2022 INTEGRATED REPORT

NAME:
ENGIE ENERGÍA CHILE S.A.

ADDRESS:
LAS CONDES, SANTIAGO, CHILE

TAXPAYER IDENTIFICATION NUMBER:
88.006.900-4

TYPE OF ENTITY:
OPEN CORPORATION

SECURITIES REGISTRATION NUMBER:
273 OF JULY 23, 1985

EXTERNAL AUDITORS:
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ABOUT OUR REPORT

In the last six years, we have issued this formal document to share the progress in our growth and value creation strategy as well as the main aspects in the management of our social and environmental impacts.

The contents in our 2022 Integrated Report are based on the:

- requirements in General Rule 461 (NCG 461) of the Financial Market Commission (CMF).
- SASB (Sustainability Accounting Standards Board) Reporting Standard on Electric Utilities and Power Generators.
- new 2021 Standards of the Global Reporting Initiative (GRI).
- ten principles of the U.N. Global Compact.
- opinion of our stakeholders gathered from our materiality survey.

This report was repaired with the active participation of the company’s corporate divisions responsible for providing and validating the contents.

2016

2017

2018

2019

2020

2021

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MESSAGE TO STAKEHOLDERS

Rosaline CORINTHIEN

CEO
ENGIE Energía Chile

It is the pleasure of ENGIE Energía Chile to present our seventh Integrated Report in which we share the progress in our economic, social, environmental and human rights management in 2022.

In this report we cover the requirements in the standards most used to report material topics, namely the Standards for Electric Utilities and Power Generators of the Global Reporting Initiative (GRI) and of the Sustainability Accounting Standards Board (SASB). The SASB standards are now required under the new financial reporting regulations of the Financial Market Commission of Chile (CMF, as abbreviated in Spanish).

Frank Demaille, Chairman of the Board, and Rosaline Corinthien, CEO, will discuss the most relevant aspects of this fiscal year and the challenges that we will be facing in 2023.

Considering the variables of the environment in 2022, What is your vision of the energy panorama in Chile?

Frank Demaille. The war between Russia and the Ukraine, the water shortage that has become a structural factor as time goes by and other factors have meant that all players in this industry had to make huge efforts to ensure supply in 2022 and to defray the increase in fuel prices.

These variables, which depend very little on our management, forced us to broaden the view of how we would move towards more autonomous energy systems that are less vulnerable to external factors. In this context, the expansion of renewable energy has become a strategic topic globally.

In Chile and as the ENGIE Group, we are moving precisely in that direction. We are holding steady to our commitment to mitigate and reduce the effects of climate change, to be a driving force in low carbon economic development and to become carbon neutral by 2045. We have been faithfully fulfilling the commitment to accelerate the energy transition while maintaining our goal of eliminating coal by around 2025. For this to occur, several facilitating conditions are required, together with always keeping the safety of the system a priority.

In 2022 we closed our last coal-fired units at the Tocopilla Thermal Complex and we announced that we are going to accelerate our investments in renewable assets. We are also actively participating in public tenders to expand the transmission system in Chile because we know that network infrastructure is crucial to making progress in decarbonizing the matrix.

In this respect, I would like to thank Axel Levêque for his commitment during the 8 years he was the Chief Executive Officer of ENGIE Energía Chile.

Rosaline Corinthien. 2022 was a year of great resilience for us. We had to confront unexpected situations, both locally and worldwide, and I must highlight the capacity of our teams to adapt to uncertainty, look for creative solutions and always be available to meet the commitments to our customers, combined with progressing in our decarbonization plan.

We purchased the San Pedro Wind Farm in Chiloé, which has an installed capacity of 101 MW and the possibility of adding an additional 151 MW in a third stage. We approved an investment of USD 650 million in 2022 that we will use to finance the Lomas de Taltal Wind Farm

Frank DEMAILLE

Presidente Directorio
ENGIE Energía Chile

(342 MW), the largest that we have built thus far, and the "Coya Battery Energy Storage System (BESS)" that we will install at the Coya Solar Farm.

The "Coya BESS" will be one of the largest storage systems in Latin America and it arose from our strategic view of the challenges that the energy transition is facing in Chile. This initiative is intended to make both our operations and the system as a whole more flexible and secure.

We are analyzing new alternatives to have 2.1 GW of renewable energy operative by 2027, which supposes materializing investments of approximately USD 1.8 billion in the period 2023 - 2027. All these decisions are based on the conditions described above remaining the same, and they will be adopted in due course.

What are the challenges that the energy transition in Chile is facing?

Frank Demaille. Decarbonization has not only meant facing external variables but also internal factors that are changing the conditions, the periods and the costs predicted for this transformation. Among them is the expansion of the transmission system, which is moving at a slower pace than renewable energy projects, and as a result, moments of great congestion are being seen. Added to this are some public policies, like the Price Stabilization Mechanism (PEC1 and PEC2, as abbreviated in Spanish) that have introduced unforeseen costs that that are having impacts on the liquidity of companies.

All these factors are giving shape to a new scenario that requires a realistic analysis, more planning and, above all, joint work by the public and private sectors to progress hand in hand towards a fair and sustainable transition.

In this context, how is ENGIE preparing?

Rosaline Corinthien. This can be summarized in three far-reaching directives. The first is to grow sustainably while accelerating our investments and simultaneously ensuring that the energy we generate is injected into the grid. The second is operational excellence, where it is key to maintain the high levels of availability of our thermal units. We are implementing an asset management plan that has been tremendously successful and has enabled us to achieve historic levels of availability where the challenge is to maintain those levels. The third relates to optimizing the management of our portfolio and reducing our exposure to the spot market, which is more susceptible to external variables.

What advancements can we make in the Company's ESG commitments?

Frank Demaille. From an environmental viewpoint, after we closed our coal-fired units in Tocopilla, our CO2eq emissions fell by more than 34% compared to 2021. Socially, we are very happy to report that we have suffered no fatal or very severe accidents. We are implementing programs that are very focused on reinforcing all of our efforts to keep our work environments safe, and we are seeing results in that respect.

We made gender equity progress through specific measures. We appointed Rosaline Corinthien, the new CEO of the Company, the first woman to assume this position in Chile, who has an outstanding record as the CEO of ENGIE France Renewables. Mireille Van Staeyen, CFO of the Flexible Global Business Unit of the ENGIE Group, also became a regular member of the Board.

Rosaline Corinthien. We are taking concrete actions for our company to be attractive to women, to thus continue progressing in the gender equity commitment of the ENGIE Group of "50/50 by 2030." We are also making progress in inclusion to create space for people with different abilities.

Another very important aspect relates to our commitment to human rights. In 2022, we implemented the first Vigilance Committee that will conduct an exhaustive monitoring of the Vigilance Plan, and we also incorporated ethical due diligence processes in the contracting of all our suppliers, whether they are individuals or companies.

Frank Demaille and Rosaline Corinthien, accompanied by Catherine MacGregor, CEO of the ENGIE Group.

Finally, what message can we give to our Stakeholders?

Rosaline Corinthien. The first message is to thank them for their trust in us. We ended the first stage of our Decarbonization Plan with the support of our employees, neighbors and authorities. One example of the great trust that our Stakeholders have placed in us was Gabriel Boric, President of Chile, attending the closing ceremony of our last coal-fired power plant in Tocopilla. This is, without any doubt, an acknowledgement of our work.

We are a company committed to our role of accelerating the energy transition. We have made great efforts in investment and innovation, and we know that our efforts will cause others to follow us on that path.

Frank Demaille. We have a business plan to address the projects ahead and the support of one of the most important business groups in the energy sector in the world. No challenge is small, but we have a complete team of people who work every day to contribute to a better life for the country and its inhabitants.

CHAPTER 1

WE ARE ENGIE ENERGÍA CHILE

We are part of the ENGIE Group, a world leader in developing solutions to accelerate the transition to a carbon neutral economy by consuming less energy and providing solutions more respectful of the environment.

1.1 A QUICK GLANCE AT ENGIE ENERGÍA CHILE

We have been contributing to the energy development of Chile for more than 100 years through our main business units: generation, transmission, power supply and natural gas transportation.

We are part of the ENGIE Group, a world leader in the energy industry, with whom we share our purpose of taking action to accelerate the transition to a carbon neutral economy by consuming less energy and providing solutions more respectful of the environment. Our commitment encompasses everyone working in the company, our customers and shareholders, and reconciles economic performance with a positive impact on people and the planet.

In our work, we are committed to the Sustainable Development Goals (SDGs) driving the U.N. 2030 Agenda. We are participants in the Global Compact and we abide by the United Nations Guiding Principles on Business and Human Rights.

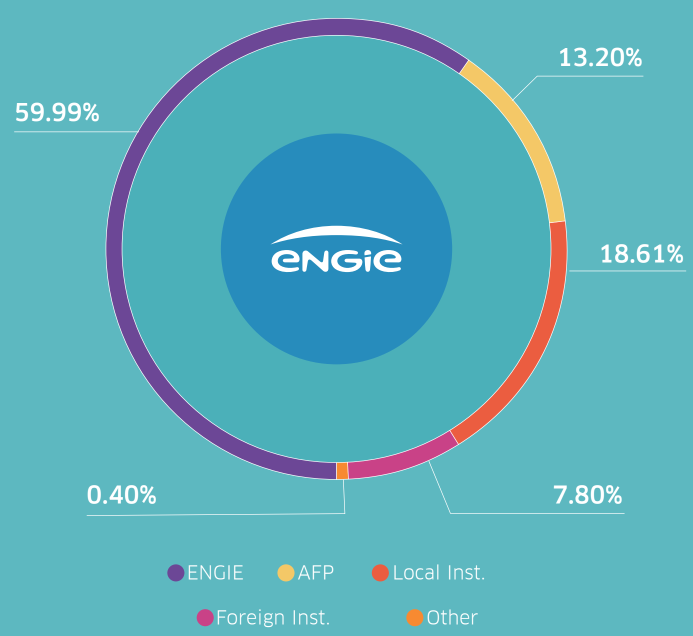
Controllers

The ENGIE Group controls a 59.99% interest through ENGIE Austral S.A., Tax ID 96.885.200-0. The remaining 40.01% is distributed among pension funds (abbreviated as AFP in Spanish) and local and foreign institutional investors.(*)

There were no material changes in the Company's ownership in 2022.

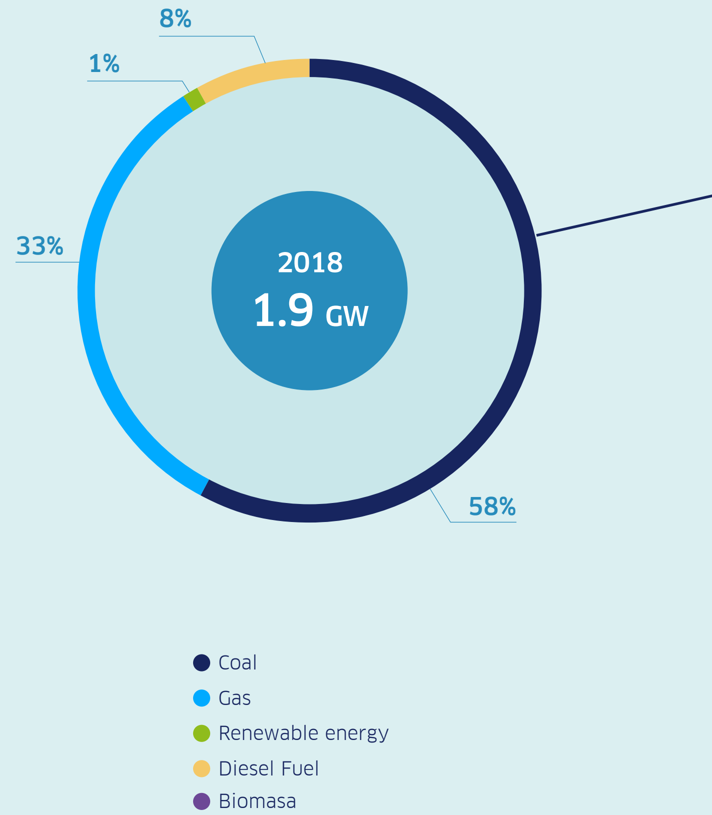
Ownership structure

as of December 31, 2022



(*) There is no joint action agreement because there is just one.

