision (1)	12/31/2019 kUSD	12/31/2018 kUSD
Starting balance	27,643	24,799
Reversal of provision due to sale of spare parts	(1,292)	0
Increase (decrease) in the provision	(2,024)	2,844
Ending Balance	**24,327**	**27,643**

(1) See the provision criteria in Note 3.5 (Asset Impairment)

NOTE 12 – CURRENT TAXES

General Information

The balance of income tax recoverable and payable shown in current assets and liabilities, respectively, are comprised of the following:

a) Current Tax Assets

Recoverable Taxes	12/31/2019 kUSD	12/31/2018 kUSD
Provisional monthly tax payments	2,379	6,016
Foreign-sourced tax credit	459	459
Taxes recoverable from previous fiscal years	9,341	3,165
4% fixed asset credit, limited to 500 monthly tax units	0	35
Training credit	274	315
Other recoverable taxes	226	226
Total Recoverable Taxes	**12,679**	**10,216**

b) Current Tax Liabilities

Income Tax	12/31/2019 kUSD	12/31/2018 kUSD
Current tax expense	23,012	9,911
Article 21 Special Tax	420	206
Total Taxes Payable	**23,432**	**10,117**

NOTE 13 – OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other Non-Financial Assets	12/31/2019 kUSD	12/31/2018 kUSD
Rights to other assets	2,161	2,161
Project under development - Calama Wind Farm (1)	0	4,512
Project under development - Solar Power Plants (1)	1,163	1,839
Project under development - Los Trigales Wind Farm (1)	1,484	1,301
Other projects under development (1)	569	528
Other	330	329
Total	**5,707**	**10,670**

(1) The Company´s policy is to show the costs of projects in a development stage in Other Non-Financial Assets in the Statement of Financial Position as long as the technical viability and economic profitability of the project are reasonably assured. The projects are:

- Calama Wind Farm: a wind farm located in the city of Calama that has been reclassified to Work in Progress under Property, Plant and Equipment.
- Solar power plants: photovoltaic projects in an early stage of development, located between the Regions of Arica and Parinacota and Atacama.
- Los Trigales Wind Farm: a wind farm located in the Region of La Araucania.
- Other projects under development: 3 small wind farms are being developed.

NOTE 14 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Companies under Joint Control

The details on the company accounted for by the equity method and the movements as of December 31, 2019 were as follows:

Type of Relationship	Company	Number of Shares	Percentage Interest	Balance at 12-31-2018	Profit (Loss) Accrued	Dividend Provision	Variation in the Hedge Derivatives Reserve at 12/31/2019	Total at 12/31/2019
			%	kUSD	kUSD	kUSD	kUSD	kUSD
Joint Control	Transmisora Eléctrica del Norte S.A.	1,438,448	50,00%	96,745	7,334	-2,558	(11,824)	89,697
Total				**96,745**	**7,334**	**-2,558**	**(11,824)**	**89,697**

Profit (Loss) Accrued	12/31/2019 kUSD	12/31/2018 kUSD
Share in earnings (loss) of associates and joint ventures accounted for using the equity method	7,334	6,938

Tax I.D.	Company Name	Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Equity	Revenue	Ordinary Expenses	Net Profit (Loss)
		%	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A.	50.00%	86,979	748,810	835,789	51,670	724,908	776,578	59,211	85,213	25,151	17,056

Below is information on the company accounted for by the equity method and the movements as of December 31, 2018:

Type of Relationship	Company	Number of Shares	Percentage Interest	Balance at 12-31-2017	Profit (Loss) Accrued	Dividend Provision	Variation in the Hedge Derivatives Reserve at 12/31/2018	Total at 12/31/2018
			%	kUSD	kUSD	kUSD	kUSD	kUSD
Joint Control	Transmisora Eléctrica del Norte S.A.	1,438,448	50,00%	80,746	6,938	(576)	9,637	96,745
Total				**80,746**	**6,938**	**(576)**	**9,637**	**96,745**

Tax I.D.	Company Name	Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Equity	Revenue	Ordinary Expenses	Net Profit (Loss)
		%	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A.	50.00%	109,388	761,442	870,830	89,308	710,605	799,913	70,917	88,501	24,322	16,264

NOTE 15 – INTANGIBLE ASSETS OTHER THAN GOODWILL

Below are the movements and reconciliation of intangible assets as of December 31, 2019 and December 31, 2018.

Net Intangible Assets	12/31/2019 kUSD	12/31/2018 kUSD
Contracts with Customers, net (1)	216,732	233,515
Easements, net	4,556	4,977
Net Total	**221,288**	**238,492**

(1) Intangible assets related to contracts with customers mainly come from power purchase agreements associated with projects of our subsidiaries Central Termoeléctrica Andina S.A. and Inversiones Hornitos S.A., which have been amortized since 2011 over periods of 30 and 15 years, respectively. See the criteria in Note 3.4.

Gross Intangible Assets	12/31/2019 kUSD	12/31/2018 kUSD
Contracts with Customers, gross	362,134	362,134
Easements, gross	13,063	13,063
Gross Total	**375,197**	**375,197**

Amortization of Intangible Assets	12/31/2019 kUSD	12/31/2018 kUSD
Amortization of Contracts with Customers	(145,402)	(128,619)
Amortization of Easements	(8,507)	(8,086)
Total Amortization	**(153,909)**	**(136,705)**

The movement in intangible assets by type was as follows during the 2019 and 2018 fiscal years:

Intangible Assets	Starting Gross Balance 01/01/2019 kUSD	Additions (Charge-Offs) in the Period kUSD	Ending Gross Balance at 12/31/2019	Cumulative Amortization at 12/31/2018 kUSD	Amortization in the Period kUSD	Cumulative Amortization (Charge-Offs) 12/31/2019 kUSD	Cumulative Amortization at 12/31/2019 kUSD	Net Balance at 12/31/2019 kUSD
Contracts with Customers (business combinations)	362,134	0	362,134	(128,619)	(16,783)	0	(145,402)	216,732
Easements	13,063	0	13,063	(8,086)	(421)	0	(8,507)	4,556
TOTAL	**375,197**	**0**	**375,197**	**(136,705)**	**(17,204)**	**0**	**(153,909)**	**221,288**

Intangible Assets	Starting Gross Balance 01/01/2018 kUSD	Additions (Charge-Offs) in the Period kUSD	Ending Gross Balance at 12/31/2018	Cumulative Amortization at 12/31/2017 kUSD	Amortization in the Period kUSD	Cumulative Amortization (Charge-Offs) 12/31/2018 kUSD	Cumulative Amortization at 12/31/2018 kUSD	Net Balance at 12/31/2018 kUSD
Contracts with Customers (business combinations)	362,134	0	362,134	(111,836)	(16,783)	0	(128,619)	233,515
Easements	12,822	241	13,063	(7,668)	(418)	0	(8,086)	4,977
TOTAL	**374,956**	**241**	**375,197**	**(119,504)**	**(17,201)**	**0**	**(136,705)**	**238,492**

The amortization of intangible assets is recorded under the cost of sales in the statement of income (Note 29).

In December 2009, as a result of the acquisition of the companies indicated in Note 16, the Company recognized intangible assets associated with contracts with customers of Central Termoelectrica Andina S.A. (CTA) and Inversiones Hornitos S.A. (CTH), according to IFRS 3 Business Combinations.

These contracts were appraised using the multi-excess earning method (MEEM) that considers the value of the contracts with customers to be the present value of the excess cash flows generated by the intangible asset during its useful life, after deducting the cash flows associated with the remaining tangible and intangible operating assets, deducted at a discount rate that represents the risk of each asset.

The Company's ownership of intangible assets is unrestricted and there are no commitments to acquire new intangible assets (IAS 38, paragraph 122(c) and (d)).

NOTE 16 – GOODWILL

The following table summarizes the main types of consideration that were transferred and the amounts recorded for assets acquired and liabilities assumed, as of the date of acquisition.

Goodwill	Balance at 12/31/2019 kUSD	Balance at 12/31/2018 kUSD
Fair purchase value	**1,221,197**	**1,221,197**
Identifiable assets acquired and liabilities assumed		
Net assets	902,929	902,929
Fair value of property, plant and equipment	37,466	37,466
Intangible assets	315,750	315,750
Deferred tax liabilities	(60,047)	(60,047)
Subtotal	1,196,098	1,196,098
Goodwill	**25,099**	**25,099**

The origin of goodwill is explained as follows:

On December 29, 2009, the companies of the Engie LATAM Group (formerly Engie Chile S.A., and before that, Suez Energy Andino – SEA) and Codelco signed an agreement to merge the Company (the continuer) with Inversiones Tocopilla 1. Inversiones Tocopilla 1 was a vehicle created for the merger that held the investments that SEA and Codelco had in Electroandina S.A., Central Termoeléctrica Andina S.A., Inversiones Hornitos S.A., Gasoducto Nor Andino S.A. and Gasoducto Nor Andino Argentina S.A.

As a consequence of the merger, the Company became the controller of Central Termoeléctrica Andina S.A., Gasoducto Nor Andino S.A. and Gasoducto Nor Andino Argentina S.A. It is also the owner and operator of the assets of Electroandina S.A. and Inversiones Hornitos S.A.

The fair value of the acquisition was determined by appraising 100% of the assets delivered in the transaction and the payments made on the transaction date. The market method was used, which consists of the present value of future cash flows discounted at a rate representing each asset's risk, which ranged from 7% to 8% per annum.

The fair value of property, plant and equipment was determined to be the replacement value, adjusted by the functional or market useful life. Outside experts appraised property, plant and equipment.

The intangible assets, mainly contracts with customers, are appraised following the Multi-Excess Earning Method, or MEEM. This method considers that the value of contracts with customers is the present value of the surplus cash flows generated by the intangible asset over its useful life, after deducting cash flows associated with the rest of existing tangible and intangible operating assets, discounted at a rate representative of the risk of each asset. The range is from 8% to 9% annually.

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

The movements recorded in Property, Plant and Equipment were as follows during the 2019 fiscal year:

Movement in 2019	Construction in progress	Land	Buildings	Plant and Equipment	Information Technology Equipment	Fixed Facilities and Accessories	Motor Vehicles	Right-of-Use Assets	Other Property, Plant and Equipment	Property, Plant and Equipment
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	**954,470**	**37,469**	**265,938**	**2,662,662**	**33,462**	**415,291**	**11,437**	**0**	**248,076**	**4,628,805**
Cumulative Depreciation	**0**	**0**	**(90,005)**	**(1,388,124)**	**(28,001)**	**(250,506)**	**(8,647)**	**0**	**(147,000)**	**(1,912,283)**
Impairment	**0**	**0**	**(653)**	**(62,765)**	**(132)**	**(14,926)**	**0**	**0**	**(2,318)**	**(80,794)**
Starting balance at 1-1-2019	**954,470**	**37,469**	**175,280**	**1,211,773**	**5,329**	**149,859**	**2,790**	**0**	**98,758**	**2,635,728**
Additions	174,449	0	32	8,537	6	18	0	26,962	-4,778	205,226
Additions for IFRS 16 amortization	554	0	0	0	0	0	0	-554	0	0
Acquisitions by means of business combinations	0	0	0	14,024	0	0	0	0	0	14,024
Derecognitions	0	0	-345	-242	0	(20)	0	0	0	(607)
Impairment	0	0	(2,020)	(140,988)	(398)	(1)	0	0	(9,560)	(152,967)
Depreciation expenses	0	0	(8,146)	(102,615)	(3,155)	(9,803)	(640)	(2,126)	(13,528)	(140,013)
Closing of work in progress	(1,028,468)	499	16,896	963,667	4,694	27,072	739	0	14,901	0
Total Changes	**(853,465)**	**499**	**6,417**	**742,383**	**1,147**	**17,266**	**99**	**24,282**	**(12,965)**	**(74,337)**
Ending balance at 12-31-2019	**101,005**	**37,968**	**181,697**	**1,954,156**	**6,476**	**167,125**	**2,889**	**24,282**	**85,793**	**2,561,391**

*On June 4, 2019, the National Energy Commission was given notice of the removal and disconnection of Units 14 and 15 as from January 2022. The Company decided to make a negative book adjustment for the asset goodwill. An impact of kUSD 78,923 was recorded in income (See Note 34). The Company could possibly postpone that removal and disconnection to a different date (but never later than May 31, 2024).

*On December 20, 2019, the National Energy Commission was given notice of the removal and disconnection of generating units 1 and 2 during 2014. The Company decided to make an adjustment in the accounting for the asset goodwill. It recorded an impact of kUSD 74,044 in income (see Note 33).