Evolution of our Installed Capacity



4th Largest Generator
7%
market share

6.1 TWh
Gross Generation in 2022
19% Renewable energy
24% Gas
57% Coal

3rd Largest Transmitter
2,413 kms
of lines, more than
600 Kms owned by TEN S.A

2 Ports
operated in the Antofagasta Region

1,066 Kms
of natural gas pipelines

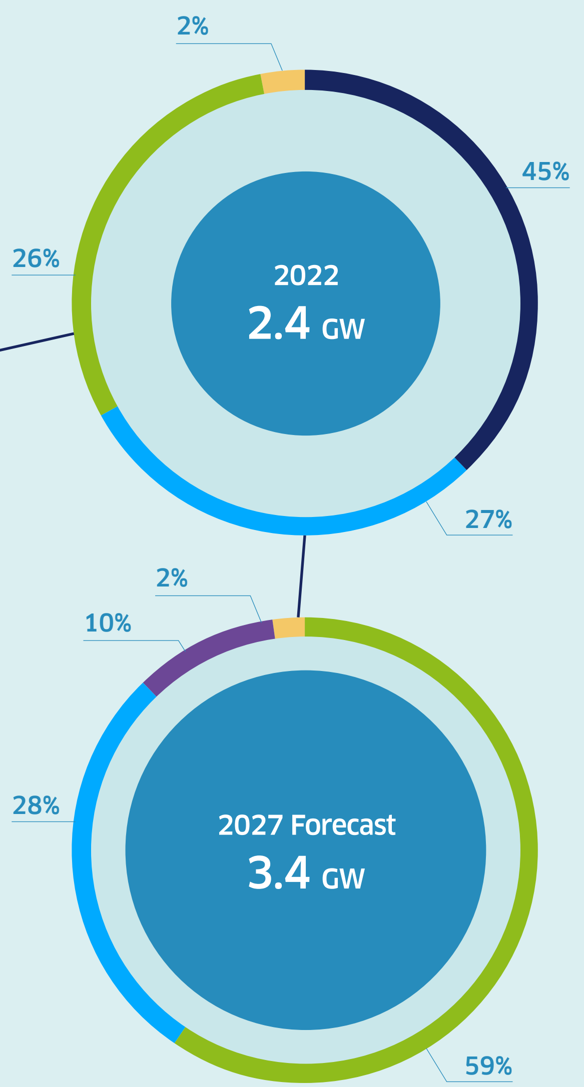
897
Employees

174
Women

723
Men

42
women in leadership positions

More than 2,000
suppliers and contractors work with us



#DECARBONIZATION

Direct Emissions (Scope 1)

3.6
Million Tons of CO2eq in 2022

-34%
compared to 2021

NOx Emissions

4,372
tons/year 2022

-35.3%
compared to 2021

PM Emissions

101.4
tons/year 2022

-22%
compared to 2021

SOx Emissions

3,098
tons/year 2022

-38%
compared to 2021

1.2 CREATION OF VALUE

Our growth strategy is aligned to our corporate purpose of creating value for all our stakeholders.

OUR **RESOURCES**

at the close of 2022 fiscal year

Financial capital

- **USD 1,813,400,000**
  Shareholders' equity
- **USD 132.4 million**
  Cash and cash equivalents
- **USD 1,836,600,000**
  Net financial debt
- **9.72 times**
  Net Debt/EBITDA

Industrial capital

- **USD 197.4 million**
  Total annual investment in fixed assets.
- **USD 22 million**
  Maintenance Capex.
- **2.4 GW**
  Installed capacity

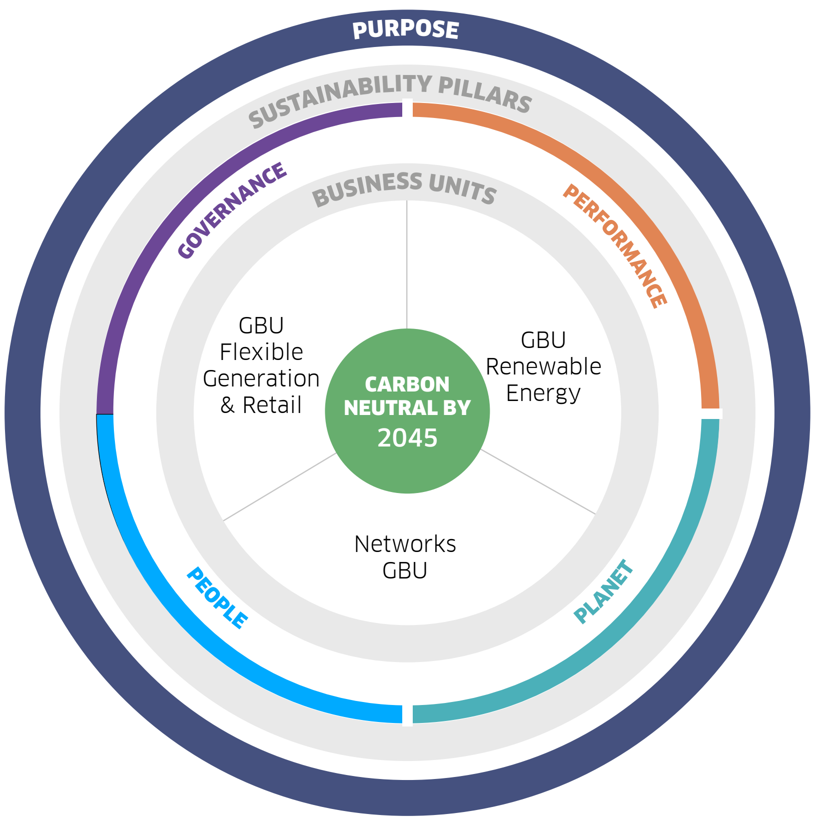
Human and social capital

- **897**
  employees
- **137**
  new hires
- **USD 690,000**
  in community investment

PURPOSE

To take action to accelerate the transition to a carbon neutral economy by consuming less energy and providing solutions more respectful of the environment.

OUR STRATEGY WITH **SUSTAINABILITY APPROACH**



OUR Ways of working

Simplify and refocus our organization is focused on our three business units.

Adapt our organization has a fortified industrial approach.

Accelerate our investments in renewable energy and in energy infrastructure.

Strengthen our commitment to the energy transition to become carbon neutral by 2045.

OUR CREATION OF VALUE	OUR AMBITION (2030 TARGET)	SDG
People **19%** of employees are women. **42 women** hold leadership positions, 18% of all leadership positions. **1st** female CEO in our company **Occupational Safety** • **Frequency Rate of** 1.38 in 2022, 44% lower than in 2021. **Fair Transition** • **34 Competitive Funding** awards to inhabitants of Tocopilla. • **Employee Training and Retraining Plan**	**30%** of employees are women.	3, 5, 10, 11
The Planet **Direct emissions:** 3.6 million tons of CO2eq in 2022, 34% below 2021. **26%** of installed capacity is comprised of renewable energy. **More than 400 MW** of coal-fired installed capacity has been disconnected. **Biodiversity Plans** in renewable energy operating units.	Carbon neutral by **2045.** **2 GW** of green installed energy capacity. **100%** of coal-fired units disconnected	7, 13, 15
Performance Operating income **USD$1,920,300,000.** Energy Sales: **12 TWh.** **9 years,** average remaining term of power purchase agreements.		8
Governance **Human Rights** Vigilance Plan **Due Diligence** process for new contracts with both individuals and companies.		16, 17

1.3 OUR OPERATIONS

We are the fourth largest operator in the power generation industry in the nation. Our installed capacity of 2.4 GW is deployed from the Region of Arica and Parinacota to the Lake Region. In 2022, we reinforced this by the purchase of the San Pedro Wind Farm in Chiloé (101 MW), the start of commercial operation of the Tamaya (114 MWac) and Capricornio (88 MWac) Photovoltaic Farms, and the energization of the Coya PV Solar Farm (180 MWac), which was awaiting authorization to begin commercial operation in 2023.

In 2022 we also approved the construction of the Lomas de Taltal Wind Farm (342 MW) and the COYA Battery Energy Storage System (Coya BESS) with a capacity of 638 MWh (138 MW), one of the largest in Latin America.

In the transmission business, we are the third largest transmitter in the nation, owning 2,413 kms of lines (Dedicated, National and Zonal), to which we can add the 600 Kms of the Mejillones-Cardones line operated by TEN S.A. in which we hold a 50% interest. We also have 24 substations throughout Chile.

We engage in the gas business through the Norandino Gas Pipeline that runs 1,066 kms and has a potential daily transportation capacity of 8 million m³.

We also operate the Tocopilla and Andino ports (in Mejillones).

GAS PIPELINE

1,066 KM

2 PUERTOS

Tocopilla and Andino

TRANSMISSION

2,413 KM of high-voltage lines

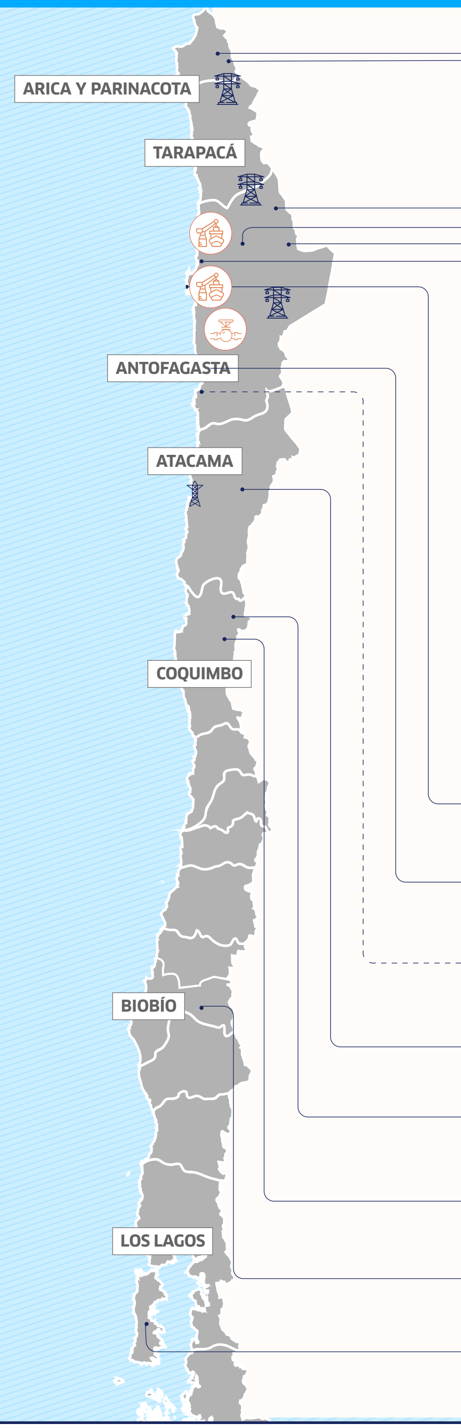
1,794 KMS
Dedicated lines

375 KMS
Zonal lines

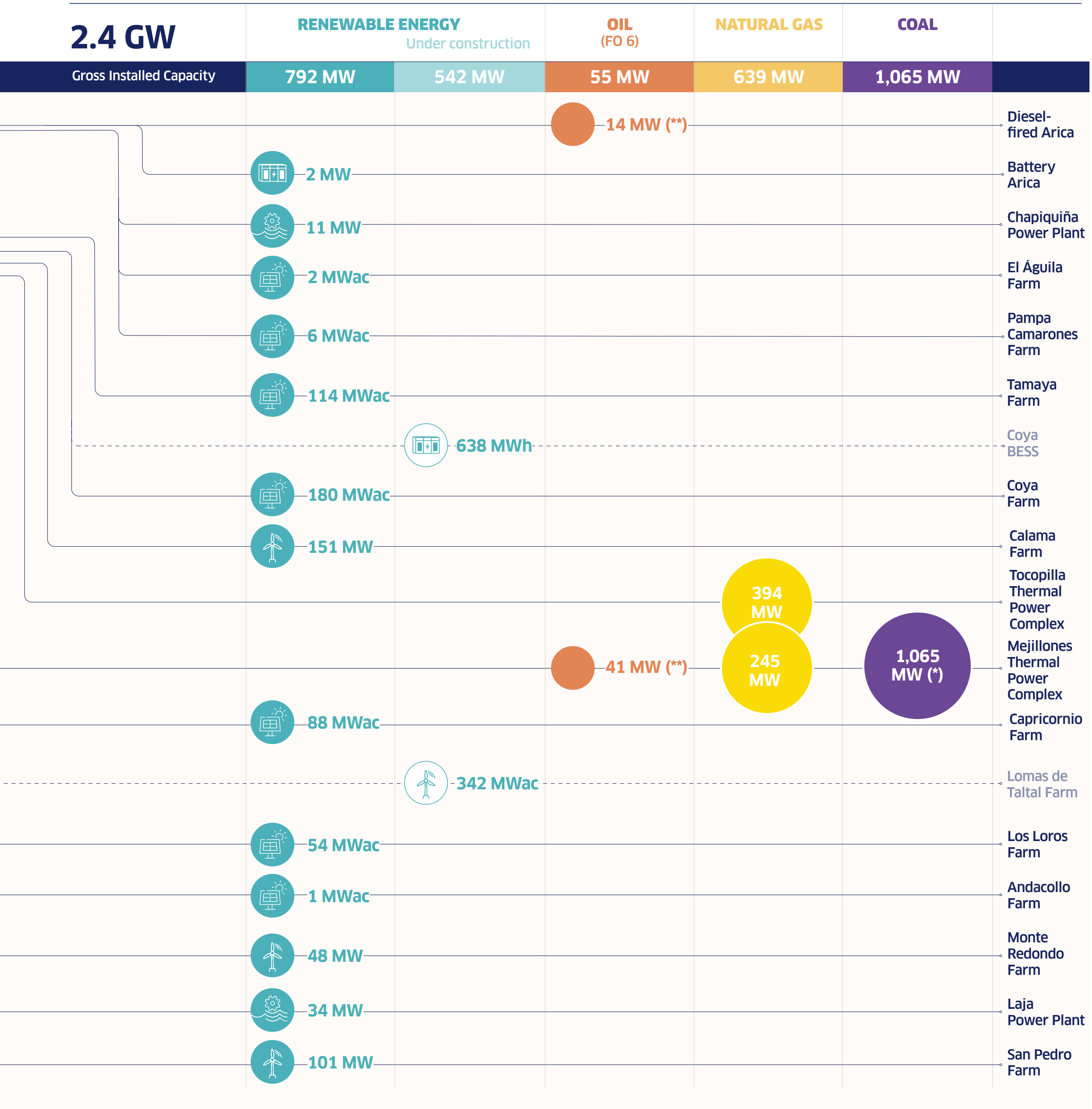
243 KMS
National lines

TEN S.A
600 kilometers
500 KV
(50% interest)

24
Substations
977 MVA



GENERATION



(*) 355 MW Coal-Fired Backup (CFB)
(**) Back-up

1.4 OUR HISTORY AND ESG PROGRESS IN 2022

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 Thermal 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 (translated as North Power Transmission Company) Project (TEN), in operation since 2017, 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 Thermal Power Plant by 2021, subject to the start-up of the last segment of Interchile's Cardones-Polpaico power line. It also renegotiated PPAs with three of its main customers in the mining sector as a result of which periods were extended and the plan to invest in renewable energy became viable.

2019

ENGIE Energía Chile 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 MWp, and the construction of the Calama Windfarm and Capricornio and Tamaya solar farms, with a combined capacity of 362 MW.

2020

ENGIE Energia Chile also renegotiated the PPA with Minera Centinela, owned by Antofagasta Minerals, as part of its PPA decarbonization program. In addition, it received a **US$125 million "green loan" from the International Development Bank (IDB), the first of its kind,** which would be used to fund the construction of the Calama Windfarm. In November, ENGIE LATAM S.A., the majority shareholder in ENGIE Energia Chile S.A., **acquired 76,155,000 shares more in the company**, thus increasing its equity interest by 7.23%. This transaction brought its total equity interest to 59.99%.

2021

The Company announced that it would retire all of its coal-fired units by 2025 (800 MW); that it would reconvert three coal-fired units to gas and biomass (700 MW); and that it would inject an additional 1,000 MW of renewable energy in the medium term to raise its capacity to 2,000 MW.

2022: OUR MAIN ESG MILESTONES

ENVIRONMENT (THE PLANET)

- **We reduced our direct** (Scope 1) emissions by 34% compared to 2021.
- **We disconnected the last coal-fired unit** in Tocopilla.
- **We added more than 300 MW** to our installed renewable energy capacity.
- **We disconnected more than 400 MW** of the coal-fired installed capacity.

SOCIAL (PEOPLE)

- **There were no** fatal accidents in 2022.
- **40% of new hires for leadership positions** were filled by women.
- **Social investment in the** communities where we operate totaled **USD 690,000.**
- **We received recognition from the French-Chilean Chamber of Commerce** for our community projects providing access to energy in the north and south of the country.
- **We began the process to receive SET (Sustainable Energy Transition)** Certification of the ENGIE Group.

PERFORMANCE

- **We purchased the San Pedro Wind Farm in Chiloé** (101 MW, with the option to add an additional 151 MW).
- **We approved construction of the Lomas de Taltal Wind Farm** (342 MW).
- We announced the construction of a **battery energy storage system (Coya BESS), one of the largest in the region.**
- **The Capricornio PV Farm (88 MWac) began commercial operation.**
- **The construction of the Coya PV Farm (180 MWac) was completed and it was energized.**
- We were awarded **construction of the Totihue Substation.**
- **We approved a US$650 million Investment Plan** to finance the Lomas de Taltal Wind Farm and Coya BESS

GOVERNANCE

- We created the **Human Rights Vigilance Committee**
- **We implemented Ethical Due Diligence Processes** for all new contracts with both individuals and companies.
- **We updated** our Code of Business Ethics and Conduct and our Crime Prevention Model.

CHAPTER 2

CORPORATE GOVERNANCE

We have an internal regulatory framework that sets down the business guidelines, conduct and practices to ensure that our business is developed in line with our commitment of creating value for all our stakeholders.

2.1 GOVERNANCE STRUCTURE

ENGIE Energía Chile has an internal regulatory structure that sets down the business guidelines, conduct and practices so that our business develops in line with our commitment to create value for all our stakeholders. It is comprised of the Corporate Governance Code, Code of Business Ethics and Conduct, policies, standards, whistleblower channels, management and monitoring systems by which we continuously improve our processes.

We also abide by the policies and good practices of our main shareholder, the ENGIE Group, which, given its experience in these matters, challenges us at all times to uphold the highest standards.

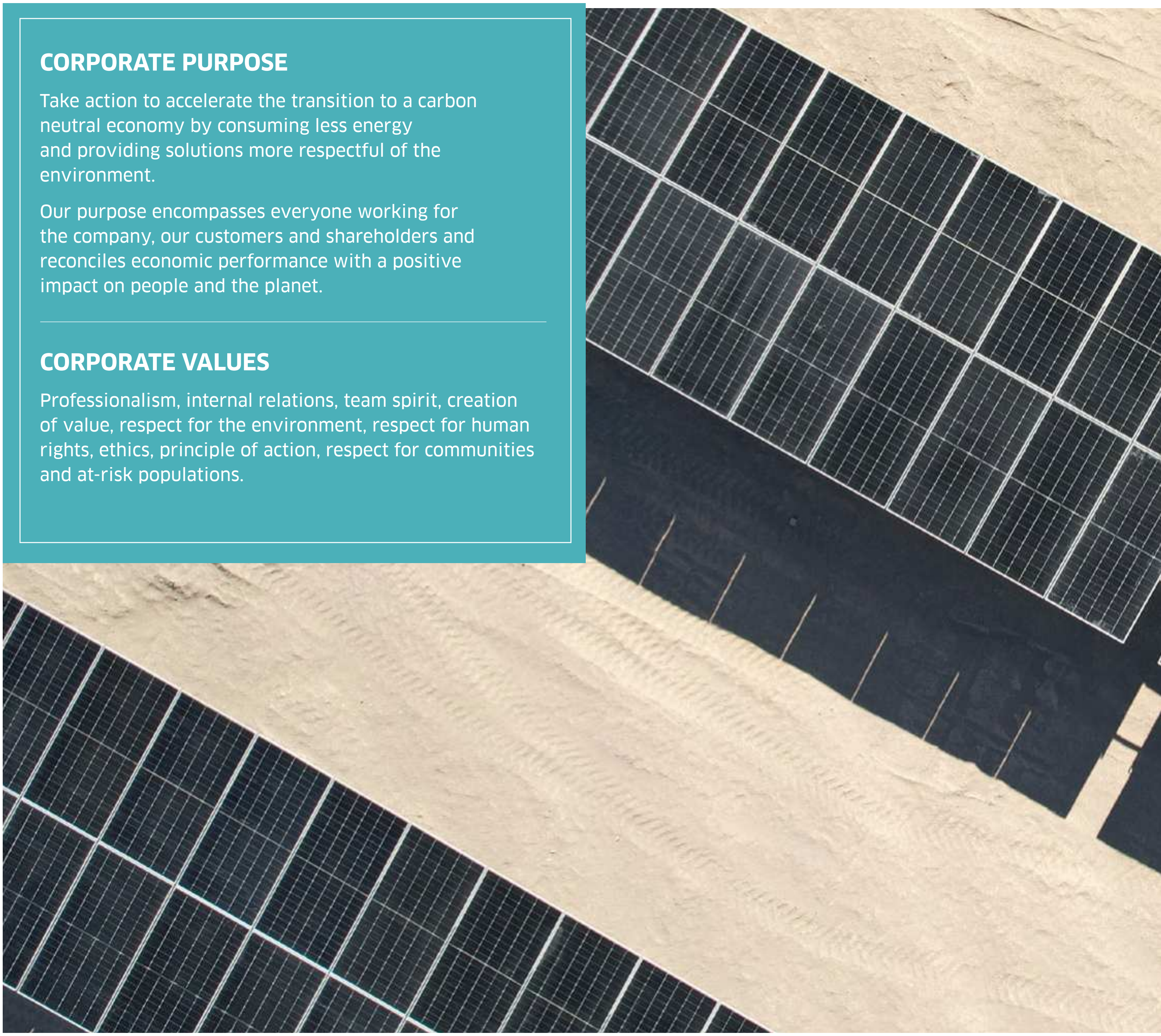
CORPORATE PURPOSE

Take action to accelerate the transition to a carbon neutral economy by consuming less energy and providing solutions more respectful of the environment.

Our purpose encompasses everyone working for the company, our customers and shareholders and reconciles economic performance with a positive impact on people and the planet.

CORPORATE VALUES

Professionalism, internal relations, team spirit, creation of value, respect for the environment, respect for human rights, ethics, principle of action, respect for communities and at-risk populations.



2.1.1 CORPORATE ETHICS AND COMPLIANCE

Our work in the areas of ethics and compliance has both an internal scope (people working for ENGIE) and an external scope (suppliers and contractors). Internally, we encourage conduct and behavior in line with our regulatory framework through training, sensitivity campaigns and other incentives. For suppliers and contractors, we mainly address these matters through sensitization, by means of courses and talks that we make available to them, and in contracts, through clauses on Ethics and the Criminal Liability of Legal Entities, Due Diligence processes and monitoring systems.

We make safe and precautionary whistleblowing channels available to our stakeholders to protect the confidentiality of those who prefer to remain anonymous. All complaints are received by the Ethics Committee, which begins the pertinent investigations. The Ethics Officer can also use the ENGIE Group's INFORM' Ethics Platform where any ethical incident can be reported that is in violation of the law or internal regulations.

For compliance, we have:

- **Crime Prevention.** Our organization has a Crime Prevention Model that has been certified by an external agency through which we can identify and prevent the potential risks associated with the crimes of corruption and other crimes under Criminal Liability Law No. 20,393. We have a Crime Prevention Officer and a whistleblowing channel hosted on the website and on the intranet. We give annual talks to the organization to keep people aware of changes to the law. All our contracts with third parties also contain a clause on the criminal liability of legal entities.
- **Competition.** ENGIE Energía Chile has several mechanisms to ensure that our work is in line with the directives we have with this matter and in compliance with the law. Those guidelines are set down in the Manual on Compliance with Competition Standards and are overseen by the Company's Competition Officer. We give a talk each year to everyone working for the organization and attendance is mandatory.

OUR MAIN INTERNAL REGULATIONS

can be found on our website (www.engie.cl/gobierno-corporativo)

- Code of Business Ethics and Conduct
- Code of Corporate Governance
- Crime Prevention Manual
- Manual on Compliance with Competition Standards
- Manual on Information of Interest to the Market
- Policy on directors in subsidiaries
- General policy on handling conflicts of interest
- Gifts and Presents Policy
- Lien Policy
- Supplier Conduct Policy
- Policy on Conflict of Interest Prevention
- Tax Policy

WHISTLEBLOWING CHANNELS AVAILABLE TO STAKEHOLDERS

- **Whistleblowing Channel.** It is hosted on our website and on the intranet. It is available 24 hours a day and anyone can express concerns, ask questions, present claims or reports of potential incompliance with the law or any other type of irregularity. https://engie-energia.cl/canal-de-denuncias/
- **By E-mail** directly to the Company's Crime Prevention Officer.
- **A direct line s**et up especially for communities and local inhabitants. https://engie-energia.cl/ linea-directa-ingreso/
- **By email to ethics@engie.com**
- **An ethics phone line and e-mail address,** etica.engie@resguarda.com, to report actions that violate our Code of Business Ethics and Conduct and other internal regulations.

Main milestones in 2022

In 2022, we made significant progress toward fortifying our Corporate Ethics, our commitment to human rights and Regulatory Compliance in general.

- **We broadened the coverage of our Crime Prevention Model.** We added new crimes according to Law 20,393, including people trafficking, lumber theft and cybercrimes. This means the number of crimes monitored rose to 24.

  The update of the model was disclosed by talks in which we addressed practical examples of potential risks and crimes in our industry. They included mainly conflicts of interest, private-to-private corruption, bribery, and water pollution. Our goal was to facilitate people understanding them and applying that knowledge in their conduct and behavior.

  Our goal for 2023 is to recertify our Crime Prevention Model for two more years.

- **We updated our Code of Business Ethics and Conduct.** We wanted to update it with a certain frequency so that it is in harmony with social concerns and new rules of law. In 2022, we reinforced two very important areas: care for, and appropriate protection of, personal information; and the necessary analysis of ethical risks that may arise in the different processes. We also updated part of our related policies, including: the Gifts and Presents Policy; the Lien Policy; the Supplier Conduct Policy; and the Policy on Conflicts of Interest Prevention. The scope of all these policies involves members of the Board, senior executives and the internal team.

  The changes were disclosed in our scheduled annual ethical talks, on the website and on the intranet.

  Our Code of Business Ethics and Conduct is aligned with our commitments under the Global Compact and the U.N. Guiding Principles on Business and Human Rights. It also forms a part of the Ethics and Compliance System of the ENGIE Group that is also committed to the highest ethical standards and requirements under French law, among other initiatives.

HOW THE ETHICS COMMITTEE WORKS

In 2022, the Ethics Committee received 21 accusations and two complaints. None of the accusations related to Law 20,393 on the Criminal Liability of Legal Entities.

12 of the accusations were against contractors. According to our protocol, these accusations were reviewed and then referred to the representatives of those companies so that they could conduct the corresponding internal investigations. If the accusations were repeated, the Company asked the particular contractor to report on how it was managing and resolving the issue.

Internally, a total of nine accusations were received: 4 of workplace harassment, 1 of sexual harassment, and 4 of unethical conduct. All were investigated: seven have already been closed and two investigations are ongoing.