The movements recorded in Property, Plant and Equipment were as follows as of December 31, 2018:

Movement in 2018	Construction in progress	Land	Buildings	Plant and Equipment	Information Technology Equipment	Fixed Facilities and Accessories	Motor Vehicles	Right-of-Use Assets	Other Property, Plant and Equipment	Property, Plant and Equipment
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	**897,101**	**37,469**	**178,887**	**2,607,261**	**31,434**	**398,546**	**11,482**	**0**	**194,046**	**4,356,226**
Cumulative Depreciation	**0**	**0**	**(65,231)**	**(1,322,938)**	**(24,322)**	**(241,819)**	**(8,180)**	**0**	**(132,512)**	**(1,795,002)**
Impairment	**0**	**0**	**(446)**	**(353)**	**(5)**	**(14,925)**	**0**	**0**	**(2,000)**	**(17,729)**
Starting balance at 1-1-2018	**897,101**	**37,469**	**113,210**	**1,283,970**	**7,107**	**141,802**	**3,302**	**0**	**59,534**	**2,543,495**
Gross Value Reclassification	**0**	**0**	**23,396**	**(23,406)**	**35**	**(35)**	**0**	**0**	**10**	**0**
Cumulative Depreciation Reclassification	**0**	**0**	**(17,405)**	**17,413**	**(26)**	**26**	**0**	**0**	**(8)**	**0**
New Starting Balance at 1-1-2018	**897,101**	**37,469**	**119,201**	**1,277,977**	**7,116**	**141,793**	**3,302**	**0**	**59,536**	**2,543,495**
Additions	233,667	0	0	857	8	0	38	0	47,311	281,881
Derecognitions	0	0	0	(75)	0	(8,843)	0	0	0	(8,918)
Impairment*	0	0	(207)	(62,412)	(127)	(1)	0	0	(318)	(63,065)
Depreciation Expenses	0	0	(7,419)	(82,873)	(3,662)	(8,638)	(596)	0	(14,477)	(117,665)
Closing of work in progress	(176,298)	0	63,705	78,299	1,994	25,548	46	0	6,706	0
Total Changes	**57,369**	**0**	**56,079**	**(66,204)**	**(1,787)**	**8,066**	**(512)**	**0**	**39,222**	**92,233**
Ending balance at 12-31-2018	**954,470**	**37,469**	**175,280**	**1,211,773**	**5,329**	**149,859**	**2,790**	**0**	**98,758**	**2,635,728**

*The National Energy Commission authorized the disconnection of Units 12 and 13 effective April 2019, provided the Cardones-Polpaico transmission line was completely built. Disconnection finally took place on June 7, 2019.

Property, plant and equipment were comprised as follows as of December 31, 2019 and December 31, 2018:

Types of Property, Plant and Equipment, Net (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Construction in Progress		
Mejillones Energy Infrastructure	0	886,791
Other	101,005	67,679
Land	**37,968**	**37,469**
Buildings	**181,697**	**175,280**
Plant and Equipment		
Combined Cycle Thermoelectric Power Plants	84,800	82,842
Thermoelectric Power Plants	1,613,143	868,371
Diesel-Fired Power Plants	1,345	1,088
Hydroelectric Power Plants	204	264
Photovoltaic Power Plants	32,653	20,002
Gas pipelines	128,843	140,893
Ports	93,168	98,313

Types of Property, Plant and Equipment, Net (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Information Technology Equipment	**6,476**	**5,329**
Fixed Facilities and Accessories		
Power lines and substations	164,172	145,791
Other fixed facilities and accessories	2,953	4,068
Motor Vehicles	**2,889**	**2,790**
Right-of-Use Assets	**24,282**	**0**
Other Property, Plant and Equipment		
Leased Buildings	12,080	12,398
Leased Power Lines and Substations	45,837	47,147
Other Leased Property, Plant and Equipment	3,799	3,895
Other Property, Plant and Equipment	24,077	35,318
Total Property, Plant and Equipment	**2,561,391**	**2,635,728**

Types of Property, Plant and Equipment, Gross (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Construction in Progress		
Mejillones Energy Infrastructure	0	886,791
Other	101,005	67,679
Land	**37,968**	**37,469**
Buildings	**282,523**	**265,938**
Plant and Equipment		
Combined Cycle Thermoelectric Power Plants	317,733	299,730
Thermoelectric Power Plants	2,668,354	1,716,411
Diesel-Fired Power Plants	42,191	41,628
Hydroelectric Power Plants	6,426	6,426
Photovoltaic Power Plants	45,128	22,649
Gas pipelines	428,325	427,318
Ports	148,500	148,500
Information Technology Equipment	**38,157**	**33,462**
Fixed Facilities and Accessories		
Power lines and substations	381,544	354,566
Other fixed facilities and accessories	60,818	60,725
Motor Vehicles	**11,902**	**11,437**
Right-of-Use Assets	**26,692**	**0**

Types of Property, Plant and Equipment, Gross (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Other Property, Plant and Equipment		
Leased Buildings	12,716	12,716
Leased Power Lines and Substations	52,386	52,386
Other Leased Property, Plant and Equipment	3,990	3,990
Other Property, Plant and Equipment	189,105	178,984
Total Property, Plant and Equipment	**4,855,463**	**4,628,805**

Types of Cumulative Depreciation , Property Plant and Equipment (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Buildings	**(98,153)**	**(90,005)**
Plant and Equipment		
Combined Cycle Thermoelectric Power Plants	(232,933)	(216,888)
Thermoelectric Power Plants	(851,811)	(785,628)
Diesel-Fired Power Plants	(40,493)	(40,187)
Hydroelectric Power Plants	(6,222)	(6,162)
Photovoltaic Power Plants	(12,475)	(2,647)
Gas pipelines	(299,482)	(286,425)
Ports	(55,332)	(50,187)
Information Technology Equipment	(31,151)	(28,001)
Fixed Facilities and Accessories		
Power lines and substations	(202,445)	(193,849)
Other fixed facilities and accessories	(57,865)	(56,657)
Motor Vehicles	**(9,013)**	**(8,647)**
Right-of-Use Assets	**(2,680)**	**0**
Other Property, Plant and Equipment		
Leased Buildings	(636)	(318)
Leased Power Lines and Substations	(6,549)	(5,239)
Other Leased Property, Plant and Equipment	(191)	(95)
Other Property, Plant and Equipment	(153,150)	(141,348)
Total Cumulative Depreciation of Property, Plant and Equipment	**(2,060,581)**	**(1,912,283)**

Types of Impairment, Property Plant and Equipment (Presentation)	12/31/2019 kUSD	12/31/2018 kUSD
Buildings	**(2,673)**	**(653)**
Plant and Equipment		
Cumulative Depreciation of Diesel-Fired Power Plants	(353)	(353)
Cumulative Depreciation of Thermoelectric Power Plants	(203,400)	(62,412)
Information Technology Equipment	(530)	(132)
Fixed Facilities and Accessories	(14,927)	(14,926)
Other Property, Plant and Equipment	(11,878)	**(2,318)**
Total Impairment of Property, Plant and Equipment	(233,761)	**(80,794)**
Total Cumulative Depreciation and Impairment of Property, Plant and Equipment	**(2,294,342)**	**(1,993,077)**

The Company's ownership of property, plant and equipment is unrestricted.

Property, Plant and Equipment is appraised at the amortized cost, which does not differ significantly from the fair value.

The Company had no items of property, plant and equipment temporarily out of service on the date of these financial statements.

17.1 Capitalized Financing Costs

Project	Interest Rate	12/31/2019 kUSD	12/31/2018 kUSD
Mejillones Energy Infrastructure	5.096%	14,985	40,227
Total		**14,985**	**40,227**

The rate used is the weighted rate of the Company's loans (144-A Bond).

17.2 Reconciliation of minimum payments for leased assets

Reconciliation of minimum financial lease payments by lessee	December 31, 2019		
	Gross kUSD	Interest kUSD	Present Value kUSD
Less than one year	7,023	5,760	1,263
From 1 to 5 years	28,093	21,644	6,449
More than 5 years	91,302	41,414	49,888
Total	**126,418**	**68,818**	**57,600**

Reconciliation of minimum financial lease payments by lessee	December 31, 2018		
	Gross kUSD	Interest kUSD	Present Value kUSD
Less than one year	7,023	5,875	1,148
From 1 to 5 years	28,093	22,230	5,863
More than 5 years	98,326	46,588	51,738
Total	**133,442**	**74,693**	**58,749**

See Notes 10.5 and 10.6.

17.3 Right-of-Use Assets

As of December 31, 2019, Property, Plant and Equipment included kUSD 24,282, which was the net carrying value of the assets subject to a financial lease. EECL currently records financial leases for its vehicles and concessions with the Government. The right-of-use assets recognized as leases as of December 31, 2019 are shown below:

Right-of-Use Assets	Gross Value	Depreciation	Net Value
	12/31/2019 kUSD	12/31/2019 kUSD	12/31/2019 kUSD
Right of use of land	25,809	(1,982)	23,827
Right of use of vehicles	1,153	(698)	455
Total	**26,962**	**(2,680)**	**24,282**

17.4 Operating Leases under IFRS 16

Reconciliation of minimum financial lease payments, operating lessee	Gross Amount	Interest	Short-Term Present Value	Long-Term Present Value
	12/31/2019 kUSD	12/31/2019 kUSD	12/31/2019 kUSD	12/31/2019 kUSD
Less than one year	2,630	965	1,665	0
From 1 to 3 years	6,321	2,690	0	3,631
From 3 to 5 years	3,515	1,673	0	1,842
More than 5 years	28,129	10,860	0	17,269
Total	**40,595**	**16,188**	**1,665**	**22,742**

NOTE 18 – DEFERRED TAXES

Deferred taxes correspond to the taxes that the Company will have to pay (liabilities) or that it may recover (assets) in future years, related to temporary differences between the tax base and carrying value of certain assets and liabilities.

Our Argentine subsidiary takes into account the effects caused by taxes after the income tax law was amended by Law 27,430, published December 29, 2017.

The main amendment to the corporate tax regime is as follows:

- Article 69 of the Income Tax Law (ITL) reduces the corporate tax rate from 35% to 25% (also applicable to permanent establishments). However, the reduction will be in stages.

The tax reduction schedule is as follows, according to article 86 of Law 27,430:

1. The corporate rate will be 30% for the fiscal years beginning January 1, 2018 through December 31, 2019; and
2. The corporate tax rate will be 25% for the fiscal years starting January 1, 2020 and beyond.

- Chapter II of the ITL stipulates that taxes must be withheld on profit distributions by resident entities and assimilated companies. The withholding must be made whether the recipients of the distribution are residents or non-residents. The withholding rate is consistent with the corporate tax rate. Profit distributions were being assessed at a corporate tax rate of 35% on which no withholding was required. However, profits distributed from January 2010 to January 31, 2019 have been subject to a 7% tax withholding. Finally, the withholding rate against the 25% corporate tax (for fiscal years as from January 1, 2020) will be 13%. Equivalent rates are set for profit distributions by permanent establishments.

Closed Fiscal Years	Corporate Rate	Tax Rate on Profits and Dividends	Quantitative Impact	Theoretical Tax
2018 and 2019	30.00%	7.00%	7% of 70 = 4.9	34.90%
2020 and beyond	25.00%	13.00%	13% of 75 = 9.75	34.75%

18.1 Deferred tax assets at closing

Deferred Tax Assets	12/31/2019 kUSD	12/31/2018 kUSD
relating to provisions	12,016	12,916
relating to the fair value of property, plant and equipment (not at cost)	96,292	35,553
relating to pre-operating income	4,815	5,050
relating to tax losses	0	792
relating to intangibles	609	653
relating to deferred income	3,494	5,657
relating to other items	1,697	715
Deferred Tax Assets	**118,923**	**61,336**

The recovery of deferred tax assets depends on whether there will be enough taxable income in the future. According to the Company´s management, future income as forecasted should suffice for the recovery of these assets.