According to our internal regulations, when accusations are against individuals, we meet with them and their superiors to advise them that we have received a complaint against them. At the same time, they are told that an investigation will begin and, in specific cases, the actions that they must take. When the accusations involve workplace or sexual harassment, the Ethics Committee retains an outside investigator to conduct the investigation to ensure, as we warrant, that it is fair to all parties involved.

Once the investigation concludes, a report is made to the Ethics Committed based on which courses of action are taken that range from a verbal or written admonition to a monetary fine (as much as 25% of daily salary), and even dismissal on the grounds in Article 160.1.B of the Labor Code.

No one had been dismissed for workplace harassment under Law 20,607 or under Law 20,005 at the close of the 2022 fiscal year.

Accusations received	
All accusations received in 2022	21
Law 20,393 accusations	0
Outside accusations	12
Internal accusations	9
Types of internal accusations	
Workplace harassment	4
Sexual harassment	1
Unethical conduct	4
Investigations begun	9
Investigations closed	7
Investigations in process	2

2.2 SUSTAINABILITY APPROACH

Our sustainability strategy is a part of our organization and all levels in the company work to attain the objectives and goals that we propose to develop our company while caring for people and the environment. It is comprised of four pillars that embody our most important environmental (the Planet), social (People), economic (Performance) impacts and Ethical Governance and Compliance.

We have dedicated areas and expert professionals in charge of managing our material topics. We have also adopted the goals of our parent company, especially the goals of becoming carbon neutral by 2045, the “50/50 for 2030” gender equity program and Occupational Safety. Progress is monitored through our Balanced Scorecard.

PLANET: All our initiatives to become carbon neutral by 2045 are concentrated here.

PEOPLE: This pillar embodies our contribution to the development and to the quality of life of communities near our facilities and the actions resulting from our internal commitment to respect, non-discrimination, gender equity, equity-based working conditions, and a safe work environment, as well as the safeguards that we have adopted to ensure a respect for the labor rights of the employees of contractors and suppliers.

PERFORMANCE: This pillar protects the responsible development of our business.

GOVERNANCE: Encompasses the initiatives that we take to develop our business according to the highest ethical standards, in respect for human rights.

Sustainability criteria in decision-making

n line with the above, we take sustainability criteria into account in our decision-making. Some of the main criteria consist of an analysis of the ethical risks related to the diverse projects and processes. In this respect we can highlight:

- **A due diligence of ethics and human rights.** We decided that a mandatory Due Diligence review was required before beginning a relationship with third parties, whether individuals or companies, in order to inquire into the ethical and legal comportment of our potential and future counterparties. The inquiry focuses on finding any accusations, complaints or investigations of unethical behavior, human rights violations, harassment, corruption, and fraud, to name a few, in the previous five years. Should we find any such events, we do a more in-depth inquiry to ensure that our process is fair to the people and companies that want to work with us.
- **The search for green financing.** We are endeavoring to secure financing that entails greater social and environmental requirements and commitments. We had a great experience when we signed the first green loan with IDB Invest to finance the Calama Wind Farm. That transaction involved a credit structure of emissions reduction commitments, biodiversity protection plans, fostering local employment and entrepreneurship.
- **Management of the social and environmental impacts of our Decarbonization Plan.** We designed our Fair Transition Plan by which we aim to mitigate the changes that will be caused by the closing of the units in particular municipalities. Our goal is to create local employment and entrepreneurship opportunities for people.

2.2.1 HUMAN RIGHTS

In line with our commitment to human rights, we have adopted the ENGIE Group Vigilance Plan. The purpose of this initiative is to prevent acts that would seriously violate human rights and fundamental freedoms, the health and safety of workers and the environment. The ENGIE Group designed this plan in response to the French law governing all operations of French companies in France and abroad.

The Vigilance Plan consists of:

Risk Identification and Mitigatory Measures
4 VIGILANCE FOCUSES

Human Rights and Fundamental Freedoms (Human Rights Policy)	**Occupational Health and Safety** (OHS and Security Policy)
Environment	**Procurement (Procurement Policy)**

Identification and management of risks in new activities (assessment of due diligence projects, etc.)

Reporting System

Monitoring of measures to evaluate the efficiency of entities

I. Risk map

Both locally and through the ENGIE Group, we have identified the human rights risks that we must prevent. They are divided into three categories:

WORKERS' RIGHTS

- Health and Safety Conditions.
- Union Freedom.
- Non-Discrimination.
- Working Hours.
- Worker Facilities (housing).
- Privacy (private life).

RIGHTS OF LOCAL COMMUNITIES

- Impact on the health of local communities.
- Living conditions of local communities (food, water, housing, culture and the right to a healthy environment).
- Displacement and resettling of populations.
- Repression of opponents to activities.

SUPPLIERS/ PARTNERS

- Health and safety of suppliers.
- Energy suppliers (coal, gas, biomass and others).
- Traceability and procurement of materials used by ENGIE.
- Business practices of partners in projects.

Safety of workers and facilities

II. 2022 Vigilance Committee

In the 2022 fiscal year, we fortified our governance by creating our first Human Rights Vigilance Committee. It is comprised of representatives from the different divisions and its goal is to:

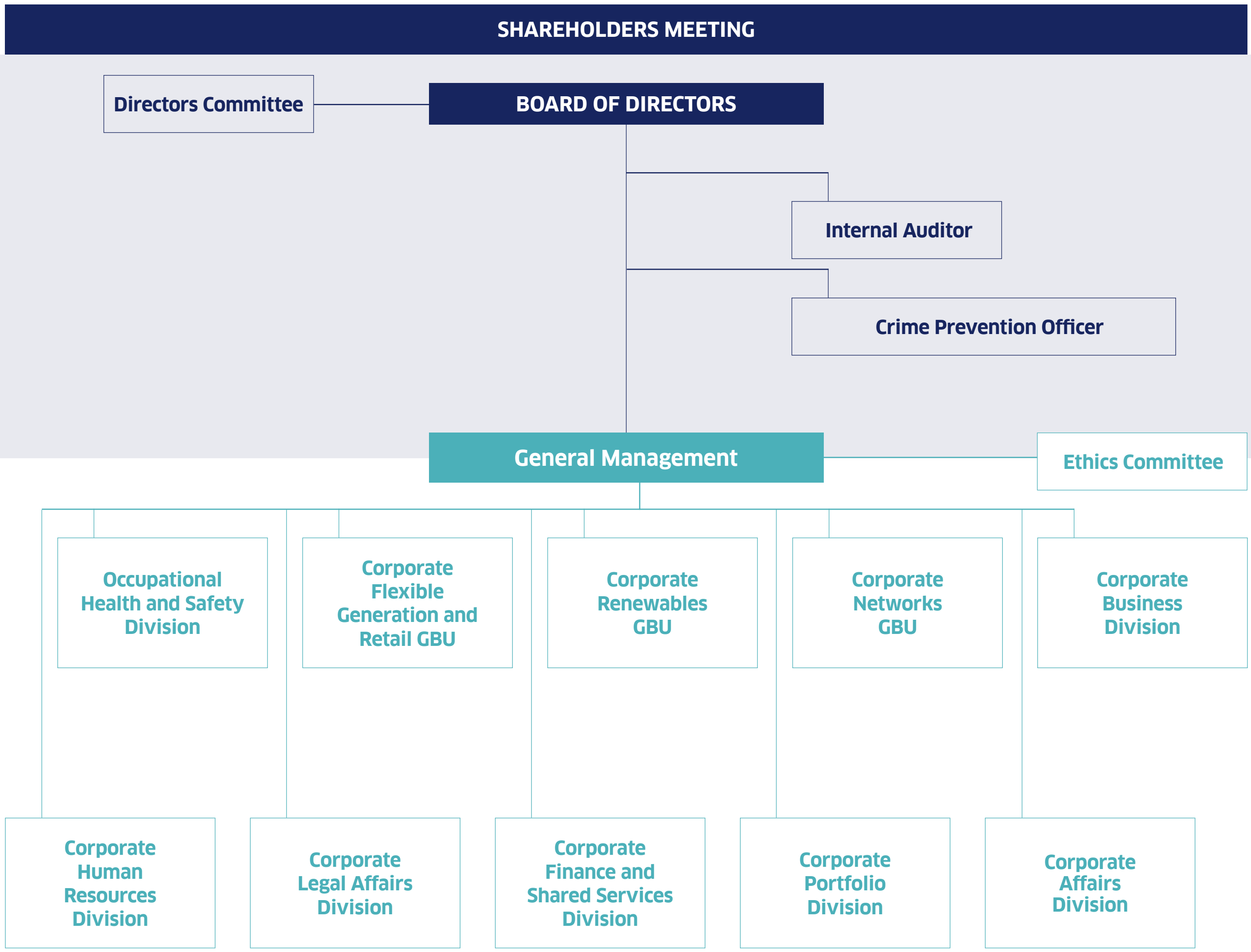
- make an assessment annually of the risks that may affect human rights and establish a management plan for each risk identified.
- Identify on a timely basis potential impacts on human rights in new projects and new business relationships to integrate the assessment and the preventive measures to the project file.

III. Management tools

We have management platforms and tools that help us achieve our objective of strictly monitoring compliance with our rules.

- **Ecovadis Platform.** Critical suppliers are assessed in order to monitor their social and environmental performance.
- **Due Diligence.** An assessment is made of ethical and compliance risks according to the group's policy.
- **Protection.** Reports of violations of ethical principles and other conduct in violation of the internal framework.
- **No Life at Risk.** A special program dedicated to Occupational Health and Safety or other policies and procedures.
- **Ethics clauses.** The Human Rights Vigilance Plan has been added to our general contract conditions.

2.3 ORGANIZATION CHART



Shareholders Meeting
The Shareholders Meeting is the highest decision-making body in the Company and it is where shareholders meet to learn about the company's management and to adopt resolutions within its purview of authority that is defined by law and our bylaws. Shareholders Meetings can be held securely and remotely so that shareholders can cast their votes without having to be present physically.

Board of Directors
The Board of Directors is the main administrative body. Its principal work is to decide on the company's strategic plan and consider the risks and opportunities in the business. It also defines the company's long-term objectives and strategic planning.

Directors Committee
It is comprised of independent directors who must perform the duties indicated in article 50-bis of Companies Law 18,046 and the duties in other laws and administrative regulations. Its members hold office for two years (and can be re-elected), and alternate directors have been appointed to substitute for them.

Crime Prevention Officer
This officer is in charge of monitoring and enforcing the Law 20,393 Crime Prevention Model. They must report their work to the Board quarterly. They must also keep the Board apprised of any potential changes to the law in this respect.

Internal Auditing
The internal audit area is in charge of monitoring compliance with internal control policies and procedures, the annual audit plan and programs, and any eventual serious weaknesses that have been found, in addition to reviewing and making recommendations to minimize the occurrence of irregularities or fraud.

The Internal Auditor and the Crime Prevention Officer must present their work to the Board of Directors (i) semi-annually and (ii) at the request of one of the board members. When there are material irregular situations,either due to their severity, amount or risk involved, they must report the irregularity to the Board of Directors and to the Ethics Officer.

The reports issued by the Internal Auditor are also sent to the Chief Executive Officer, the Ethics Officer and the corresponding area Manager.

Executive Committee
The Company's daily work is led by the Chief Executive Officer and Division Heads. Their main functions are to ensure that the necessary parameters are met to provide an appropriate control environment and to effectively follow the strategy and attain business objectives.

Ethics Committee
The members of the Ethics Committee are the Chief Executive Officer, the Ethics Officer and the Crime Prevention Officer. This Committee may evaluate any complaints received through our platforms, conduct the investigations and impose penalties, when warranted.

2.4 BOARD OF DIRECTORS

At the close of 2022, the Board of Directors was comprised of seven regular members, six men and one woman, and the same number of alternates. Three of the directors are independent, in line with the requirements in article 50-bis of the Companies Law.

16 Board Meetings were held in the 2022 fiscal year, 12 ordinary and 4 extraordinary, at which a quorum was present to hold a meeting according to the Company's bylaws. The directors received the minutes through the DocuSign system at the end of each meeting. The Board met at least once a month.

Frank Demaille
Chairman
- French
- Engineer
- Tax ID 26.890.321-6
- Reelected in 2022
- Term ends: 2024

André Canguçú (*)
- Brazilian
- B.A. and M.A. in Business Administration
- Passport #YC013255
- Elected in 2022
- Term ends: 2024

Pascal Renaud
- French
- Engineer
- French Passport #19V16412
- Elected in 2022
- Term ends: 2024

Mireille Van Staeyen
- Belgian
- Economist
- Passport #EN351855
- Elected in 2022
- Term ends: 2024

Claudio Iglesis (**)
- Chilean
- Electrical Engineer
- Tax ID: 7.289.154-6
- Reelected in 2022
- Term ends: 2024
- Independent

Mauro Valdés (**)
- Chilean
- Attorney
- Tax ID: 7.011.106-3
- Reelected in 2022
- Term ends: 2024
- Independent

Cristián Eyzaguirre (**)
- Chilean
- Economist
- Tax ID: 4.773.765-6
- Reelected in 2022
- Term ends: 2024
- Independent

ALTERNATE DIRECTORS

Aníbal Prieto Larraín
Chilean / Attorney /
Tax I.D.: 9.387.791-8

Guilherme Ferrari
Brazilian / Mechanical engineer and business administrator /
Brazilian Passport #GB197849

Bernard Esselinckx
Brazilian / Civil Engineer /
Brazilian Passport #YC648242

Juan Enrique Allard Serrano
Chilean / Attorney /
Tax I.D.: 10.895.601-1

Ricardo Fischer Abeliuk
Chilean / Engineer /
Tax I.D.: 6.400.720-3

Victoria Vásquez García
Business Engineer /
Tax I.D.: 6.458.603-3

(*)Hendrik De Buyserie submitted his resignation from the Board of Directors on November 3rd and he has replaced by André Canguçú, who had been an alternate director through that time.