18.2 Deferred tax liabilities at closing

Deferred tax liabilities	12/31/2019 kUSD	12/31/2018 kUSD
relating to depreciation	118,037	103,795
relating to post-employment benefit obligations	1,154	1,139
relating to intangibles	66,796	72,169
relating to compoundable interest	38,019	34,964
relating to cost differentials for property, plant and equipment of subsidiaries	51,963	47,058
for the historic cost differential of property, plant and equipment of Gasoducto Nor Andino Argentina S.A.	12,548	14,756
relating to other items	5,664	7,478
Deferred Tax Liabilities	**294,181**	**281,359**

Deferred taxes are shown in the balance sheet as explained below:

	12/31/2019 kUSD	12/31/2018 kUSD
Non-current deferred tax assets	18,112	2,151
Non-current deferred tax liabilities	193,370	222,174
Net	**175,258**	**220,023**

The Company is potentially subject to income tax audits by the tax authorities of each country. Those audits are limited to a number of tax years, which are generally not open to audit after the statute of limitations has expired. Tax audits are, by nature, often complex and may take several years. The tax periods potentially subject to audit are summarized below:

Country	Period
Chile	2015-2020
Argentina	2016-2020

18.3 Reconciliation of effective rates

The reconciliation of tax expense was as follows as of December 31, 2019 and 2018:

18.3.1 Consolidated

Item	2019		2018	
	27% Tax	Effective Rate	27% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income	**43,672**	**27.00**	**40,240**	**27.00**
Non-deductible expenses	0	0.00	0	0.00
Present value of permanent differences for subsidiaries	(1,980)	(1.23)	(1,766)	(1.18)
Other permanent differences	912	0.64	(135)	(0.12)
Total Permanent Differences	**(1,068)**	**(0.59)**	**(1,901)**	**(1.30)**
Income Tax Expense	**42,604**	**26.41**	**38,339**	**25.70**

18.3.2 Domestic Entities 18.3.3 Entidades Extranjeras

Item	2019		2018	
	27% Tax	Effective Rate	27% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income	**43,168**	**27.00**	**40,392**	**27.00**
Non-deductible expenses	0	0.00	0	0.00
Present value of permanent differences for subsidiaries	(1,980)	(1.24)	(1,766)	(1.18)
Other permanent differences	1,490	0.93	(2,063)	(1.38)
Total Permanent Differences	**(490)**	**(0.31)**	**(3,829)**	**(2.56)**
Income Tax Expense	**42,678**	**26.69**	**36,563**	**24.44**

18.3.3 Foreign Entities

Item	2019		2018	
	35% Tax	Effective Rate	35% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income, Gasoducto Nor Andino Argentina S.A.	**504**	**35.00**	**(152)**	**(35.00)**
Non-deductible expenses	0	0.00	0	0.00
Other permanent differences	(578)	(40.14)	1,928	374.21
Total Permanent Differences	**(578)**	**(40.14)**	**1,928**	**374.21**
Income Tax Expense	**(74)**	**(5.14)**	**1,776**	**339.21**

18.3.4 Effects of income tax and deferred taxes on income

The debit for income tax against income was as follows:

Item	2019 kUSD	2018 kUSD
Current tax expense (tax provision)	69,482	45,877
Adjustment to tax expense (previous fiscal year)	420	206
Impact of deferred tax assets and liabilities in the fiscal year	(556)	(4,165)
Tax benefit for tax losses	(28,675)	(4,761)
Tax differentials for other jurisdictions	792	214
First Category Tax, only tax under Art. 17.8	330	-34
Income tax on investments in equity instruments in other comprehensive income	811	1,002
Total	**42,604**	**38,339**

18.3.5 Income tax related to other comprehensive income

Item	2019 kUSD	2018 kUSD
Income tax on investments in equity instruments in other comprehensive income	(811)	(1,002)
Total	**(811)**	**(1,002)**

18.4 Increases (decreases) because of Business Combinations, Deferred Tax Liabilities (Assets)

Item	2019 kUSD	2018 kUSD
Increases (decreases) because of business combinations, deferred tax liabilities (assets)	16,882	0
Total	**16,882**	**0**

18.5 Taxable income of domestic subsidiaries at the end of the period

Taxable income was kUSD 246,472 as of December 31, 2019 and kUSD 163,798 as of December 31, 2018.

NOTE 19 - OTHER FINANCIAL LIABILITIES

As of December 31, 2019 and 2018, other financial liabilities were:

Other Financial Liabilities	12/31/2019		12/31/2018	
	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD
Interest-bearing loans	97,582	737,704	108,391	734,610
Hedge derivatives (see Note 20)	4,501	0	1,498	0
IFRS 16 Leasing (*)	1,665	22,742	0	0
Total	**103,748**	**760,446**	**109,889**	**734,610**

(*) See Note 17.4 Property, Plant and Equipment.

Interest-bearing loans

Types of interest-bearing loans	12/31/2019		12/31/2018	
	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD
Bank loans	80,663	0	91,472	0
Bonds	16,919	737,704	16,919	734,610
Total	**97,582**	**737,704**	**108,391**	**734,610**

19.1 Interest-bearing loans, current

Borrower			Lender							Out to 90 days		90 days to 1 year		Total	Total
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
										kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Scotiabank (1)	Chile	USD	Bullet	2.173	2.173	0	40,707	40,169	0	40,169	40,707
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Estado (2)	Chile	USD	Bullet	2.810	2.810	0	10,190	0	0	0	10,190
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Estado (3)	Chile	USD	Bullet	3.100	3.100	0	0	40,494	40,575	40,494	40,575
Interest-Bearing Loans, Total										0	50,897	80,663	40,575	80,663	91,472

(1) The short-term loan for USD 40 million with Scotiabank is accruing interest at a fixed rate and was rescheduled to expire October 16, 2020. It has been documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and the Company can prepay it without being charged any prepayment fee.

(2) The short-term loan for USD 10 million with Banco Estado is accruing interest at a fixed rate. It expired in April 2019 and has been documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and the Company can prepay it without being charged any prepayment fee.

(3) The short-term loan for USD 40 million with Banco Estado is accruing interest at a fixed rate and was rescheduled to expire June 25, 2020. It has been documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and the Company can prepay it without being charged any prepayment fee.

19.2. Bonds

19.2.1 Bonds, current

Borrower			Lender							Out to 90 days		90 days to 1 year		Total	Total
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
										kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	Bullet	6.015	5.625	10,313	10,313	0	0	10,313	10,313
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	Bullet	5.228	4.500	6,606	6,606	0	0	6,606	6,606
Total for Bonds										16,919	16,919	0	0	16,919	16,919

19.2.2 Bonds, non-current

Entidad Deudora			Entidad Acreedora								1 to 3 years		3 to 5 years		More than 5 years		Total at	
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	Face Value	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
											kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (1)	USA	USD	Bullet	6.015	5.625	433,750	398,250	396,629	0	0	0	0	398,250	396,629
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (2)	USA	USD	Bullet	5.228	4.500	436,625	0	0	0	0	339,454	337,981	339,454	337,981
Total for Bonds											398,250	396,629	0	0	339,454	337,981	737,704	734,610

(1) On December 17, 2010, EECL made a bond issue on the international market for a total of US$400,000,000 under Rule 144-A, Regulation S, of the U.S. Securities Act of 1933. It was listed on the Luxembourg Stock Exchange to be traded on the Euro MTF Market. The bonds have a term of 10 years and the interest rate is 5.625%. Interest is payable semi-annually starting July 15, 2011 and the principal is repayable in one single installment on January 15, 2021.

(2) On October 29, 2014, EECL made a bond issue on the international market for a total of US$350,000,000 under Rule 144-A, Regulation S, of the U.S. Securities Act of 1933. It was listed on the Luxembourg Stock Exchange to be traded on the Euro MTF Market. The bonds have a term of 10 years and the interest rate is 4.500%. Interest is payable semi-annually starting January 29, 2015, and the principal is repayable in one single installment on January 29, 2025.

19.2.3 Bonds, face value

Año 2019

Borrower			Lender								0 to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal	Face Value	12/31/2019	12/31/2019	12/31/2019	12/31/2019	
											Rate		kUSD	kUSD	kUSD
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (1)	USA	USD	Bullet	6.015	5.625	433,750	22,500	411,250	0	0	433,750
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (2)	USA	USD	Bullet	5.228	4.500	436,625	15,750	31,500	31,500	357,875	436,625
Total										870,375	38,250	442,750	31,500	357,875	870,375

Año 2018

Borrower			Lender								0 to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal	Face Value	12/31/2018	12/31/2018	12/31/2018	12/31/2018	
											Rate		kUSD	kUSD	kUSD
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (1)	USA	USD	Bullet	6.098	5.625	433,750	22,500	411,250	0	0	433,750
88006900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (2)	USA	USD	Bullet	5.228	4.500	436,625	15,750	31,500	31,500	357,875	436,625
Total										870,375	38,250	442,750	31,500	357,875	870,375

NOTE 20 – DERIVATIVES AND HEDGE TRANSACTIONS

The assets and liabilities in financial derivatives classifying as hedge transactions were recognized in the statement of financial position as of December 31, 2019 and 2018, as shown below:

Exchange Rate Hedge	12/31/2019				12/31/2018			
	Asset		Liability		Asset		Liability	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Cash flow hedges	0	0	4,501	0	0	0	1,498	0
Total	**0**	**0**	**4,501**	**0**	**0**	**0**	**1,498**	**0**

Below is a description of the financial hedge derivatives and underlying assets:

Hedge Instrument	Description of Hedge Instrument	Description of Hedged Instruments	Fair Value of Hedged Instruments		Fair Value of Hedged Instruments
			12/31/2019 kUSD	12/31/2018 kUSD	
Forward	Exchange rate	Local currency debt	132,000	96,000	Cash flow

At the close of the fiscal years ending December 31, 2019 and 2018, the Company had not recognized any gains or losses due to the ineffectiveness of cash flow hedges.

Derivative contracts have been made to hedge against interest-rate risk exposure. The effects of forwards are shown in income when the Company does not meet the formal documentation requirements needed to qualify those instruments as hedge instruments.

Forwards that qualify as cash-flow hedges are to reduce the variability of the cash flows in a currency other than the functional currency (USD) and under fuel purchase and sale contracts.

The financial instruments recorded at fair value in the statement of financial position are classified at their fair value, according to the levels indicated in Note 3.7.1.

Financial Instruments	12/31/2019 Carrying Valuek USD	12/31/2019 Fair Value kUSD	12/31/2018 Carrying Value kUSD	12/31/2018 Fair Value kUSD
Cash and cash equivalents				
Cash on hand	45	45	38	38
Bank balances	9,464	9,464	6,532	6,532
Short-term deposits classified as cash equivalents	229,574	229,574	54,942	54,942
Financial assets				
Trade receivables and other accounts receivable, current and non-current	170,157	170,157	161,798	161,798
Intercompany receivables	11,999	11,999	26,116	26,116
Financial liabilities				
Other financial liabilities	864,194	782,707	902,100	747,770
Trade payables and other accounts payable	190,426	190,426	159,659	159,659
Intercompany payables, current and non-current	69,066	69,066	10,608	10,608

Financial Instruments Measured at Fair Value	12/31/2019 kUSD	LEVEL 1 kUSD	LEVEL 2 kUSD	LEVEL 3 kUSD
Financial Assets				
Financial assets at fair value through profit or loss	0	0	0	0
Total	**0**	**0**	**0**	**0**
Financial Liabilities				
Financial derivatives used as a cash-flow hedge	4,501	0	4,501	0
Total	**4,501**	**0**	**4,501**	**0**

Financial Instruments Measured at Fair Value	12/31/2018 kUSD	LEVEL 1 kUSD	LEVEL 2 kUSD	LEVEL 3 kUSD
Financial Assets				
Financial assets at fair value through profit or loss	0	0	0	0
Total	**0**	**0**	**0**	**0**
Financial Liabilities				
Financial derivatives used as a cash-flow hedge	1,498	0	1,498	0
Total	**1,498**	**0**	**1,498**	**0**

Hedge Effectiveness – Prospective

Hedge effectiveness should be measured prospectively, simulating different scenarios in the USD-Libor interest-rate curve using the “hypothetical derivative” method, which consists of structuring a derivative in such a manner that it is 100% effective in hedging the syndicated loan. The changes in the fair value of the hypothetical derivative will be compared to the changes in the fair value of the “real derivative,” which is the derivative obtained by the Company on the market to make the hedge. The quotient of the change in both fair values attributable to the hedged risk must range between 80%-125% throughout the life of the hedge in order to meet the standard specified in IFRS 9. This test is performed at each accounting closing, simulating different scenarios in the USD-Libor interest-rate curve, which are described below:

Scenario 1: -50 bps

Scenario 2: -25 bps

Scenario 3: -15 bps

Scenario 4: +15 bps

Scenario 5: +25 bps

Scenario 6: +50 bps

The results support the fact that the expected effectiveness of the hedge is high in the case of changes in cash flows attributable to the hedged risk (USD Libor), satisfactorily achieving the set-off.

Hedge Effectiveness – Retrospective

The effectiveness of the hedge should be measured retrospectively, using the hypothetical derivative method. This effectiveness must be measured by evaluating changes in the fair value of the hypothetical derivative and of the real derivative using the real changes that occurred on the market for the inputs used in the appraisal.

Hedge Ineffectiveness

The ineffectiveness of a hedge is the difference between the fair value of the real derivative and that of the hypothetical derivative, which must be recognized as a gain or loss in the statement of income for the period of measurement.

NOTE 21 – RISK MANAGEMENT

Financial Risk Management Policy

EECL is exposed in the ordinary course of business to several risk factors that may impact its performance and financial condition, which are monitored closely from time to time by the company's Finance and Risk and Insurance Areas.

EECL has procedures for Risk Management where the method of risk assessment and analysis is described, including the building of the risk matrix. The risk matrix is updated and reviewed every six months and the progress in action plans is constantly monitored. Risk management is presented to the Company's board each year.

The Company's financial risk strategy aims to protect EECL's stability and sustainability in relation to all components of financial uncertainty or material risk events.

The market risk management policy of the Company and its subsidiaries can be summarized as follows.

Risk Factors

21.1 Market Risk

Market risk is the risk that the fair value of future cash flows from a financial instrument may fluctuate due to changes in market prices. It is composed of four types of risk: interest rate risk, exchange rate risk, commodity risk, and other risks.

The financial instruments exposed to market risk are mainly bank debt, loans, time deposits, mutual funds and financial derivatives.

21.1.1. Exchange Rate Risk

EExchange rate risk is the risk that the value of an asset or liability (including the fair value of future cash flows of a financial instrument) fluctuate due to variations in exchange rates.

EECL had hedge agreements (forwards and options) outstanding with banks in the fiscal year ending December 31, 2019 for the purpose of reducing the impacts of dollar/peso, dollar/Euro and dollar/unidad de fomento exchange-rate fluctuations on the company's cash flows and financial results.

Since most of our income, costs and financial debt are denominated in dollars, our exposure to the risk of fluctuations and exchange rates is limited. The Company's income is mostly denominated in, or indexed to, dollars. The rate for regulated contracts with distribution utilities is set in dollars and converted to pesos using the average monthly observed dollar exchange rate, so the exposure of these contracts to the exchange rate is limited in terms of the impact on the company's results. However, there is an impact on the company's cash flow because of the backlog in publishing the decrees on the Average Node Price. This means that monthly invoicing is at exchange rates different from the monthly exchange rates stipulated in each contract. Although these temporary differences are re-settled once the Average Node Price decrees are published, effective hedging by derivatives is not possible given the uncertainty of the time of re-settlement. This backlog in collecting the differences between the exchange rates invoiced and the exchange rates applicable by law to the accounts receivable from distribution companies has risen after approval of the Electricity Rate Stabilization Law in November 2019.

Our main cost in Chilean pesos is for personnel and administrative expenses that accounts for approximately 10% of our operating costs. Therefore, since most of the company's income is denominated in its functional currency, but some operating costs are in Chilean pesos, the Company has decided to partially hedge the peso payment flows for recurrent items that have known payment dates, such as wages and salaries, some service contracts and dividend commitments. In addition, in the past, the Company and its subsidiary CTA have signed cash flow hedge derivative agreements for the payments under the EPC agreements for project construction, which are usually considered regular payment flows in currencies other than the Dollar (CLF and EUR), until the end of the respective periods of construction of the projects. In this way, the Company has avoided variations in the costs of investments in property, plant and equipment as a result of fluctuations in exchange rates beyond its control. As of December 31, 2019, there were no derivatives contracts associated with EPC contracts.

In the aim of reducing exposure to exchange rate volatility, the Company also stipulated in its Cash Surplus Investment Policy that at least 80% of the cash surpluses must be invested in U.S. dollars unless a different percentage is required to keep assets and liabilities naturally matched by currency. This policy helps provide a natural hedge of commitments or debt in currencies other than the dollar. As of December 31, 2019, 92.3% of the current accounts and short-term investments used in cash management were denominated in U.S. dollars. The Company's exposure to other foreign currencies is immaterial.

21.1.2 Interest-rate risk

Interest rate risk is the risk that arises from changes in the fair value of the cash flows from the financial instruments in the general balance sheet due to changes in market interest rates. Exposure to interest rate risk arises mainly from long-term debt at floating interest rates. The Company and its subsidiaries manage interest rate risk through fixed interest rates or interest-rate swaps (IRS) in which the Company agrees to swap from time to time the difference between a fixed rate and a variable rate calculated on an agreed notional amount. As of December 31, 2019, the consolidated financial debt of EECL was entirely at a fixed rate.

	12/31/2019 kUSD	12/31/2018 kUSD
Fixed interest rate	100.00%	100.00%
Variable interest rate	0.00%	0.00%
Total	**100%**	**100%**

21.2 Share Price Risk

Neither EECL nor its subsidiaries held investments in equity instruments as of December 31, 2019 and 2018.

21.3 Fuel Price Risk

The company is exposed to the volatility of certain commodities since its generation activities require a continuous supply of fossil fuels, mainly coal, diesel oil and liquefied natural gas. The international prices of those fuels fluctuate according to market factors beyond the Company's control. Coal is purchased mostly under annual contracts in which prices are linked to traditional indexes for the international coal market. Diesel oil and certain purchases of liquefied natural gas are bought at prices based on international oil prices (WTI or Brent). The Company has also made long-term liquefied natural gas purchase agreements in which the prices are linked to the Henry Hub index.

Fuel prices are a key factor in the dispatching of the company's thermal power plants, in its average generation costs, and in its marginal costs on the grid where it operates. For this reason, the Company's policy has been to include price indexing in its power purchase agreements based on fluctuations in the prices of fuels material to calculating its variable operating costs. The Company endeavors to align its supply costs with revenue under its power purchase agreements. However, under its energy transformation plan, the Company has decided to give preference to indexing rates to the change in consumer price indexes, especially as from 2021, which might temporarily increase its exposure to commodity price risk until it has a sufficient renewable energy base to back the inflation-indexed power purchase agreements. The Company has contracted derivatives to hedge the exposure of its income and cash flows to price volatility. Therefore, its exposure to commodity risk is largely mitigated, so no sensitivity analysis is currently being made.

21.4 Credit risk

Our income is dependent upon certain important customers

Most of our sales are to large mining companies and power distribution utilities. These sales are governed by the terms of long-term contracts, which consequently creates a dependency upon the financial capacity of those customers and the fulfillment of their contractual obligations.

A drop in the price of copper and other raw materials could have an adverse impact on our customers' income and financial results, causing mining operations to decline or lowering the demand for electricity. A lower growth in energy demand by end users and the migration of customers of power distribution companies that choose to sign power purchase agreements directly with generating companies could adversely impact our financial condition, operating income and cash flows. The Electricity Rate Stabilization Law enacted in November 2019 is not expected to materially affect our income, but it is predicted to impact our cash flow, with the consequent financial cost associated with a temporary rise in working capital.

21.5 Trade receivables

Credit risk is managed by each business unit and it is subject to the policy, procedures and controls established by the Company. The Company sets credit limits for all customers in line with internal policies. Both the credit limits and the internal policies are reviewed from time to time. Trade receivables are monitored regularly for performance, taking into account the international prices of minerals and other relevant factors. Power companies are analyzed according to their generation capacity and debt. Impairment of all relevant customers is analyzed at each reporting date on an individual basis. The maximum exposure to credit risk as of the reporting date is the current value of trade receivables. The Company has determined that trade receivables risk concentration is acceptable as customers are mostly highly solvent large mining companies, power companies and electricity distribution companies.

21.6 Financial assets and derivatives

The credit risk to which the Company is exposed in transactions with banks and financial institutions for checking accounts, time deposits, mutual funds and financial derivatives is managed by the Corporate Finance Division in accordance with the Company's policy. Investments can only be made with authorized counterparties within the credit limits assigned to each counterparty. The Company also has term and risk diversification limits per financial counterparty. Counterparty credit limits are set on the basis of the national or international risk rating and of liquidity and solvency indicators for each institution, which are reviewed from time to time by management. Limits are set in order to minimize the concentration of risk and thus mitigate losses in the event of default by counterparties.

21.7 Liquidity risk

Liquidity risk is related to the need for money to meet payment obligations when due. The Company´s objective is to maintain a balance between cash availability and financial flexibility through normal operating cash flows, loans, short-term investments and lines of credit. The company regularly evaluates the concentration of risk in relation to debt refinancing.

As of December 31, 2019, the Company owed short-term debt totaling USD 80 million, USD 40 million of which expires in June 2020 and the other USD 40 million in October 2020. After that, there are no significant maturities until 2021. Given its sound credit rating, the Company has access to financial markets and holds cash and short-term investments that enable it to easily face its short-term financial commitments. Therefore, the Company's liquidity risk is currently considered to be low.

21.8 Insurance

We carry insurance for our properties, operations, third parties, directors and executives, personnel and businesses.

We carry an Operational All-Risk policy for EECL and associates. This policy covers our physical assets, such as plants, offices and substations, as well as business interruption. The policy includes coverage for machinery damage, fire, explosions and risks of nature.

Our company and its subsidiaries also carry coverage for transportation under a cargo insurance policy with limits that vary by the type of merchandise carried; and global charterer liability insurance that provides protection and indemnities for ship risks and damage. We also carry a general civil liability insurance policy that covers employer liability and supply outages, as well as motor vehicle accident insurance. Directors and executives are insured under the Director and Officer liability policy.

The Company has contracted other insurance programs, such as life insurance and vehicle, building, content, contractor equipment and contractor liability insurance policies.

The projects are insured against all risks of construction, including consequential damages caused by delays in start-up, civil liability, employer civil liability and freight.

21.9 Risk Rating

As of December 31, 2019, EECL was risk-rated as follows:

International Risk Rating	Solvency	Outlook
Standard and Poor's	BBB	Stable
Fitch Ratings	BBB	Positive

National Risk Rating	Solvency	Outlook	Shares
Feller - Rate	AA-	Stable	1st Class, Level 2
Fitch Ratings	AA-	Positive	1st Class, Level 2

On June 18, 2019, Fitch Ratings ratified the long-term debt rating of BBB for Engie Energia Chile and changed the outlook from Stable to Positive. In July 2018, Standard & Poor's rated the long-term debt of Engie Energia Chile as BBB, with a Stable outlook. Nationally, on June 18, 2019 Fitch Ratings maintained the Company's solvency rating of AA-, changing the outlook from Stable to Positive, while Feller-Rate raised the rating to -AA in January 2019 with a Stable outlook. Both agencies maintain the rating of Engie Energia Chile's shares as 1st Class, Level 2.

NOTE 22 – TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE

Trade payables and other accounts payable are itemized below:

Trade Payables and Other Accounts Payable, Current	12/31/2019 kUSD	12/31/2018 kUSD
Invoices payable to foreign suppliers	28,118	3,972
Invoices payable to domestic suppliers	126,772	106,729
Dividends payable	0	2,255
Invoices receivable for domestic and foreign purchases	35,536	47,852
Total	**190,426**	**160,808**

The carrying value of these obligations does not differ significantly from their fair value because they are paid on average at 30 days.

Type of supplier	Amounts by Expiration						12/31/2019 KUSD	Average Period of Payment (days)
	Out to 30 days KUSD	31-60 days KUSD	61-90 days KUSD	91-120 days KUSD	121-365 days KUSD	366 days and longer KUSD		
Products	30,280	0	0	0	0	0	30,280	30
Services	159,832	0	0	0	0	0	159,832	30
Dividends payable	0	0	0	0	0	0	0	
Total kUSD	**190,112**	**0**	**0**	**0**	**0**	**0**	**190,112**	

Type of supplier	Amounts by Expiration						12/31/2019 KUSD
	Out to 30 days KUSD	31-60 days KUSD	61-90 days KUSD	91-120 days KUSD	121-365 days KUSD	366 days and longer KUSD	
Products	16	49	0	0	3	0	68
Services	169	30	0	25	22	0	246
Dividends payable	0	0	0	0	0	0	0
Total kUSD	**185**	**79**	**0**	**25**	**25**	**0**	**314**

Type of supplier	Amounts by Expiration						12/31/2018 KUSD	Average Period of Payment (days)
	Out to 30 days KUSD	31-60 days KUSD	61-90 days KUSD	91-120 days KUSD	121-365 days KUSD	366 days and longer KUSD		
Products	695	0	0	0	0	0	695	30
Services	132,799	0	0	0	0	0	132,799	30
Dividends payable	0	0	0	0	2,255	0	2,255	150
Total kUSD	**133,494**	**0**	**0**	**0**	**2,255**	**0**	**135,749**	

Type of supplier	Amounts by Expiration						12/31/2018 KUSD
	Out to 30 days KUSD	31-60 days KUSD	61-90 days KUSD	91-120 days KUSD	121-365 days KUSD	366 days and longer KUSD	
Products	8,466	349	97	6	18	112	9,048
Services	12,697	1,508	236	169	180	1,221	16,011
Dividends payable	0	0	0	0	0	0	0
Total kUSD	**21,163**	**1,857**	**333**	**175**	**198**	**1,333**	**25,059**

The amounts by days past-due may be for different situations, such as credit notes pending receipt, invoices not collected by suppliers, and invoices lacking support for payment.

NOTE 23 – CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for Employee Benefits, Curre	12/31/2019 kUSD	12/31/2018 kUSD
Vacation provision	4,550	5,472
Annual bonus provision	6,545	6,303
Social security and health insurance deductions	748	745
Tax withholdings	498	287
Other compensation	7	468
Total	**12,348**	**13,275**

NOTE 24 – OTHER NON-FINANCIAL LIABILITIES

Other current non-financial current liabilities were as follows:

Other Current Non-Financial Liabilities	12/31/2019 kUSD	12/31/2018 kUSD
Debitable VAT	12,985	481
Withholding taxes	1,646	636
Prepaid income under GTA with Engie Gas Chile SpA (1)	265	265
Total	**14,896**	**1,382**

(1) Producto de la venta de la filial Engie Gas Chile SpA, ENGIE ENERGIA CHILE S.A. hizo un cobro anticipado del contrato de transporte y venta de gas (GTA).

The carrying value of these obligations does not differ significantly from their fair value since they are paid on average within 60 days.