(**) The independent directors presented their respective Independence statements in the manner provided in article 50-bis of the Companies Law.

The professional biographies of Board members can be found at:
https://engie-energia.cl/wp-content/uploads/2022/09/2022_Biografias-Directorio-EECL.pdf

Directors by time in office

	Less than 3 years	From 3 to 6 years	More than 6 but less than 9 years	From 9 to 12 years	More than 12 years
Regular	3	3	0	1	0
Alternate	5	1	0	0	0

Directors by age range

	Less than 30 years old	From 30 to 40 years old	From 41 to 50 years old	From 51 to 60 years old	From 61 to 70 years old	Older than 70
Regular	0	0	1	4	1	1
Alternate	0	0	3	1	2	0

(*) None of the Board members is disabled.

Knowledge Matrix

Our Board of Directors is comprised of individuals with ample experience in different sectors. Below we highlight some of their main skills and knowledge:

	Frank Demaille	André Canguçú	Pascal Renaud	Mireille Van Staeyen	Cristián Eyzaguirre	Mauro Valdés	Claudio Iglesis
General administration	•	•	•	•	•	•	
Administration in large companies	•	•	•	•	•		•
Industrial Sector					•	•	•
Services Sector	•		•	•	•		•
Energy Sector	•	•	•	•			•
Public Sector					•		
Finance		•	•	•	•		
Social responsibility, climate change and stakeholder dialogue						•	
Digitalization, new technologies		•					
Geostrategic challenges	•					•	
Environmental Regulation					•	•	•

BOARD COMPENSATION AND PAY GAP

The Ordinary Shareholders Meeting held in April 2022 approved an allowance of 160 U.F. per meeting for directors for the 2022 fiscal year, valid until the next Ordinary Shareholders Meeting. There is no pay gap because the compensation is the same for all members. The Board Chairman receives compensation of 320 U.F. per meeting. The Shareholders Meeting also stipulated that alternate directors would not receive any compensation for their directorships unless they attend meetings in replacement of a regular director.

Directors receive no other compensation but the compensation for their directorships in the company, except as provided in our company.

There were no changes in compensation compared to 2021.

BOARD PAY GAP

	Mean	Median
Board pay gap	100%	100%

2.4.1 HOW THE BOARD OF DIRECTORS WORKS

The Board of Directors must administrate, protect and give value to the Company's equity in line with its vision, values, strategic objectives and sustainability approach.

The Board of Directors must therefore set down the general directives on the risk management policies, including operating, financial, market, credit, occupational health and safety, labor, ethical, corruption, competition, human rights, cyber and environmental risks. It must define the principles, directives and recommendations that are used as a guide in this respect, both national and international.

I. Main duties

In relation to risks. The company has a consolidated risk monitoring system to manage and efficiently control business risks. Consolidating those risks is the responsibility of the Finance and Shared Services Division, which monitors risk management and controls regularly. They are reported to the Board, which must monitor significant risks, either quantitatively or qualitatively, that may impact business performance.

The Chief Financial Officer or their designate meets at least quarterly with the Board to analyze: whether the risk management process is working adequately; the risk matrix used; the main sources of risk; the methods to detect any new risks; the likelihood of an impact caused by the most relevant risks; recommendations and improvements that would be good to make to better manage the company's risks; and the contingency plans designed to react to any critical events.

In relation to the Audit area. The Internal Auditor must present the Annual Internal Auditing Plan to the Board of Directors at least twice a year (in June and December), the annual regulatory compliance review program and the results of internal audits. 26 audits were made of the Company's processes in 2022 following our risk matrix and according to three ISO standards: ISO 9001 on Quality, ISO 14001 on the Environment, and ISO 45001 on Occupational Health and Safety. The Board may also ask the auditor to present matters in this respect whenever it deems convenient. The Internal Auditor can propose topics at meetings when they deem it pertinent.

External Auditors. The Board of Directors and Directors Committee meet once a year with the Financial Statement external auditors. The firm auditing the 2022 fiscal year Financial Statements received a payment of UF 8,745 in Chile and of USD 20,000 in Argentina for Gasoducto NorAndino Argentina S.A.

In relation to the company's social and environmental management. To address these topics, the Corporate Affairs Division presents the company's carbon footprint trend to the Board every month and the results of its territorial management and local engagement annually. The Board must also approve the content of the Annual Integrated Report.

The salary structure of senior executives. The Corporate Human Resources Division presents the compensation structure for the Company's senior executives to the Board of Directors and Directors Committee once a year.

II. Induction and training needs

Everyone who becomes a member of the company's Board of Directors goes through an induction to facilitate their understanding of the organization, its businesses, mission, vision, strategic goals, principles and values, benefits and risks, including sustainability, procedures, main accounting standards and the most relevant legal framework applicable to the company and to the Board.

The main aspects entailed in the induction are:

- The CEO and Corporate Officers give a general presentation to new directors that covers strategic issues, after which they answer questions and concerns.
- The Chief Legal Officer provides all relevant legal documents on the company to the new director. These documents include the Company's bylaws, the Code of Corporate Governance and any appendices, and any documents containing the Company's mission, vision, strategic goals, principles and values that must guide the actions of the company, its directors and the internal team.
- The new Directors are also given access to minutes of Board Meetings in the last two years so that they can see the resolutions adopted and the background behind them.
- Finally, new directors are given access to quarterly and annual financial statements so that they can understand the most relevant items and the respective explanatory notes, in addition to the accounting standards used to prepare them.

As for Board training needs, refresher talks on specific topics are given constantly that include any regulatory and legislative changes. Updates on Law 20,393 were given in 2022 and an explanation on how they were incorporated to the company's Crime Prevention Model.

III. Internal operation

Ordinary Board Meetings are scheduled only once for the entire year. The agenda, reports and presentations that will be discussed at the meeting are uploaded to a reliable and safe virtual platform at least one week in advance of each meeting so that Board members can see the information remotely at any time, as often as they need.

Additionally, the Board receives a complete report on the company's management every month, including an analysis of the most important variables in the activities undertaken. If it wishes, the Board can request that new reports be prepared or new studies be conducted or external consultants be hired. These requests must be channeled through the Chief Executive Officer.

IV. Visits to facilities

The Board members visit our operating facilities once a year, accompanied by the Chief Executive Officer and the senior executives of the company, depending on the unit that will be visited and the subjects that will be addressed during the visit. Directors review the condition and operation of the facilities and talk to the team working there to learn their impressions, their recommendations and opinions to make improvements. As part of the 2022 agenda, the Board visited the Capricornio PV Solar Farm in the Antofagasta Region.

MAIN ESG ASPECTS REVIEWED BY THE BOARD	FREQUENCY OF REVIEW	MAIN SUBJECTS
Risk Management		
Presented by: Corporate Finance and Shared Services Division	At least quarterly	• The **significant risks** affecting business performance. • An appropriate operation of the **risk management process.** • **The risk matrix used,** the main sources of risk, the methods to detect any new risks, and the probability of an impact by the most relevant ones. • Recommendations by the Board on **improvements that would be good make to better manage the company's risks.**
Internal auditing		
Presented by: Internal Auditor	At least twice a year (in June and December) and whenever the Board or the auditor consider it necessary.	• Approval of the **Annual Audit Plan.** • Approval of the **annual regulatory compliance program.** • **Annual Auditing Budget.** • Results of the auditing, and progress in action plans. • **26 audits were made** of company processes in 2022 following our risk matrix, in accordance with three standards: ISO 9001 on Quality, ISO 14001 on the Environment, and ISO 45001 on Occupational Health and Safety.
Sustainability, Social and Environmental Management		
Territorial Management **Presented by:** Corporate Affairs Division and Sustainability Subdivision	At least once a year	• Review of the **main initiatives undertaken for Territorial Management and the Fair Transition Plan**, which addresses the social impacts of the closing of the coal-fired units and territorial management.
Salary Structure **Presented by:** Corporate Human Resources Division	Monthly	• Presentation of the **compensation of senior executives for the year.**
Carbon Footprint **Presented by:** Corporate Institutional Relations Subdivision / Sustainability Subdivision	Annually	• The **trend in the carbon footprint** is presented and any factors that had an impact on its measurement.
Financial Statements		
Presented by: The External Auditor auditing the Financial Statements	Annual	• Presentation of the **Financial Statements.**

Our Board visited the Capricornio PV Solar Farm. The visitors were: Claudio Iglesis, Rosaline Corinthien, CEO of ENGIE Energía Chile, Mauro Valdés, Pascal Renaud, Mireille Van Staeyen and Cristián Eyzaguirre.

2.4.2 DIRECTORS COMMITTEE

Its duties include retaining outside accounting, financial or legal consultants to better fulfill its purpose. The Directors Committee is comprised of independent directors Claudio Iglesis, Mauro Valdés and Cristián Eyzaguirre, who also had that role in the previous period.

The Directors Committee reports to the Board by sending it a report on any act or contract stipulated in Title XVI of Law 18,046.

In 2022, the Directors Committee met regularly and did the following:

- It examined and adopted a decision on the quarterly financial statements of the Company in 2022.
- It met with the Company's external auditing firm, the Internal Auditor and Crime Prevention Officer.
- It examined the compensation plans and systems of the Company's managers, senior executives and employees.
- It analyzed the information on the tender of services by the company and made case-by-case decisions on the potential participation of related companies in those tenders. If they did participate, it received the commercial proposals of the participants and expressed its opinion on awarding the contracts being tendered.
- It reviewed information on work orders issued by the company under master agreements in effect with related companies.
- It examined the information on related-party transactions described on pages 168 to 171 of this report.

COMPENSATION OF THE DIRECTORS COMMITTEE

In accordance with Article 50-bis of Companies Law 18,046, the Ordinary Shareholders Meeting stated for the minutes record that a Directors Committee had been elected. This Committee is comprised of independent directors. Compensation is all-event and totals 55 UF monthly. It was also allocated a budget of 5,000 UF annually for its work. The company made no expenses against this budget in 2022.

2.5 SENIOR EXECUTIVES

Rosaline Corinthien became CEO of our company on October 1, 2022, in replacement of Axel Levêque. She is the first woman to hold this position in our company and has broad experience in the renewable energy industry since she previously led the construction, operation and maintenance of ENGIE's renewable assets in France.

The following individuals joined the senior management team in 2022: Lucy Oporto, as Chief of Human Resources & Internal Communications; Enzo Quezada, as Chief Business Officer; and Isak de Eskinazis as Head of ENGIE Global Energy Management & Sales.

Senior executives by time in office

Less than 3 years	From 3 to 6 years	More than 6 and less than 9 years	From 9 to 12 years	More than 12 years
6	4	0	0	0

1 Enzo Quezada
Chief Business Officer
- Engineer
- Tax I.D. 9.409.711-8
- Chilean

2 Isak De Eskinazis
Head of ENGIE Global Energy Management & Sales
- Economist
- Tax I.D. 27.732.473-3
- Turk

3 Fernando Valdés
Chief Legal Officer & Ethics
- Attorney
- Tax I.D. 13.038.373-4
- Chilean

4 Pablo Villarino
Head of Corporate Affairs, Environment, Permits & Regulation
- Attorney
- Tax I.D. 9.904.494-2
- Chilean

5 Rosaline Corinthien
CEO, ENGIE Energía Chile
- Engineer
- Tax I.D. (in process)
- French

6 Lucy Oporto
Chief of Human Resources & Internal Communications Chile
- Psychologist
- Tax I.D. 15.378.645-3
- Chilean

7 Gabriel Marcuz
Managing Director FlexGen
- Engineer
- TAX I.D. 21.273.633-3
- Argentine

8 Mathieu Ablard
Managing Director ENGIE Renewables
- Engineer
- Tax I.D. 27.433.897-0
- French

9 Demián Talavera
Head of Operations GBU Networks
- Engineer
- Tax I.D. 14.608.639-K
- Argentine

10 Eduardo Milligan
Chief Financial Officer
- Engineer
- Tax I.D. 25.672.615-7
- Peruvian

(*) None of the Senior Executives is disabled.

Senior executives by age range

Under age 30	From 30 to 40 years old	From 41 y 50 years old	From 51 to 60 years old	From 61 to 70 years old	Older than 70
0	2	4	4	0	0

Salary structure

The compensation policy on senior executives and the chief executive officer considers a fixed salary that is basically comprised of a base salary and allowances, and of a variable salary that is a combination of personal goals – evaluated on the basis of what and how they are achieved – and the results for the strategic indicators defined in the Balanced Scorecard (BSC).

In 2022, the main indicators that were used in defining the short-term incentives were financial, environmental and social. They included our Health and Safety Goals, the recruitment of women for leadership positions, and participation in internal courses that are mandatory for all members of the company because they relate to the company's strategic issues. In 2022, the courses covered the following subjects: mental health (No Mind at Risk Program); cybersecurity; diversity and inclusion; and corporate ethics.