NOTE 25 – OTHER NON-CURRENT PROVISIONS

Other Non-Current Provisions	12/31/2019 kUSD	12/31/2018 kUSD
Gasoducto Nor Andino S.A. tax contingency (1)		
Starting balance	514	1,054
Movement	255	(540)
Subtotal	**769**	**514**
(1) See Note 38.5.c)		
General Inspection of Units		
General inspection of CTA	1,417	1,417
General inspection of CTH	1,197	1,197
Subtotal	**2,614**	**2,614**
GTA		
Starting balance	992	1,258
Movement	(264)	(266)
Subtotal	**728**	**992**
Dismantling Provision		
Starting balance	0	0
Movement	12,284	0
Subtotal	**12,284**	**0**
Total	**16,395**	**4,120**

NOTE 26 – NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

The balance of employee benefit obligations was as follows:

Non-Current Provisions for Employee Benefits	12/31/2019 kUSD	12/31/2018 kUSD
Severance indemnities	62	128
Total	**62**	**128**

Changes in the benefits obligations were:

Non-Current Provisions for Employee Benefits	12/31/2019 kUSD	12/31/2018 kUSD
Starting balance	128	267
Payments in the period	(57)	(101)
Actuarial severance indemnities (appraised at the closing rate)	(9)	(38)
Total	**62**	**128**

Expenses recognized in the Statement of Income

Non-Current Provisions for Employee Benefits	12/31/2019 kUSD	12/31/2018 kUSD	Line where recognized in the Statement of Income
The cost of interest on defined benefit obligations	12	12	Ordinary and administrative expenses
The cost of benefits under the defined plan	13	13	Ordinary and administrative expenses
Total	**25**	**25**	

Actuarial assumptions

Actuarial Assumptions Used	12/31/2019	12/31/2018
Nominal discount rate	1.63%	1.63%
Expected rate of salary increase	Change in CPI	Change in CPI
Turnover rate	1.36%	1.36%
Women's retirement age	60 years	60 years
Men's retirement age	65 years	65 years
Mortality table	RV-2009	RV-2009

NOTE 27 - EQUITY

The Company´s capital is represented by 1,053,309,776 issued, subscribed and paid-up shares in one same series, of no par value, that are officially traded on Chilean stock exchanges.

The Company has not issued any shares or convertible instruments during the period, so the number of shares remained the same as of December 31, 2019.

Other Equity Reserves	12/31/2019 kUSD	12/31/2018 kUSD
Investment in subsidiaries, business combination (1)	327,043	327,043
Cash flow hedge net of taxes	(12,687)	1,328
Total	**314,356**	**328,371**

(1) Incremento en capital a valor justo producto de la adquisición de filiales Electroandina S.A., Gasoducto Nor Andino SpA., Gasoducto Nor Andino Argentina S.A., Central Termoeléctrica Andina S.A., Inversiones Hornitos S.A., el 29 de diciembre de 2009.

27.1 Dividend Policy

EECL's dividend policy is flexible. At least the minimum mandatory dividend of 30% is distributed pursuant to law and the bylaws. If the business situation allows, taking into consideration the company's projects and development plans, or final dividends may be paid in excess of the mandatory minimum. Subject to the pertinent approvals, the company endeavors to pay two dividends and a final dividend in May of each year.

In relation to Circulars 1945 and 1983 of the Financial Market Commission, the Company's Board of Directors decided that distributable net profits will be the Fiscal Year Profit attributable to shareholders shown in the financial statements, without any adjustment.

Distributable earnings totaled kUSD 110,817 as of December 31, 2019 and kUSD 102,582 as of December 31, 2018.

On April 24, 2018, our shareholders approved the payment of dividends totaling kUSD 30,424, which was 30% of the 2017 fiscal year net profit.

On September 25, 2018, Engie Energy Chile S.A.'s Board approved the payment of a dividend totaling kUSD 26,000 on account of 2018 fiscal year profits.

On April 30, 2019, the Shareholders Meeting approved a dividend payment for a total of kUSD 22,138 against 2018 fiscal year profits.

At its meeting held May 29, 2019, the Company's Board approved the distribution of an interim dividend for kUSD 50,000 on account of profits for the 2019 fiscal year.

At its meeting held November 26, 2019, the Company's Board approved the distribution of an interim dividend for kUSD 40,000 on account of profits for the 2019 fiscal year.

The Company recorded retained earnings of kUSD 107,363 as of December 31, 2019 and of kUSD 30,940 as of December 31, 2018.

Dividends	12/31/2019 kUSD
Reversal of 30% legal provision for 2018	4,775
2018 Dividends	(22,138)
Interim dividend in 2019	(50,000)
Interim dividend in 2019	(40,000)
Total Dividends	**(107,363)**

Dividends	12/31/2018 kUSD
Reversal of 30% legal provision for 2017	30,259
Dividends paid in 2017	(30,424)
Interim dividend in 2018	(26,000)
Reversal of 30% legal provision for 2018	(4,775)
Total Dividends	**(30,940)**

27.2 Capital Management

The corporate objective is to maintain an appropriate equilibrium so that there is sufficient capital to support operations and provide prudent leverage while optimizing the return for shareholders and maintaining a sound financial position.

Capital calls are made on the basis of the Company's financing needs, taking care to maintain an adequate level of liquidity and comply with the financial covenants set down in outstanding loan agreements.

NOTE 28 – NON-CONTROLLING INTERESTS

The non-controlling interest of Inversiones Punta Rieles Ltda. in Inversiones Hornitos Ltda. is shown below as of December 31, 2019 and 2018:

Tax I.D.	Company Name	Country of Origin	Percentage Non-Controlling Interest in Subsidiaries		Participación no Controladora en Patrimonio		Non-Controlling Interest in Equity	
			12/31/2019 %	12/31/2018 %	12/31/2019 kUSD	12/31/2018 kUSD	12/31/2019 kUSD	12/31/2018 kUSD
76.009.698-9	Inversiones Hornitos S.A.	Chile	40.00%	40.00%	64,350	68,218	7,894	8,641
Total					**64,350**	**68,218**	**7,894**	**8,641**

Dividends for Non-Controlling Interests	12/31/2019 kUSD
Total dividends	**29,406**
Payment attributable to the controller (ENGIE)	(17,644)
Total Dividends Attributable to Non-Controlling Interests	**11,762**

NOTE 29 - REVENUES

Revenues

Definition (See Note 3.13)

	2019 kUSD	2018 kUSD
Power sales	1,241,518	1,121,561
Gas sale and transportation	16,934	44,401
Fuel sales	9,057	12,525
Toll sales (1)	95,891	77,683
Lease of facilities	337	1,138
Port services (2)	9,119	8,295
Other sales - income (3)	81,580	9,693
Total	**1,454,436**	**1,275,296**

(1) Income to which the owner of power lines and substations is entitled according to Article 114 of the General Electricity Law (Statutory Decree 4/ Law 20108).

(2) Services provided to the ship while it is docked at our pier during unloading, comprised of mooring/unmooring, wharfage, pier use and security, and a security fee. The latter two items are very linked to the ISPS Code.

(3) An indemnity for the delivery of the IEM Unit (kUSD 74,945), corresponding to payments under the main IEM construction agreement to compensate Engie Energia Chile for the costs of the delay in start-up and the drop in income from capacity in previous months.

Income from Main Customers

Main Customers	2019		2018	
	kUSD	%	kUSD	%
CODELCO Group	246,188	16.93%	283,598	22.24%
EMEL regulated customers	150,229	10.33%	214,704	16.84%
Regulated customers (Central-South Segment of National Grid)	434,720	29.89%	211,053	16.55%
AMSA Group (1)	246,048	16.92%	256,951	20.15%
El Abra	68,278	4.69%	75,282	5.90%
GLENCORE Group	74,795	5.14%	84,287	6.61%
Other customers	234,178	16.10%	149,421	11.71%
Total Sales	**1,454,436**	**100.00%**	**1,275,296**	**100.00%**

(1) Minera Zaldivar SpA, Minera Michilla SpA, Minera Centinela and Minera Antucoya are operated by the AMSA Group.

	2019 kUSD	2018 kUSD
Power sales	1,241,518	1,121,561
Other income	212,918	153,735
Total Sales	**1,454,436**	**1,275,296**

NOTE 30 – COST OF SALES

Cost of sales

Costs of Sale	2019 kUSD	2018 kUSD
Fuel and lubricants	289,994	320,021
Energy and capacity	393,281	301,481
Wages and salaries	26,745	27,510
Annual benefits	6,918	7,239
Other employee benefits	12,512	11,071
Post-employment obligations	11	11
Fuel cost of sale	23,936	54,265
Gas transportation	2,877	5,441
Wharfage	11,048	11,670
Maintenance and repairs	7,677	8,232
Outsourcing	22,260	23,872
Consulting and fees	1,406	1,277
Gas pipeline operation and maintenance	3,882	4,616
Tolls	60,477	63,453
Depreciation of property, plant and equipment	134,449	113,485
Depreciation of spare parts	(2,024)	2,843
Amortization of intangibles	17,204	17,201
Property taxes and business licenses	3,458	4,310
Insurance	10,080	9,047
Other disbursements	15,954	18,765
Total	**1,042,145**	**1,005,810**

(*) 2019 includes the reversal of the obsolescence provision after recognition of the impairment of the spare parts for coal-fired units CTM 1 and CTM 2.

NOTE 31 – OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses

Other Operating Income and Expenses	2019 kUSD	2018 kUSD
Leases	354	377
Sale of water	2,326	2,614
Recovery of uncollectibles	412	394
Sale of property, plant and equipment	60	71
Sale of materials	1	143
Recovery of El Aguila Arica loss	0	117
Final recovery of Mejillones Unit 1 loss	313	0
Partial recovery of Mejillones Unit 2 loss	0	500
Recovery of Mejillones Unit 3 loss	0	735
Partial recovery of Tocopilla Unit 16 loss	2,068	4,000
Contract default fine	1,000	0
Other income	249	988
Total	**6,783**	**9,939**

NOTE 32 – ADMINISTRATIVE EXPENSES

Administrative expenses

Administrative Expenses	2019 kUSD	2018 kUSD
Wages and salaries	13,549	14,146
Annual benefits	2,354	2,824
Other employee benefits	4,148	4,730
Post-employment obligations	14	14
Outsourcing and consulting	9,407	7,721
Fees	12	71
Depreciation of property, plant and equipment	5,564	4,180
Property taxes and business licenses	463	401
Insurance	16	5
Other	8,286	7,433
Total	**43,813**	**41,525**

NOTE 33 – PERSONNEL EXPENSES

Employee expenses

Employee Expenses	2019 kUSD	2018 kUSD
Wages and salaries	40,294	41,656
Annual benefits	9,272	10,063
Other employee benefits	16,660	15,801
Post-employment obligations	25	25
Total	**66,251**	**67,545**

NOTE 34 – OTHER EXPENSES (INCOME)

Other expenses (income)

Other Expenses (Income)	2019 kUSD	2018 kUSD
Derecognition due to sale of property, plant and equipment	262	75
Derecognition of property, plant and equipment	0	8,843
Economic impairment (See Notes 11 and 17)	182,932	72,529
Project expenses	1,654	401
Uncollectibles	493	1,264
Sale of materials	223	0
Expenses of public position	15	0
Other expenses	0	2,954
Total	**185,579**	**86,066**

NOTE 35 – FINANCIAL INCOME

Financial income

Financial income	2019 kUSD	2018 kUSD
Financial interest	5,166	5,846
Total	**5,166**	**5,846**

NOTE 36 – FINANCIAL EXPENSES

Financial expenses

Financial expenses	2019 kUSD	2018 kUSD
Financial interest	31,785	6,792
Lease financial interest	6,052	5,979
Total	**37,837**	**12,771**

NOTE 37 – EXCHANGE DIFFERENTIALS

Assets and liabilities that gave rise to exchange differentials and the profit or loss on indexation units were as follows as of December 31, 2019 and 2018:

Exchange Differentials		2019 kUSD	2018 kUSD
Assets			
Cash and Cash Equivalents	CLP	(3,672)	(11,433)
Cash and Cash Equivalents	EUR	2,149	589
Cash and Cash Equivalents	Argentine Peso	(148)	(345)
Cash and Cash Equivalents	UF	0	10,748
Trade receivables and other accounts receivable, current	CLP	(6,748)	(3,318)
Trade receivables and other accounts receivable, current	EUR	4	(173)
Trade receivables and other accounts receivable, current	GBP	0	(1)
Trade receivables and other accounts receivable, current	Argentine Peso	0	(40)
Current tax assets	Argentine Peso	(665)	(3,820)
Intercompany receivables, current	UF	65	(5)
Intercompany receivables, current	CLP	(599)	(2,268)
Other non-financial assets	CLP	(967)	(2,413)
Other non-financial assets	Argentine Peso	7	0
Other non-financial assets	EUR	(10)	65
Other non-financial assets	Pounds Sterling	(1)	0
Other financial assets, current	CLP	(9)	(561)
Other current assets	Argentine Peso	(35)	0
Total Assets		**(10,629)**	**(12,975)**
Liabilities			
Trade payables and other accounts payable, current	CLP	2,674	(410)
Trade payables and other accounts payable, current	EUR	107	323
Trade payables and other accounts payable, current	GBP	(37)	67
Trade payables and other accounts payable, current	YEN	(24)	(35)
Trade payables and other accounts payable, current	UF	(433)	630
Trade payables and other accounts payable, current	Swiss Franc	(7)	(4)
Current tax liabilities	CLP	(35)	0
Current tax liabilities	Argentine Peso	681	1,938
Intercompany payables, current	CLP	(105)	2,291
Intercompany payables, non-current	CLP	(75)	0
Other non-financial liabilities	CLP	2,699	2,613
Deferred tax liabilities	Argentine Peso	(124)	97