In connection with benefits, we have a Beneflex Program targeting leaders. This program allows them to choose the benefits offered by the Company and align them to their interests. A sum of money is provided that can be used for allowances, protection benefits, their children's school tuition, education, and support in retirement. They also have the flexibility of buying and selling vacation days.

At the close of 2022, the individuals holding these positions held no shares in the company.

Compensation of officers and senior executives

	12/31/2022 kUSD	12/31/2021 kUSD
Salary	2,832	2,158
Short-term benefits	236	398
Total	3,068	2,556

2.6 CONFLICT S OF INTEREST

In 2022 we also fortified how we handle conflicts of interest. We incorporated the General Conflict-of-Interest Management Policy to redouble efforts that we had already made based on the directives in our Conflict of Interest Prevention Policy that is an appendix to our Code of Ethics. We want these internal regulations to help everyone working in the company avoid a conflict that puts their integrity and loyalty to the company in doubt.

The General Conflicts-of-Interest Management Policy was approved in 2022 and disclosed to the entire organization. It applies to directors, officers, senior executives and everyone working in the company and its subsidiaries. We also held a webinar to clarify any doubts, and we met with union leaders to explain the content.

In our Conflicts-of-Interest Prevention Policy, we have focused on identifying the potential conflicts and the actions to be taken if they arise. Everyone must declare their conflicts, for which we have forms to be completed that discuss conflicts because of familiar relationships or conflicts of interest.

ACCUSATIONS

Accusations of conflicts of interest must be reported in an e-mail to the Ethics Officer, who has a deadline of 15 days to send a report to the Ethics Committee. If the accused is a member of the Board, the accusation will be heard and decided by the Board without the accused's participation. If the accusation is against the Chief Executive Officer, Chief of Human Resources or the Compliance Officer, they will be replaced on the Ethics Committee until the accusation is resolved.

We proactively decided to send them to the entire organization once a year, which was done in April 2022.

2.7 STAKEHOLDERS

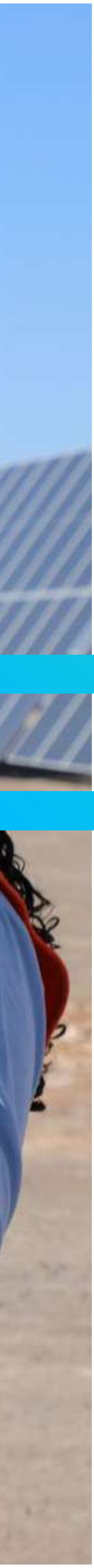
Our stakeholders are people or groups whose special interests are or might be affected by the activities we undertake. We have identified them and separated them into five categories based on their specific concerns.

The characteristics of our business and the expansion of renewable generation and transmission projects present the challenge of keeping our map of stakeholders current. Each time we enter a new territory, we apply our **Early Approach Model** under which the first stage entails identifying the stakeholders and important actors.

As a result of the Coya BESS project, we added the fire station in Coya to our list of stakeholders. The relationship arose because should there be a fire, that fire station will be the one to help us, so they need to have appropriate implements and understand how the system works to assist us should any event occur. They must also validate our safety plan to the authorities.

We have channels of communication, permanently available platforms and people in charge of managing relationships without our stakeholders. This helps us establish bonds and respond agilely.

	Groups	Management
INTERNAL STAKEHOLDERS	**Employees** **Unions** **Joint Hygiene and Safety Committees**	The Corporate Human Resources Division is mainly responsible for this relationship. It handles the internal means of communication and provides the instruments by which we can monitor how people perceive working in our company. **Promoters** • We have an area dedicated to labor relations that handles the relationship with unions and the needs of business units. • There are also areas dedicated to Internal Communication, Training, Culture, People and Compensation Management to attend to the needs of everyone working in our company. **Channels of Communication.** Intranet, internal campaigns, feedback meetings, performance evaluations and the ENGIE&ME survey.
COMPANY STAKEHOLDERS	**Communities** **NGOs** **Trade Associations** **The media**	This relationship is managed by the Corporate Affairs Division. **Promoters** • The Sustainability and Communities Subdivision handles the relationship with communities. It is comprised of territorial offices deployed from north to south that must survey concerns and suggestions from our neighbors on a timely basis. • The External Communications Subdivision deals with the press and its main goal is to provide timely responses. • The relationship with trade associations is led by the different areas, depending on the relevance of the subject. **Channels of Communication.** Mainly Work Groups with communities; Direct Neighbor Line; Social Leader Training Workshops; Work Committees with the Trade Associations of which we are members; websites and social networks.gremiales en donde participamos; sitio web, redes sociales, principalmente.
AUTHORITY STAKEHOLDERS	**Local** **National**	This relationship is managed by the Corporate Affairs Division and its associated Subdivisions. **Promoters** • The Sustainability and Communities Subdivision and the Institutional Relations Subdivision manage the relationship with local authorities. • The Regulation Subdivision manages the relationship with regulatory authorities. • The Environment and Permits Subdivision manages the relationship with the authorities in this area. **Channels of Communication.** Work Groups, Social Programs, Lobbying Platform and other channels.
FINANCIAL STAKEHOLDERS	**Shareholders** **Analysts** **Bondholders** **Banks**	The Corporate Finance and Shared Services Division is mainly responsible for this relationship. **Promoters** • Our Relations Officer leads the communication with our investors. One of the innovations we implemented in 2022 was a visit by financial sector analysts to our new renewable energy projects in the north. **Channels of Communication.** The main channels are ENGIE AL DÍA Newsletter (ENGIE Today Newsletter); Ordinary Shareholders Meeting; conferences to report results; the website and social networks.
BUSINESS STAKEHOLDERS	**Customers**	The Corporate Business Division leads customer relationships. **Promoters** • Commercial Officers work at establishing a close and trusting relationship. **Canales de Comunicación.** Mainly the Monthly Newsletter, Customer Day, Customer Portal, Corporate Website, site visits, delivery of the company's Annual Integrated Report.
	Suppliers	The Procurement Division must establish a relationship focused on creating value for all parties involved. **Channels of Communication.** Mainly the supplier portal, internal contact, meetings, Supplier Day and the delivery of the company's Annual Integrated report.
	Industrial partners	Alliances and Agreements.



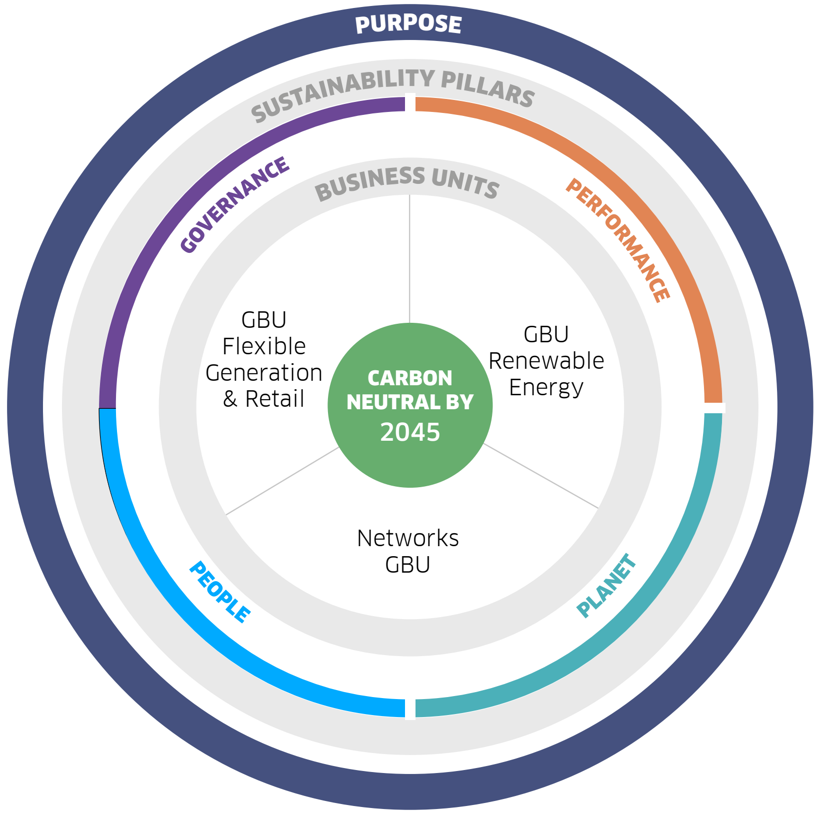
CHAPTER 3
OUR STRATEGY

Sustainability is at the core of our business strategy and is oriented toward leading the country's energy transition.

3.1 SUSTAINABILITY IN THE BUSINESS MODEL

Sustainability is at the core of our business strategy, focused on becoming carbon neutral by the year 2045 through our decarbonization plan. In developing our work, occupational safety is a company-wide goal of all business units, as is contributing to the development and welfare of communities near our operations and promoting a business culture based on high ethical standards.

Since 2021, we have been restructuring into three business units and transversal back-office areas to focus our efforts and be aligned with the ENGIE Group strategy.

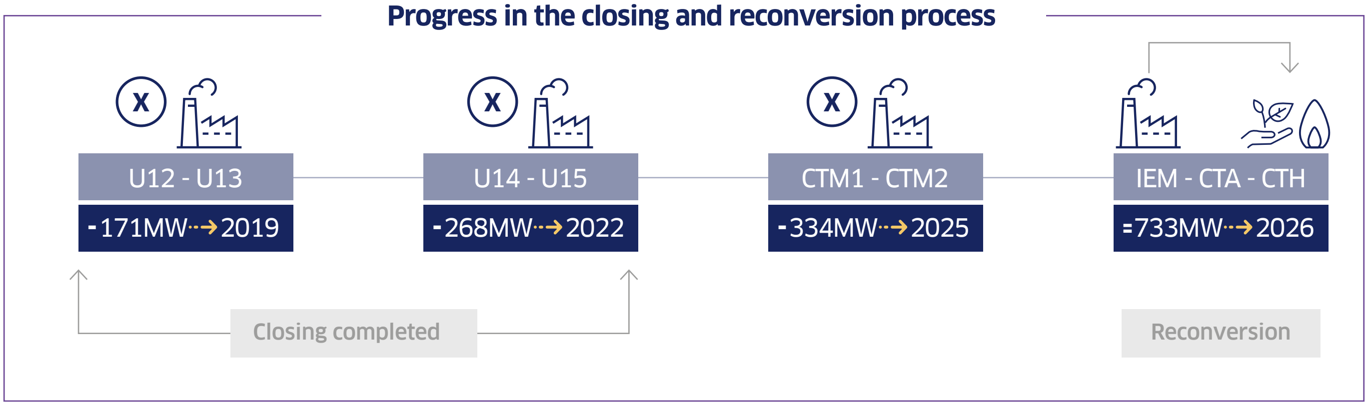


I. Our progress

In 2022 we continued forward in our challenge of replacing 1.5 GW of coal-fired installed capacity by 2 GW of renewable energy generation. We focused on the following courses of action:

- **Closing the oldest coal-fired units.** In 2022 we completed the closing of the 439 MW coal-fired units located in Tocopilla. We began with Units 12 and 13 in 2019 and continued with Units 14 and 15 in 2022.
- **Reconversion of the newer coal-fired units.** We made progress in the engineering studies to reconvert 700 MW located in Mejillones.
- **Decarbonization of long-term power purchase agreements (PPAs) with our mining customers.** 75% of our PPAs were decarbonized by 2022 as a result of our relationship with our main customers.
- **Development of solar, wind and energy storage projects.** In a period of 4 years, from 2018 to 2022, our installed renewable energy capacity went from 2 MW to 800 MW, that is, from 1% to 26% of our installed capacity.

Progress in the closing and reconversion process



II. Challenges

The restrictions imposed by the pandemic in 2020 and 2021 caused a general delay in the development of renewable power generation and transmission projects in the country. This situation worsened because of the lag time before receiving permits to begin construction. This mainly occurred in the expansion of the transmission system where points of significant congestion in nodes had already begun to appear, preventing the injection of renewable energy into the system.

In this context, we decided to strengthen our strategy through three courses of action:

- **Sustainable growth.** Our plan considers the incorporation of approximately 1.3 GW of renewable energy in a period of three years, from 2023 to 2027, through the development of projects and asset acquisition. In 2022 we purchased the San Pedro Wind Farm in Chiloé (101 MW in operation and the possibility of adding 151 MW) and we approved the commencement of construction of the Lomas de Taltal Wind Farm that will add 342 MW to our installed capacity.

  To ensure energy injection, we will implement battery-based storage systems in our renewable units, which will give us the flexibility to inject our energy at times when congestion is lower. To that end, we approved the construction of Coya BESS, which will be located in the Coya PV Solar Farm (180 MWac) in the municipality of María Elena, Antofagasta Region. It will have a capacity of 638 MWh (approximately 138 MW), equivalent to 5 hours.

  We also created the Environment and Permits Subdivision, dedicated exclusively to obtaining the necessary permits in order to accelerate processes and, to the extent possible, avoid delays in projects.

- **Operational excellence.** To overcome this challenge, we will focus on maintaining high levels of availability in our units, which we have achieved thanks to our asset management plan. We will also concentrate on meeting construction deadlines of the projects to dismantle the disconnected units. Additionally, we will be monitoring the development and digitalization of processes and compliance with our occupational safety goals defined in the One Safety plan.