Employee benefit provisions	CLP	1,741	1,104
Employee benefit provisions (severance indemnities)	CLP	0	0
Other Provisions	Argentine Peso	543	2038
Total Liabilities		**7,605**	**10,690**
Total Exchange Differentials		**(3,024)**	**(2,285)**

NOTE 38 – EARNINGS PER SHARE

Disclosures on Basic Earnings per Share	2019 kUSD	2018 kUSD
Earnings (loss) attributable to holders of equity instruments of the Controller	110,823	102,582
Basic earnings available to common shareholders	110,823	102,582
Basic weighted average number of shares	1,053,309,776	1,053,309,776
Basic Earnings per Share	**USD 0.105**	**USD 0.097**

Shareholders in the Company

Majority Shareholders as of December 31, 2019	Number of Shares	Percentage Interest
ENGIE Chile S.A.	555,769,219	52.76%
Banco Itaú Corpbanca for account of foreign investors	34,827,135	3.31%
Banco Santander for account of foreign investors	33,477,798	3.18%
Larrain Vial S.A. Corredora de Bolsa	25,535,066	2.42%
AFP Provida S.A. C Fund	22,596,021	2.15%
Moneda S.A. AFI for Pioneer Investment Fund	20,511,000	1.95%
AFP Cuprum S.A. A Fund	19,693,640	1.87%
AFP Habitat S.A. A Fund	19,659,024	1.87%
AFP Cuprum S.A. C Fund	16,499,245	1.57%
AFP Capital S.A. A Fund	16,360,738	1.55%
AFP Provida S.A. B Fund	16,158,708	1.53%
AFP Provida S.A. B Fund	15,809,541	1.50%
Other shareholders	256,412,641	24.34%
Total	**1,053,309,776**	**100.00%**

NOTE 39 – GUARANTEES PROVIDED TO THIRD PARTIES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER ITEMS

39.1 Direct guarantees

Name of Recipient	Type of Collateral	Balance Pending Payment on the Financial Statement Closing Date	
		12/31/2019 kUSD	12/31/2018 kUSD
Trina Solar Chile SpA	Bond	15,052	0
Regional Office of the Ministry of Public Property	Bond	11,576	31,704
National Electric Coordinator	Bond	8,698	2,100
Ministry of Energy	Bond	6,702	5,918
Compañía Minera Doña Inés de Collahuasi SCM	Insurance Policy	5,000	0
Sierra Gorda	Bond	1,500	1,500
Director General of the Maritime Territory and Merchant Marine	Bond	1,214	1,368
Enaex S.A.	Bond	759	772
Municipality of Mejillones	Bond	681	714
Planta Solar San Pedro III SpA	Bond	564	0
Antofagasta Region Roadworks Director	Bond	244	0
Compañía de Petróleos de Chile S.A.	Bond	189	0
Sociedad Austral de Transmisión Troncal S.A.	Bond	116	39
Dr. Ernesto Torres Galdames Hospital	Bond	72	0
San Jose del Carmen Hospital	Bond	66	0
Interchile S.A.	Bond	63	66
Dr. Juan Noé Crevanni Hospital	Bond	60	0
Aguas de Antofagasta S.A.	Bond	60	0
San Pablo Hospital	Bond	54	0
Huasco Provincial Hospital	Bond	30	0
Dr. Marcos Macuada Hospital	Bond	12	0
Dr. Hector Reyno Gutierrez Family Health Service	Bond	6	0
Cementos Polpaico S.A.	Bond	0	893
Banmédica S.A.	Bond	0	198
Ministry of Public Works, General Water Bureau	Bond	0	174
Global Group Fund Chile S.A.	Bond	0	22
Office of Public Procurement and Contracts	Bond	0	0
Total		**52,718**	**45,468**

No assets have been given in guarantee.

39.2 Indirect guarantees

At the close of the financial statements, the Company had provided indirect guarantees for its subsidiary, Transmisora Eléctrica del Norte S.A. (TEN).

Name of Recipient	Type of Collateral	Balance Pending Payment on the Financial Statement Closing Date	
		12/31/2019 kUSD	12/31/2018 kUSD
Banco de Crédito e Inversiones	Corporate guarantee	6,000	0
MUFG Union Bank, N.A.	Corporate guarantee	10,000	0
Alstom Grid Chile S.A.	Corporate guarantee	286,812	295,821
Ing. y Contruc.Sigdo Koppers S.A.	Corporate guarantee	313,438	354,830
Total		**616,250**	**650,651**

39.3 Guarantees received from third parties

Name		12/31/2019 kUSD	12/31/2018 kUSD
In favor of ENGIE ENERGIA CHILE S.A.			
SK Engineering & Const.Co. Ltd.	Contract performance guarantee	76,170	130,297
Padilla y Benavides Ltda	Contract performance guarantee	467	352
Siemens S.A.	Contract performance guarantee	256	91
Siemens Gesa Renewable Energy S.A.	Contract performance guarantee	21,375	0
Soc. OGM Mecánica Integral S.A.	Contract performance guarantee	1,182	1,274
ABB S.A.	Contract performance guarantee	775	1,634
Copec	Contract performance guarantee	1,512	0
Sergio Cortes Alucema e Hijo Ltda.	Contract performance guarantee	1,500	1,500
Ing. y Contruc.Sigdo Koppers S.A.	Contract performance guarantee	799	0
Soc.Mantención y Reparación S.A.	Contract performance guarantee	295	318
Grid Solutions Chile S.A.	Contract performance guarantee	1,451	329
Mantenimiento Técnico Industrial Ltda.	Contract performance guarantee	293	316
Ansaldo Energía Chile S.A.	Contract performance guarantee	0	175
Global Energy Services Photovoltaic Project	Contract performance guarantee	10,936	0
Trina	Contract performance guarantee	3,343	0
Miscellaneous	General performance guarantee	5,586	3,554
Subtotal		**125,940**	**139,840**

Name		12/31/2019 kUSD	12/31/2018 kUSD
In favor of Electroandina S.A.			
Soc.Maritima y Com. Somarco Ltda.	Contract performance guarantee	190	600
Copec	Contract performance guarantee	400	0
Miscellaneous	"General contract compliance	104	87
Subtotal		**694**	**687**
In favor of Central Termoeléctrica Andina S.A.			
Emp. Constructora Belfi S.A.	Contract performance guarantee	5,366	11,042
IMA industrial Ltda.	Contract performance guarantee	104	183
Servicios Industriales Ltda.	Contract performance guarantee	125	0
Copec	Contract performance guarantee	151	0
Soc.Maritima y Com. Somarco Ltda.	Contract performance guarantee	323	75
Miscellaneous	General contract compliance	277	90
Subtotal		**6,346**	**11,390**
In favor of Inversiones Hornitos S.A.			
Minera Centinela	Contract performance guarantee	200,000	200,000
Copec	Contract performance guarantee	151	0
Soc.Mantención y Reparación S.A.	Contract performance guarantee	20	21
Soc.Maritima y Com. Somarco Ltda.	Contract performance guarantee	23	75
ABB S.A.	Contract performance guarantee	66	66
Servicios Industriales Ltda.	Contract performance guarantee	125	0
Other	Contract performance guarantee	152	103
Subtotal		**200,537**	**200,265**
In favor of Edelnor Transmisión S.A.			
Abengoa Chile S.A.	Contract performance guarantee	1,017	0
Nanjing Daji Steel Tower Manufacturing Co. Ltd.	Contract performance guarantee	260	0
ABB Power Grids Chile S.A.	Contract performance guarantee	140	0
Grid Solutions Chile S.A.	Contract performance guarantee	9	0
Pozo Almonte Solar 3 S.A.	Contract performance guarantee	51	54
Pozo Almonte Solar 2 S.A.	Contract performance guarantee	45	47
Arteche North America SA de CV	Contract performance guarantee	48	0
Siemens S.A.	Contract performance guarantee	39	0
Subtotal		**1,609**	**101**
In favor of Gasoducto Nor Andino SpA			
Compañía de Leasing Tattersall S.A.	Contract performance guarantee	38	40
Other	Contract performance guarantee	1	0
Subtotal		**39**	**40**
Total		**335,165**	**352,323**

39.4 Restrictions

The short-term loan for USD 40 million with Scotiabank is accruing interest at a fixed rate. It expires in October 2020 and has been documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and the Company can prepay it without being charged any prepayment fee.

The short-term loan for USD 40 million with Banco Estado is accruing interest at a fixed rate. It expires in June 2020 and has been documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and the Company can prepay it without being charged any prepayment fee.

EECL has accounted for two bonds: one for US$400,000,000.00, issued in December 2010 and another for US$350,000,000 issued in October 2014, both under Rule 144-A and Regulation S. There are no financial covenants in the bond issues, but there are restrictions on the Company and its subsidiaries granting collateral and security, excluding the following types of guarantees permitted under the indenture agreements: (i) Guarantees on (a) assets built or acquired after the date of the bond issue or (b) shares, ownership interests or debt securities backed by assets related to the Company's main business, provided such pledges or guarantees are established simultaneously or in no more than 360 days after the acquisition of the assets or the completion of the construction of the relevant project or asset; (ii) collateral or security on assets of any entity that is being acquired by the Company that exist at the time of such acquisition; (iii) guarantees securing obligations owed by any subsidiary to the Company or to another Company subsidiary; (iv) any type of collateral or security existing on the date of the bond issue; and (v) any extension, renewal or total or partial replacement of the above guarantees, provided the amount of the debt secured by such guarantees is less than or equal to the value of the guarantees at the time of the extension, renewal or replacement. The indenture agreement also restricts leaseback transactions.

Rule 144-A allows securities issued by foreign issuers to be placed in the United States of America without having to register the issue with the Securities and Exchange Commission (SEC), provided the purchasers are qualified investors. Regulation S allows those securities to be placed simultaneously or later be resold outside of the United States.

39.5 Other Contingencies

a) Various easements are currently being processed with the authorities, which have not yet been granted, for the Chapiquiña-Putre, Capricornio-Alto Norte, Capricornio–Antofagasta and El Negro-Soquimich transmission lines; and for the tap-off at the El Negro Substation.

b) Damage Indemnity Claim against GasAtacama Chile S.A. EECL and its subsidiaries Central Termoelectrica Andina S.A., Inversiones Hornitos S.A. and Electroandina S.A. filed a claim against GasAtacama Chile S.A. before the 22nd Civil Court of Santiago seeking an indemnity for the damages caused to the plaintiffs by GasAtacama because it provided incorrect information to the Economic Load Dispatch Center from January 2011 to October 2015 that raised the costs of the members of the electric system. On May 15, 2018, the 24th Civil Court of Santiago ordered that this case be joined to the claim filed by AES Gener. On April 18, 2019, a reconciliation hearing was held, but no reconciliation was reached. At the defendant's request, the Court ordered the plaintiffs to act through a common legal counsel or lawyer. EECL filed a subsidiary motion for reconsideration that the Court sustained. The argument period has ended, and evidence is being prepared for submission.

   The claims are for the peso equivalent to US$120,370,000 (EECL), US$13,640,000 (Central Termoelectrica Andina S.A.), US$18,910,000 (Inversiones Hornitos S.A.) and US$7,360,000 (Electroandina S.A.). The plaintiffs reserved the right to argue the type and amount of the loss of profit during the enforcement of the ruling or in a separate lawsuit.

c) Other Contingencies of Gasoducto Nor Andino Argentina S.A.

1) Income tax contingency

As of the year ending December 31, 2002, the Company accounted for and paid income taxes considering that the price-level restatement standards in the Income Tax Law were applicable. On June 18, 2003, it filed an action seeking a declaration of constitutional right by the courts declaring that the inflation-adjustment regime in the Income Tax Law was in effect or otherwise, that any rule preventing such an adjustment was unconstitutional. On October 27, 2008, the first-instance court dismissed the claim, which was appealed by the Company on November 18, 2008 before the Federal Administrative Appellate Court, which admitted the appeal for hearing on August 11, 2009, revoked the first-instance decision and ordered costs to be paid. The Federal Administrative Appellate Court thus validated the application of the inflation adjustment for the 2002 fiscal year.

The decision is not yet firm because the National Tax Authority filed an ordinary appeal before the National Supreme Court.

On October 27, 2006, the Federal Revenue Administration (AFIP)-General Tax Bureau (DGI) issued Resolution 99/2006 that contested the income tax declaration for the 2002 fiscal year filed by the Company, and as a result, officially calculated an income tax adjustment of US$3,728,682, billed interest of US$3,180,565 through that date, and applied a default fine of US$1,864,341. On November 23, 2006, the Company filed an appeal before the Federal Tax Court. The case is currently in the evidence stage.