- **Portfolio Optimization.** We decided, while the system is stabilizing and we start up our renewable energy projects, to optimize the portfolio and ensure that we meet the long-term commitments we have to our customers. In that respect, we signed Backup PPAs that will also help us reduce our exposure to variations that are impacting spot market prices.

INVESTMENT PLANS

We are planning, for the period 2023 – 2029, to implement a plan to investment close to USD 1.8 million to finance projects equal to 1.3 GW of renewable energy.

In 2022 we approved an investment of USD 650 million to build the Lomas de Taltal Wind Farm (USD 450 million) and the Coya BESS (USD 200 million).

MUSD 650
Investment approved in 2022

How we are accelerating our investments in renewable energy

We plan to add 1.3 GW in the period 2023 – 2027 to the 0.8 GW we had in production in 2022.

	0.8 GW In production				**0.5 GW** Under construction	**0.8 GW(*)** Under development
	2019	**2020**	**2021**	**2022**	**2023-2024**	**2025-2027**
MW en operation	46	82	265	369	481	860
Wind		48 MW Monte redondo	151 MW Calama	101 MW San Pedro	0,4 GW Lomas de Taltal	
PV Solar	46 MWac Los Loros Andacollo		114 MWac Tamaya	268 MWac Coya Capricornio		
Water		34 MW Laja				
Battery					0,2 GW Coya Bess	
CAPEX and acquisitions	64 KUSD	202 KUSD	171 KUSD	325 KUSD	634 KUSD	MUSD 1.1

(*) The projects under development have not yet been approved and the financing will be decided in due course.

Eduardo Milligan,
Chief Financial Officer

We decided to accelerate our investments in assets while simultaneously adopting all safeguards through energy storage systems, like the one we will install in the Coya PV Farm, so that these investments profitable and contribute to the grid's stability.

GREEN FINANCING

As with the Calama Wind Farm for which we received the first green loan from IDB Invest, we are exploring new alternatives for renewable energy projects in the coming two to three years. We began conversations with the IFC, of the World Bank Group, that led to the signature of a letter of mandate regarding a potential loan for MUSD 400 structured as A/B-1. If this loan is granted, the transaction will include an additional source of financing for decarbonization under the Managed Co-Lending Portfolio Program.

This memorandum of understanding was signed by Rosaline Corinthien, CEO of ENGIE Chile; and Alfonso García Mora, Regional VP of IFC for Europe, Latin America and the Caribbean.

TIME HORIZON

In determining the useful life of the company's assets and infrastructure, a distinction must be made between those that have a long-, medium-, and short-term useful life. Our thermal generation units, renewable energy generation farms, transmission lines, gas pipelines and civil works fall in the long-term category, which is a range of 25 to 50 years. Medium-term assets are comprised of control systems and their useful life ranges from 10 to 14 years. Finally, short-term assets are the auxiliary systems, vehicles and tools that have an estimated useful life of 3 to 10 years. The useful life of property, plant and equipment is reviewed at the end of each fiscal year

Estimated Useful Lives of the Company´s Main Assets

		Minimum	Maximum
Coal-Fired Power Plants	Useful life in years	25	40
Combined-Cycle Power Plants	Useful life in years	25	25
Wind Farms	Useful life in years	25	45
Photovoltaic Power Plants	Useful life in years	25	35
Civil Works	Useful life in years	25	50
Hydraulic Works	Useful life in years	35	50
Transmission Lines	Useful life in years	10	50
Gas Pipelines	Useful life in years	25	30
Control Systems	Useful life in years	10	14
Auxiliary Systems	Useful life in years	7	10
Furnishings, Vehicles and Tools	Useful life in years	3	10
Other Assets	Useful life in years	5	20

3.1.1 IMPACT MANAGEMENT

Our strategy also considers identifying and managing real and potential, negative and positive, material impacts that are inherent to the industry in which we engage. Our focus for negative impacts is to mitigate and reduce while for positive impacts, it is to amplify. In identifying impacts, we request the opinion of our stakeholders with whom we maintain a relationship of trust and mutual support.

By concrete measures, we aim to create value and contribute to the Global Agenda goals, particularly to the following Sustainable Development Goals (SDGs).

Sustainability Pillars

PERFORMANCE	PEOPLE	THE PLANET	GOVERNANCE
• Ensure that we meet our commitments to our customers.	• Occupational Safety. • Diversity. • Contribution to the local development of neighboring communities.	• Being carbon neutral.	• Protecting our business practices, Ethics and Compliance.

Below we share our material impacts and the actions we took to mitigate any negative ones and amplify any positive ones.

MANAGEMENT OF OUR POTENTIAL AND REAL MATERIAL IMPACTS

	Impacts	Management	Associated SDGs
PERFORMANCE	**Responsible investments profitable to shareholders**	• Strategy to accelerate renewable energy projects. • Energy storage system to ensure the dispatching of our renewable energy (Coya BESS).	7
	Compliance with long-term power purchase agreements	• Signature of backup power purchase agreements to meet our commitments.	8
THE PLANET	**Access to renewable energy**	• Closing of 1.5 GW of coal-fired units. • Startup of 2 GW of renewable energy units.	7
	GHG Emissions	• Commitment to become carbon neutral by 2045.	13
	Gas emissions affecting air quality	• Programs for the management and monitoring of emissions that affect air quality.	
	Impacts of disposal of our waste	• Waste management and recycling plans.	15
	Discharges into seawater	• Monitoring systems and measures to manage • discharges into the ocean.	14
	Impacts of our renewable units on the ecosystem	• Biodiversity plan for renewable assets.	15
PEOPLE	**Social impact of closing our coal-fired units**	• The Fair Transition Program that began with the decarbonization of the Tocopilla Thermal Complex.	8
	Impacts of our arrival to the communities where we operate	• Policies and programs to foster local employment, local entrepreneurship and local development.	8
		• Access to clean energy in public spaces and community projects that add value for local inhabitants.	7, 13
	Fair working conditions	• Compensations policy based on Equal Pay.	8
	Little participation of women in the industry	• We are part of the 50/50 Plan to increase the participation of women in the ENGIE Group.	5
	Promotion of diversity and inclusion	• Unbiased selection processes. • Certified inclusion promoter.	10
	Impact on Occupational Health and Safety	• Occupational Safety System. • One Safety Program.	3
	Safeguarding compliance with the workers' rights of contractors' employees	• Employer compliance monitoring system.	8

MANAGEMENT OF OUR POTENTIAL AND REAL MATERIAL IMPACTS

	Impacts	Management	Associated SDGs
GOVERNANCE	**Contribution to good business practices**	• Internal regulatory framework • Annual corporate ethics training plan	8, 16, 17
	Anti-corruption	• Crime Prevention Model • Whistleblower channels	
	Protection of Competition	• Competition Manual Competencia.	
	Protection of human rights in the chain of value	• Vigilance Plan • Vigilance Committee • Due Diligence of new contracts	

Global contribution

We would like to emphasize that all our progress in these matters is global in scope because they are considered in the goals that the ENGIE Group is furthering to contribute to the world's sustainable development.

SUSTAINABILITY IS AT THE CORE OF THE ENGIE GROUP STRATEGY

Take action to accelerate the transition to a carbon neutral economy by consuming less energy and providing solutions more respectful of the environment.

The road to Net Zero Carbon by 2045 in all scopes following a "well below 2°C" path.

No more coal used by 2027.

Investment in projects and regions compatible with our goals.

Allocation of carbon budgets and integration of the carbon price.

Incorporation of carbon goals to the incentives of senior management.

THE PLANET

Level 1 ENGIE Group Goals for 2030

- 43 $MtCO_2eq$ from the production of electricity, aligned with the SBT Trajectory goals.
- 52 $MtCO_2eq$ from the sale of gas, in line with the SBT Trajectory goals.
- 58% of renewable energy in the installed capacity mix.
- •Reduce customer emissions by 45 $MtCO_2eq$.
- 100% of suppliers must be certified or aligned with the SBT standard (excluding suppliers related to energy sales).

SDGs: 6, 7, 13, 15

PEOPLE

Level 1 Engie Group Goals for 2030

- A frequency rate no higher than 2.3 points, including contractor employees.
- 50% of executive positions in the group are held by women.
- Reach 100 points in the gender equity index.

SDGs: 3, 5, 8, 10, 16

3.2 INNOVATION AND DIGITALIZATION IN THE STRATEGY

Innovation and continuing improvement play a major role in the company's strategy; they contribute to operational excellence and to an improvement of business processes, which has a positive impact on the availability of assets, digital solutions, process simplification and platform standardization, among other elements.

In this context, we are orienting our management of innovation towards the search for solutions that reinforce our energy transition and optimize our business processes. One of the notable innovative projects in the energy transition is Coya BESS.

Additionally, nine of all of the projects implemented in 2022 were selected by ENGIE Chile to participate in the ENGIE Group's "ONE ENGIE Awards" innovation contest. Through this initiative, the ENGIE Group rewards the best innovation projects in the world based on the value they contribute, the level of implementation, social and environmental impact and alignment with the strategy.

In the area of continuing improvement, we systematically asked the entire organization to identify initiatives and present digital and process projects. We have a platform dedicated to evaluating "business cases" through which everyone in ENGIE Chile can present their innovation and improvement proposals. The best projects are then selected based on their value contribution and alignment with the strategic goals.

I. Main milestones in process management

In the framework of process management, the Electric Facility Integrity Management System (SGIIE, as abbreviated in Spanish) was successfully implemented in the "+Simple" integrated management system. This is a standard of asset management required by the Electricity and Fuels Commission (SEC, as abbreviated in Spanish) (Technical Docket 17). The Calama Wind Farm was also included in the scope of ISO environmental and safety quality standards certification to ensure that the same operating standards are maintained at all sites operated by ENGIE.

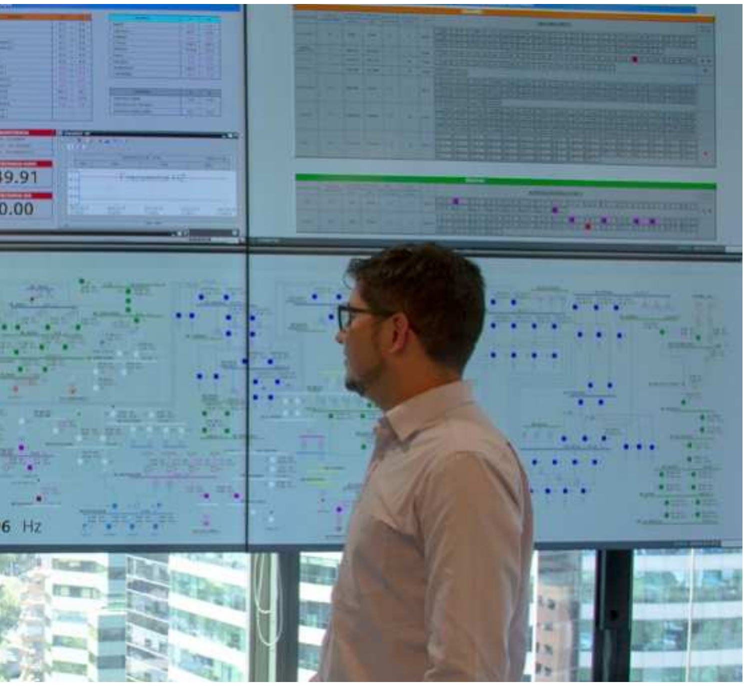
II. Digital strategy progress and achievements

We began our digital transformation early. This decision has earned us significant benefits, among them maintaining an operational continuity in such critical times like the COVID-19 pandemic, progressing in the automation of processes, generating efficiencies and savings for the company.

In 2022 we continued to strengthen our strategy by optimizing data management. This meant eliminating spreadsheets and creating databases. We also focused on transforming processes by adopting ENGIE's global platforms. We can highlight in this area:

- Unified financial process management (GET Project)
- Unified management of human resource management processes (SEZAME Project).
- Unified management of renewable assets (Darwin Project)
- Digitalization of the Global Energy Management and Sales (GEMS) processes.

We also continued forward in our goal of obtaining efficiency and savings. We were able to generate 2,900 hours of efficiency (real hours of efficiency and hours of efficiency committed in business cases), a figure quite higher than what we achieved in 2021. This available time is being used to perform tasks of greater value, of analysis and management.



We contributed kUSD 1,283 to the Fuel For G (FFG) fuel savings program of the ENGIE Group, which generated value in 2022. The following initiatives worked toward this achievement:

Group	kUSD
IT Contract Optimization Plan	295
Efficiency in services to third parties	378
FTE Optimization	150
HR. One Payroll Chile Project	10
H&S. Equity Safety Project	362
Project to Change Historian to Robin PI	81
TOTAL FFG	**1,283**

2023 Challenges

We are working together with the ENGIE Group on designing a Data Policy that will become official in early 2023. It will define the guiding principles and rules on the use of data to guarantee that ENGIE has a common, structured way of managing its data. The goal of the policy is to make data a reliable tool of support in daily decision-making by all our employees.