As is well known, inflation adjustment is an issue that has led to a number of court cases, and there have been various favorable rulings on solid grounds in different trial courts and federal courts.

In this context, on July 3, 2009, the National Supreme Court of Justice decided a case on inflation adjustment in the 2002 fiscal year (the Candy case) in favor of the taxpayer.

The court held the following in that decision:

- It ratified that the prohibition to adjust for inflation is constitutionally valid unless it results in confiscation.
- It considered that confiscation existed in the specific case, and it therefore allowed the taxpayer to adjust for inflation in the 2002 fiscal year.
- It considered that the income tax was equivalent to confiscation because the difference between the tax calculated, both with and without the inflation adjustment, was so disproportional that it could be reasonably concluded that the net profit calculated according to governing law, without any adjustment, did not adequately represent the income to be taxed by the income tax law.
- In this specific case, it considered that the actual aliquot of the tax, which accounted for 62% of the adjusted taxable income or 55% of adjusted book profits, used up a substantial portion of income that went beyond a reasonable tax limit and caused an alleged confiscation.
- It expressly clarified that it took into consideration that the 2002 fiscal year was marked by one of the most serious economic, social and political crises in modern history, which was seen in the wholesale price index variation of 117.96% and the consumer price index variation of 40.90%. Also notable were the economic changes, the ban on currency conversion and the variation in the buying power of the currency.

The Company and its legal counsel consider that what was decided by the Supreme Court of Justice in the Candy case applies to the cases of Gasoducto Nor Andino Argentina S.A. since the effective tax aliquots calculated without any inflation adjustment of either adjusted taxable income or book profits generated figures that amply exceeded the 55% and 62% that the Supreme Court considered equivalent to confiscation (as inferred from the expert accounting opinion provided in the declarative action and the opinions of the experts presented by each party in the case before the National Tax Court). This was also the decision by the Federal Administrative Appellate Court when it applied the doctrine set down in the Candy case in the decision rendered August 11, 2009 in the declarative action filed by Gasoducto Nor Andino Argentina S.A. The Argentine Supreme Court finally ruled in favor of Gasoducto Nor Andino Argentina S.A. in November 2012.

In October 2006, while the declarative action was in process, the AFIP rendered an official decision contesting the 2002 fiscal year income tax filing by Gasoducto Nor Andino Argentina S.A. The objection was based solely on the fact that the inflation adjustment was not in effect. The decision was appealed to the National Tax Court ("TFN") and a suspension requested. Two new expert accounting opinions were presented, one by an expert proposed by AFIP and another proposed by the Company. The Company's expert said that if no inflation adjustment would have been applied, the 2002 fiscal year income tax would have been 142.59% of the adjusted taxable profits for that fiscal year and 460.15% of the adjusted book profit. The AFIP's expert said that those same percentages were 85.68% and 93.64%, respectively. The decision rendered by the Supreme Court (in November 2012) was also informed opportunely to the TFN in the aforesaid declarative action.

In November 2013, the TFN rendered a decision granting the Company's appeal and revoking the official decision. The Court held that both the Supreme Court's ruling rendered in the declarative action and the expert accounting opinion presented in the case—including if the percentages cited by AFIP's expert were used—clearly showed that an event of confiscation would have occurred if the inflation adjustment had not been applied.

The AFIP appealed to the Federal Administrative Appellate Court. Room V of that court decided to void the TFN's ruling (notified February 1, 2016) in the understanding that it was not a res judicata (meaning that the decision rendered in the declarative action did not end this lawsuit) and that the Tax Court had to decide on the way in which the Company made the inflation adjustment and the measure of its actual impact on the resulting tax.

Consequently, without deciding on the substance of the matter, it ordered that the case file be returned to the TFN for a new ruling. In view of the Room V Court's decision, Gasoducto Nor Andino Argentina S.A. filed an Extraordinary Federal Appeal with the Supreme Court based on the following grounds:

1. The favorable decision by the Supreme Court in the declarative action.
2. The expert opinions provided in both cases.
3. The fact that the expert proof consisted of requesting that experts themselves calculate the tax, including an inflation adjustment (meaning that the company's tax filing not be used).
4. The official decision by the tax authority.
5. Procedural matters relating to preclusion (meaning the moment when the tax authority made certain arguments and questioned the inflation adjustment used).
6. The fact that TFN's decision adequately took the expert opinions into account.

For these reasons, the company believes that there is a high probability that the Supreme Court will revoke the Room V Court's decision, leave the TFN ruling binding, and thereby definitively resolve the issue. Should the Supreme Court dismiss the appeal, the case file will be returned to the TFN for a new ruling and the Company would return to the actual state of things in this case.

The Company has considered it prudent to establish a total provision of USD 769,332.87 as of December 31, 2019 and of USD 514,069.71 as of December 31, 2018.

NOTE 40 – NUMBER OF EMPLOYEES

As of December 31, 2019 and 2018, the Company had the following number of employees under a continuing employment contract:

Number of Employees by Profession and Area	Engineers	Technicians	Other Professionals	Total 2019	Total 2018
Generación	169	366	3	538	555
Transmisión	37	61	1	99	97
Administración y Apoyo	127	74	0	201	205
Total	**333**	**501**	**4**	**838**	**857**

NOTE 41 – PENALTIES

In the 2019 and the 2018 fiscal years, neither the Company nor its executives were penalized by the Financial Market Commission.

NOTE 42 – THE ENVIRONMENT

The Company and its subsidiaries have an extensive environmental monitoring program that includes air emissions, air quality and discharges into water, marine monitoring and other controls that ensure a total control of their operations in compliance with governing laws and strict internal regulations adopted to attain objectives in harmony with the environment.

In June 2006, the EECL Group received certification under ISO 9001, ISO 14001 and OHSAS 18001 from AENOR, a certification agency. Since then the management system has been audited annually by AENOR to confirm that the system is working and is in compliance with the certified standard models. EECL has also verified that it has incorporated all the recent changes in the standards, such as the definitions of life cycle. AENOR conducted the annual audit of the Management System in June 2019. Some minor nonconformities were found and a corrective action plan was presented.

The Company participates in several research and development initiatives in UCRE projects, some of which are undergoing an environmental assessment, some of which have received environmental approval or are under construction. In September the environmental authority was informed that the construction of the Calama Wind Farm and Capricornio Solar Power Plant had begun.

In consideration of new investment projects and in compliance with governing laws, the Company conducts its environmental assessments through Environmental Impact Statements or Environmental Impact Studies prepared by highly experienced consultants. It had disbursed kUSD 97 for these reasons as of December 31, 2019 and kUSD 78 as of December 31, 2018.

Expenses associated with this item were as follows:

Item	2019 kUSD	2018 kUSD
Environmental consulting	32	33
Total	**32**	**33**

All generating units have complied with the emissions standard for thermoelectric power plants that regulates emissions of particulate matter, nitrogen oxide, sulfur dioxide since all the units have installed emission abatement systems that are regularly inspected and maintained. Those systems are:

- Sleeve filters/electrostatic precipitators for the control of particulate matter emissions;
- Desulfurizers for the control of sulfur dioxide emissions that use hydrated lime and/or sodium bicarbonate in the units that have pulverized coal-fired furnaces and that use limestone in the units with fluidized bed furnaces;
- Low NOx burners, installed in the existing units, and a catalytic system to inject ammonia in the new IEM unit, to control nitrogen oxide emissions.

All generating units are CEMS-certified by the Environmental Commission (abbreviated as SMA in Spanish). These systems include a quality assurance program under which daily, quarterly and annual verifications are performed. The annual tests are performed by certified laboratories and the results will validate the CEMS for another year. The new CTM7 (IEM) unit received CEMS certification in May 2019.

All of the generating units have received SMA approval of the emissions calculation methods for the payment of green taxes (Law 20,780), which are direct measurement (through CEMS) or indirect measurement (estimates) when there are no CEMS certified by the SMA. The emissions reported in 2018 have already been informed to the authorities and the green tax paid for emissions totaled close to MUS$25.

EECL informed the electricity authority that Units 12 and 13 will be retired, and their disconnection was authorized for April 2019 provided the Polpaico-Cardones line was completed. The derecognition of these units actually took place on June 7, 2019. The CEN has been given notice that the Tocopilla turbogas units (back-up units), which are used discontinuously, will not be operated more than 10% of the hours in the year (limited to 876 hours) so that they can be released from compliance with the NOx emission limit. However, hourly emissions are being estimated by alternative methods and reported to the environmental authorities.

During 2019, the environmental authority conducted 13 on-site audits (6 by the SMA and 7 by the Health SEREMI). The results were: no observations or full compliance in 10; observations that were resolved by discharge reports in 2, for which an admonition was issued; and 1 that the health authority is still conducting.

A social and environmental incident occurred, a diesel fuel spill, on May 25th that surpassed the secondary containment system and flooded internal and external streets of the thermal power plant but did not reach the coast or the ocean. The incident was controlled, the oil was cleaned up and all resulting waste was disposed of at certified locations. This incident is now under investigation by the authorities (SMA, Electricity and Fuels Commission (SEC) and the Environmental Crime Investigation Unit (BIDEMA) of the National Major Crimes Department (PDI)). 4 environmental events were reported to the SMA in 2019, which the environmental authority either audited or requested additional information.

NOTE 43 – SUMMARY FINANCIAL INFORMATION ON SUBSIDIARIES

Summary financial information is provided below as of December 31, 2019 according to International Financial Reporting Standards:

Tax I.D.	Name of Company	Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Revenue	Net Profit (Loss)
		%	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
96.731.500-1	Electroandina S.A.	100.00%	23,873	32,927	56,800	4,751	0	4,751	14,097	1,219
78.974.730-K	Gasoducto Nor Andino SpA	100.00%	33,923	91,460	125,383	25,088	24,828	49,916	42,507	12,336
Foreign	Gasoducto Nor Andino Argentina S.A.	100.00%	16,213	54,440	70,653	2,044	13,347	15,391	12,934	1,514
76.708.710-1	Central Termoeléctrica Andina S.A.	100.00%	79,156	672,159	751,315	41,950	397,112	439,062	146,451	17,520
76.046.791-K	Edelnor Transmisión S.A.	100.00%	10,884	4,719	15,603	12,021	0	12,021	12,051	1,679
76.009.698-9	Inversiones Hornitos S.A.	60.00%	54,615	317,450	372,065	43,134	168,056	211,190	152,396	19,734
76.247.976-1	Solar Los Loros SpA	100.00%	4,935	31,292	36,227	933	1,084	2,017	3,361	(930)
76.379.265-K	Parque Eólico Los Trigales SpA	100.00%	2	1	3	47	0	47	0	3
76.274.746-4	Solairedirect Transmisión SpA	100.00%	0	1	1	8	0	8	0	(1)
76.243.585-3	SD Minera SpA	100.00%	0	299	299	30	0	30	0	1
76.247.968-0	Solairedirect Generación VI SpA	100.00%	0	165	165	156	0	156	0	11
76.267.537-4	Solairedirect Generación IX SpA	100.00%	0	165	165	158	0	158	0	10
76.534.501-4	Solairedirect Generación XI SpA	100.00%	0	153	153	148	0	148	0	10
76.534.502-2	Solairedirect Generación XV SpA	100.00%	0	127	127	124	0	124	0	8

The financial information on the companies included in the consolidation was as follows as of December 31, 2018:

Tax I.D.	Name of Company	Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Revenue	Net Profit (Loss)
		%	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
96.731.500-1	Electroandina S.A.	100.00%	19,006	36,241	55,247	4,417	0	4,417	15,060	1,266
78.974.730-K	Gasoducto Nor Andino SpA	100.00%	9,807	99,849	109,656	9,179	32,764	41,943	33,678	5,944
Foreign	Gasoducto Nor Andino Argentina S.A.	100.00%	11,899	60,059	71,958	2,516	15,694	18,210	13,545	(2,210)
76.708.710-1	Central Termoeléctrica Andina S.A.	100.00%	52,629	691,416	744,045	34,333	414,979	449,312	150,426	16,691
76.046.791-K	Edelnor Transmisión S.A.	100.00%	6,735	0	6,735	3,517	0	3,517	11,228	761
76.009.698-9	Inversiones Hornitos S.A.	60.00%	39,087	335,426	374,513	30,960	173,007	203,967	161,907	21,602
76.379.265-K	Parque Eólico Los Trigales SpA	100.00%	2	0	2	50	0	50	0	(38)
76.274.746-4	Solairedirect Transmisión SpA	100.00%	0	0	0	5	0	5	0	(4)
76.243.585-3	SD Minera SpA	100.00%	0	299	299	31	0	31	0	(4)
76.247.979-6	Solairedirect Generación II SpA	100.00%	0	534	534	544	0	544	0	(9)
76.247.968-0	Solairedirect Generación VI SpA	100.00%	0	165	165	169	0	169	0	(4)
76.267.537-4	Solairedirect Generación IX SpA	100.00%	0	165	165	169	0	169	0	(4)
76.534.501-4	Solairedirect Generación XI SpA	100.00%	0	153	153	157	0	157	0	(4)
76.534.502-2	Solairedirect Generación XV SpA	100.00%	0	128	128	132	0	132	0	(4)

NOTE 44 - SUBSEQUENT EVENTS

On January 23, 2020, the Company agreed to the terms and conditions for the issuance and placement of bonds for USD 500,000,000 on international markets that were expected to be issued within three business days from that date, according to Rule 144-A and Regulation S, both under the U.S. Securities Act of 1933. The bonds are for 10 years at an interest rate of 3.4% annually. Interest will be paid semi-annually, and principal will be amortized in one single installment upon expiration. These instruments will not be recorded in the Securities Register of the Financial Market Commission or with the U.S. Securities and Exchange Commission, pursuant to governing regulations.

The money received from placing such bonds will be allocated to purchasing the company's previously issued bonds on international markets that are accruing interest at a rate of 5.625% annually and were set to expire in 2021, according to a public purchase offer launched by EECL. The principal of the bonds pending payment included in said purchase offer totals USD 400,000,000 and the purchase offer price is USD 1,034.50 for each USD 1,000 of principal pending payment. The Company's offer expired January 22, 2020 and was accepted by bondholders for a total of USD 193,272,000.00. Said bonds will be cancelled and removed, which includes the payment of interest accrued. The company will therefore have to disburse an aggregate of USD 200,332,467.89.

Once the new bonds have been issued and placed on international markets, EECL will give notice of the other terms and conditions of such placement in the form of a material disclosure in compliance with Circular 1072 of the Financial Market Commission.

No other material events have occurred between January 1, 2020, and the date of issuance of the consolidated financial statements that might affect their presentation.

APPENDIX 1 – COMPANIES IN THE ENGIE ENERGIA CHILE S.A. GROUP

a) The following companies are included in the consolidated financial statements:

Tax I.D.	Name of Company	Country of Origin	Functional Currency	Percentage Interest in 2019			Percentage Interest in 2018		
				Direct	Indirect	Total	Direct	Indirect	Total
76.046.791-K	Edelnor Transmisión S.A.	Chile	U.S. Dollar	99.9000	0.1000	100.0000	99.9000	0.1000	100.0000
96.731.500-1	Electroandina S.A.	Chile	U.S. Dollar	99.9999	0.0001	100.0000	99.9999	0.0001	100.0000
76.708.710-1	Central Termoeléctrica Andina S.A.	Chile	U.S. Dollar	99.9999	0.0001	100.0000	99.9999	0.0001	100.0000
78.974.730-K	Gasoducto Nor Andino SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.009.698-9	Inversiones Hornitos S.A.	Chile	U.S. Dollar	60.0000	0.0000	60.0000	60.0000	0.0000	60.0000
Foreign	Gasoducto Nor Andino Argentina S.A.	Argentina	U.S. Dollar	78.9146	21.0854	100.0000	78.9146	21.0854	100.0000
76.379.265-K	Parque Eolico Los Trigales SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.247.976-1	Solar Los Loros SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	0.0000	0.0000	0.0000
76.274.746-4	Solairedirect Transmisión SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.243.585-3	SD Minera SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.247.968-0	Solairedirect Generación VI SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.267.537-4	Solairedirect Generación IX SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.534.501-4	Solairedirect Generación XI SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.534.502-2	Solairedirect Generación XV SpA	Chile	Dólar estadounidense	100,0000	0,0000	100,0000	100,0000	0,0000	100,0000

See Note 2.4 Subsidiaries.

b) Companies accounted for using the equity method:

Type of Relationship	Tax I.D.	Name of Company	Country of Origin	Functional Currency	Percentage Interest as of	
					12/31/2019 kUSD	12/31/2018 kUSD
Joint control	76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	U.S. dollar	50.000	50.000

See Note 2.5 Investments accounted for using the Equity Method

APPENDIX 2 - ITEMIZATION OF ASSETS AND LIABILITIES IN A FOREIGN CURRENCY

Assets denominated in a foreign currency were as follows:

Assets	Currency	12/31/2019 kUSD	12/31/2018 kUSD
Current Assets			
Cash and cash equivalents	USD	218,235	59,207
Cash and cash equivalents	Non-adjustable CLP$	20,831	1,684
Cash and cash equivalents	Euro	1	2
Cash and cash equivalents	Argentine peso	16	619
Other current financial assets	USD	471	0
Current tax assets	USD	12,679	10,216
Current inventories	Non-adjustable CLP$	3,105	2,215
Current inventories	USD	113,099	156,645
Intercompany receivables	Non-adjustable CLP$	117	33
Intercompany receivables	UF	41	41
Intercompany receivables	USD	11,841	3,907
Intercompany receivables	Argentine peso	0	1
Other non-financial assets	Non-adjustable CLP$	1,575	2,756
Other non-financial assets	USD	5,444	3,844
Other non-financial assets	Argentine peso	889	1,851
Other non-financial assets	Euro	249	643
Other non-financial assets	Other currencies	24	19
Trade receivables and other accounts receivable, current	USD	88,265	149,345
Trade receivables and other accounts receivable, current	Non-adjustable CLP$	8,255	12,317
Trade receivables and other accounts receivable, current	Argentine peso	118	137
Non-Current Assets			
Trade receivables and other accounts receivable, non-current	USD	73,499	0
Trade receivables and other accounts receivable, non-current	UF	20	20
Intercompany receivables, non-current	USD	27,722	47,774
Other non-current non-financial assets	Non-adjustable CLP$	1	0
Other non-current non-financial assets	USD	5,706	10,670
Deferred tax assets	USD	18,112	2,151
Investments accounted for using the equity method	USD	89,697	97,320
Intangible assets other than goodwill	USD	221,288	238,492
Goodwill	USD	25,099	25,099
Property, plant and equipment	USD	2,561,391	2,635,728
Subtotal	**USD**	**3,472,548**	**3,440,398**
	Non-adjustable CLP$	**33,884**	**19,005**
	Euro	**250**	**645**
	UF	**61**	**61**
	Argentine peso	**1,023**	**2,608**
	Other currencies	**24**	**19**
Total Assets		**3,507,790**	**3,462,736**

Liabilities denominated in a foreign currency broke down as follows:

Current Liabilities		Out to 90 days		From 90 days to 1 year	
Current Liabilities currently in Operation	**Currency**	**12/31/2019** kUSD	**12/31/2018** kUSD	**12/31/2019** kUSD	**12/31/2018** kUSD
Intercompany payables	Non-adjustable CLP$	2,227	899	0	0
Intercompany payables	USD	8,215	7,763	1,109	916
Intercompany payables	Argentine peso	0	0	0	0
Intercompany payables	UF	861	661	0	0
Intercompany payables	Euro	223	56	0	0
Current tax liabilities	Argentine peso	1,330	0	0	0
Current tax liabilities	USD	0	0	22,102	10,117
Other non-financial liabilities	Non-adjustable CLP$	12,994	1,117	0	0
Other non-financial liabilities	Argentine peso	0	0	0	0
Other non-financial liabilities	USD	1,902	265	0	0
Trade payables and other accounts payable	Euro	8,324	9,438	0	0
Trade payables and other accounts payable	Non-adjustable CLP$	51,170	24,527	0	0
Trade payables and other accounts payable	Other currencies	1,618	1,410	0	0
Trade payables and other accounts payable	Argentine peso	193	155	0	0
Trade payables and other accounts payable	USD	124,426	113,408	0	2,255
Trade payables and other accounts payable	UF	2,836	7,738	0	0
Trade payables and other accounts payable	Yen	1,859	1,877	0	0
Employee benefit provision, current	Non-adjustable CLP$	12,348	13,275	0	0
Other financial liabilities	USD	18,354	67,252	85,394	42,637
	USD	**152,897**	**188,688**	**108,605**	**55,925**
	Non-adjustable CLP$	**78,739**	**39,818**	**0**	**0**
	Euro	**8,547**	**9,494**	**0**	**0**
Subtotal	**UF**	**3,697**	**8,399**	**0**	**0**
	Yen	**1,859**	**1,877**	**0**	**0**
	Argentine peso	**1,523**	**155**	**0**	**0**
	Other currencies	**1,618**	**1,410**	**0**	**0**
Total Current Liabilities		**248,880**	**249,841**	**108,605**	**55,925**

Non-Current Liabilities		1 to 3 years		3 to 5 years		More than 5 years	
	Currency	12/31/2019 kUSD	12/31/2018 kUSD	12/31/2019 kUSD	12/31/2019 kUSD	12/31/2019 kUSD	12/31/2019 kUSD
Deferred tax liabilities	USD	11,571	16,571	12,523	17,523	169,276	188,080
Intercompany payables	USD	3,011	2,966	3,531	3,210	49,889	51,738
Other non-current financial liabilities	USD	401,882	396,629	1,841	0	356,723	337,981
Employee benefit provisions, non-current	Non-adjustable CLP$	0	0	0	0	62	128
Other non-current provisions	USD	11,550	3,408	2360	198	1716	0
Other non-current provisions	Argentine peso	769	514	0	0	0	0
	USD	**428,014**	**419,574**	**20,255**	**20,931**	**577,604**	**577,799**
Subtotal	**Non-adjustable CLP$**	**0**	**0**	**0**	**0**	**62**	**128**
	Argentine peso	**769**	**514**	**0**	**0**	**0**	**0**
Total Non-Current Liabilities		**428,783**	**420,088**	**20,255**	**20,931**	**577,666**	**577,927**

Informe de Revisión del Auditor Independiente

Señores
Accionistas y Directores
Engie Energía Chile S.A. y filiales

Hemos efectuado una auditoría a los estados financieros consolidados adjuntos de Engie Energía Chile S.A. y filiales, que comprende el estado de situación financiera consolidado al 31 de diciembre de 2019, y el correspondiente estado consolidado de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha y las correspondientes notas a los estados financieros consolidados.

Responsabilidad de la Administración por los estados financieros consolidados

La Administración es responsable por la preparación y presentación razonable de estos estados financieros consolidados de acuerdo con Normas Internacionales de Información Financiera. Esta responsabilidad incluye el diseño, implementación y mantención de un control interno pertinente para la preparación y presentación razonable de estados financieros consolidados que estén exentos de representaciones incorrectas significativas, ya sea debido a fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad consiste en expresar una opinión sobre estos estados financieros consolidados a base de nuestra auditoría. Efectuamos nuestra auditoría de acuerdo con Normas de Auditoría Generalmente Aceptadas en Chile. Tales normas requieren que planifiquemos y realicemos nuestro trabajo con el objeto de lograr un razonable grado de seguridad que los estados financieros consolidados están exentos de representaciones incorrectas significativas.

Una auditoría comprende efectuar procedimientos para obtener evidencia de auditoría sobre los montos y revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del auditor, incluyendo la evaluación de los riesgos de representaciones incorrectas significativas de los estados financieros consolidados, ya sea debido a fraude o error. Al efectuar estas evaluaciones de los riesgos, el auditor considera el control interno pertinente para la preparación y presentación razonable de los estados financieros consolidados de la entidad con el objeto de diseñar procedimientos de auditoría que sean apropiados en las circunstancias, pero sin el propósito de expresar una opinión sobre la efectividad del control interno de la entidad. En consecuencia, no expresamos tal tipo de opinión. Una auditoría incluye, también, evaluar lo apropiadas que son las políticas de contabilidad utilizadas y la razonabilidad de las estimaciones contables significativas efectuadas por la Administración, así como una evaluación de la presentación general de los estados financieros consolidados.

Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y apropiada para proporcionarnos una base para nuestra opinión de auditoría.

Opinión

En nuestra opinión, los mencionados estados financieros consolidados presentan razonablemente, en todos sus aspectos significativos, la situación financiera de Engie Energía Chile S.A. y filiales al 31 de diciembre de 2019 y los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha de acuerdo con Normas Internacionales de Información Financiera.

Otros Asuntos

Informe de otros auditores sobre los estados financieros consolidados 2018

Los estados financieros consolidados de Engie Energía Chile S.A. y filiales al 31 de diciembre de 2018 fueron auditados por otros auditores, quienes expresaron una opinión sin salvedades sobre los mismos en su informe de fecha 30 de enero de 2019.

Marek Borowski
EY Audit SpA

Santiago, 29 de enero de 2020

Statement of liability

Frank Jean Alain Demaille
Chairman
Rut: 26.890.321-6

Marc Verstraete
Director
Rut: 26.361.271-K

Hendrik De Buyserie
Director
Pasaporte b: EJ838811

Claudio Iglesis
Director
Rut: 7.289.154-6

Anibal Prieto Larraín
Director
Rut: 9.387.791-8

Mauro Valdés Raczynski
Director
Rut: 7.011.106-3

Cristián Eyzaguirre Johnston
Director
Rut: 4.773.765-6

Axel Levêque
Chief Executive Officer
Rut: 14.710.940-7

Coordination of this Report:
Sustainability Division, ENGIE Energia Chile
Finance Division, ENGIE Energia Chile

Editing, Assistance with GRI Guidelines, and Design:
Plus Comunica (www.pluscomunica.cl)