III. Cybersecurity Management

We address cybersecurity challenges in conjunction with the ENGIE Group and all its subsidiaries. The Group has a Cybersecurity Policy and a framework of action that gives us the cybersecurity guidelines for industrial control systems (ICS) by which we can measure our level of compliance in different aspects of cybersecurity. It consists of 19 areas and each has different controls that total 210 sub-controls. It is based on international standards such as:

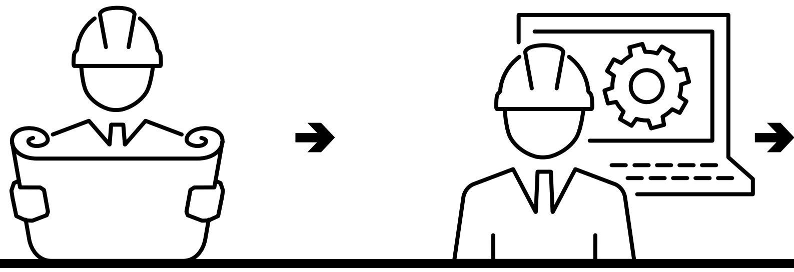
- **NERC-CIP:** Critical Infrastructure Protection.
- **ICS-CERT:** Improvements to Industrial Control Systems, Instruction Mitigation, References and Mitigation Standards.
- **ANSSI:** Information Security in Industrial Control Systems.
- **ENISA:** Industrial Control System Protection.
- **NIST SP 800:** -53 Control System Recommendations; -82 Security Guide for Industrial Control Systems.
- **ISA/IEC 62443:** Industrial Communication Networks.
- **ISO/IEC:** Utility Industry Security Control.
- **ISO 27.001:** Information Security.

To reinforce our cybersecurity efforts, we are managing the risks of the people who work in the Company, of suppliers and contractors. We took the following actions in this respect:

- **Internal phishing campaigns.** This entailed sending test e-mails to users to measure our risk level.
- **Cybersecurity course.** This was mandatory for everyone working in the company. This course reviewed the different cybersecurity precautions that must be borne in mind, and awareness talks were given frequently.
- **Commitments and sensitization in the supply chain.** Our suppliers commit by contract to abide by our guidelines and Cybersecurity Policy. We also make a cybersecurity awareness course available to their internal team during the accreditation process prior to beginning work.

Additionally, as a coordinee of the National Electric Coordinator (CEN, the acronym in Spanish), we must comply with the NERC-CIP Cybersecurity Regulations.

3.3 SUPPLY CHAIN



Input by customers and other stakeholders

1 CONCEPTUAL DESIGN OF THE ENERGY SOLUTION

2 PROJECT DEVELOPMENT

CUSTOMER-ORIENTED

4 Project Operation

CHOOSING PRODUCTION INPUT SUPPLIERS

TRANSPORT OF PRODUCTION INPUTS (BY SHIP-GAS PIPELINE)

STORAGE OF PRODUCTION INPUTS

Stakeholders Involved

Suppliers

Employees

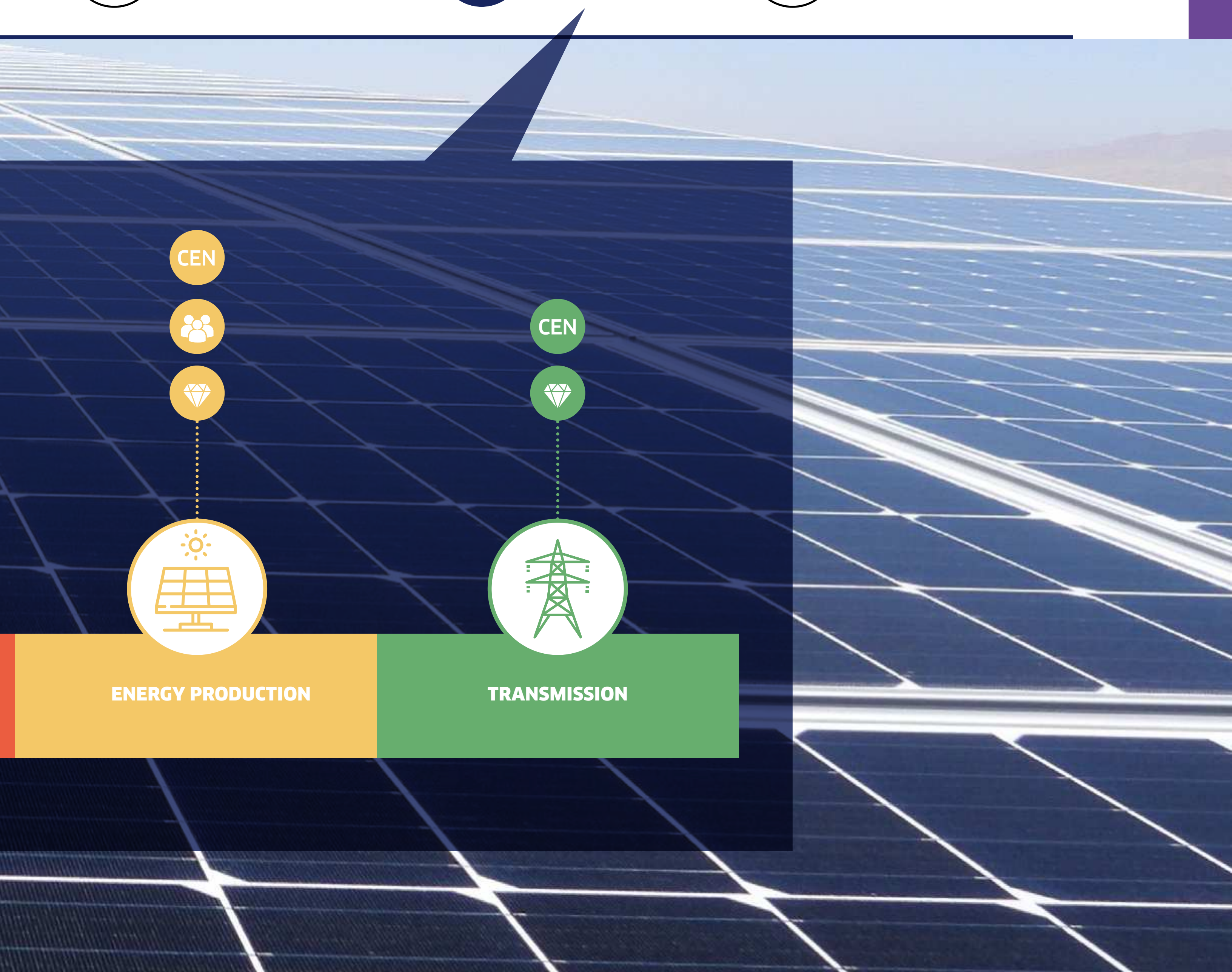
Customers

CEN

3 PROJECT CONSTRUCTION

4 PROJECT OPERATION

5 SUSTAINABLE CLOSING OF OPERATIONS



CHAPTER 4
PERFORMANCE

We follow our Performance Sustainability Pillar to promote initiatives to strive for a carbon neutral economy, starting with our customers.

4.1 OUR INDUSTRY

The industry in which we engage is comprised of three large markets: generation, distribution and transmission:

» Power generators that sell their production to regulated and unregulated customers.

» Distribution companies that distribute any supply to end customers in the concession zone at a voltage less than or equal to 23 kV.

» Transmission companies that transmit high voltage electricity produced by power generators or required by large-scale customers. This covers all lines and transforming substations operating at a nominal voltage above 23 kV.

The main electric system in Chile is the National Grid (SEN, as abbreviated in Spanish), which was created in November 2017 by the unification of the Interconnected System of the Far North (SING, the acronym in Spanish), where most of the mining industry in the country is, and the Central Grid (SIC, acronym in Spanish), where 93% of the population resides.

The SEN runs 3,300 km and covers a large part of the nation, from Arica in the north to Chiloé in the south. In addition to the National Grid, there is the Aysén Grid and the Magellan Grid.

Since January 1, 2017, the National Electric Coordinator (CEN, as abbreviated in Spanish) is in charge of coordinating operation of the CEN. Its goal is to preserve power supply with the required security in the most economical way possible while guaranteeing open access to transmission systems.

The CEN is the successor of the former Economic Load Dispatch Centers (abbreviated as CDEC in Spanish) of the SING and SIC that operated those systems independently.

TYPES OF CUSTOMERS

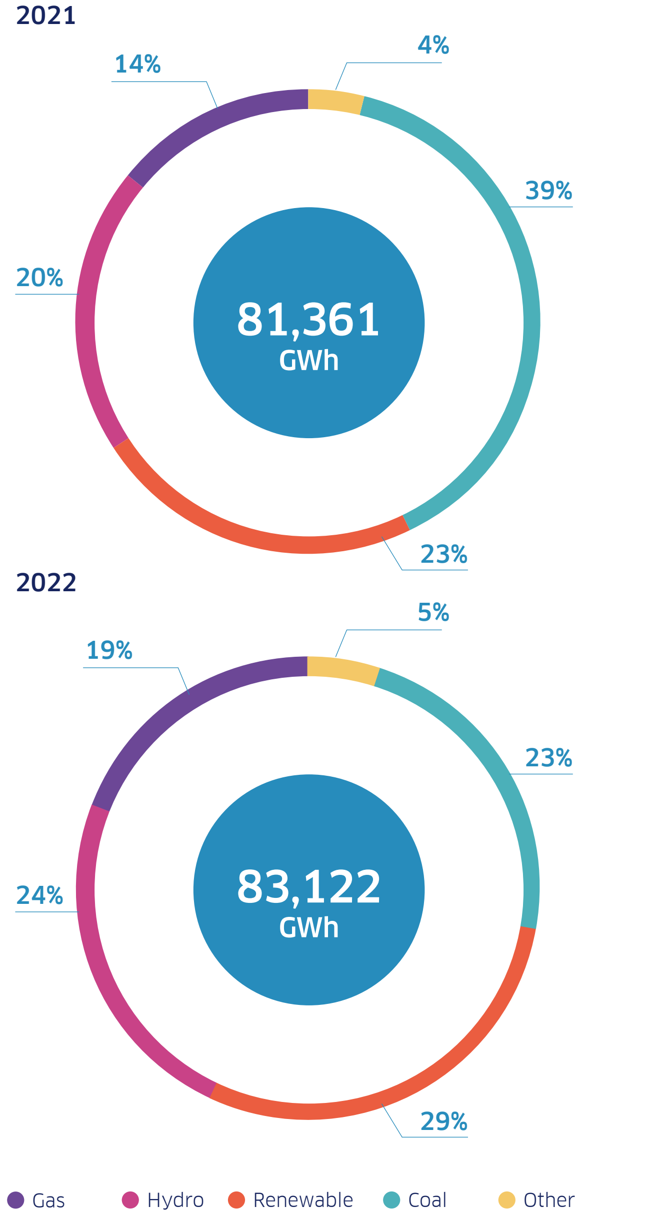
a) Regulated customers: These are residential and commercial consumers and small and mid-sized industries with a connected capacity less than or equal to 5,000 KW. They are located in the concession area of a distribution company. The transfer price between power generators and distribution companies is the result of tenders that are held by distribution companies.

b) Unregulated customers: These customers represent a demand that has a connected power greater than 5,000 KW, mainly industrial and mining customers. These consumers can freely negotiate their purchase prices with power generators and/or distribution companies. Customers with a connected power of 500 to 5,000 KW have the option of contracting power supply at prices agreed with their suppliers or of continuing to be price-regulated. Regardless of their choice or pricing, they must remain in that pricing system for a minimum of four years.

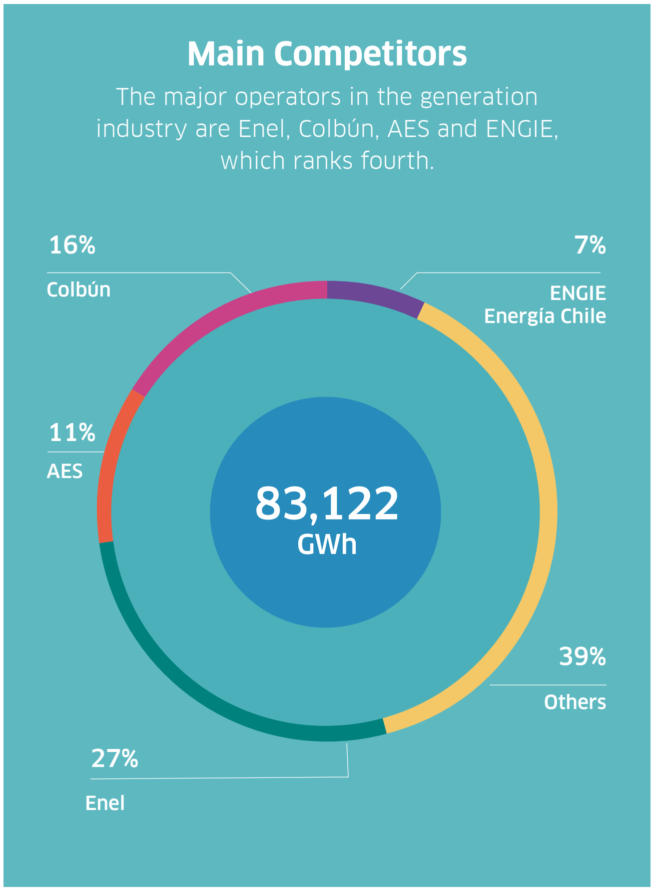
c) Spot or short-term market: These are energy and capacity transactions among power generators resulting from the coordination by the CEN to attain an economic operation of the system. Production surpluses or deficits as compared to their commercial commitments are transferred by sales to, or purchases from, to other members of the SEN.

Energy transfers are appraised at the marginal cost. Transfers of capacity are appraised at the corresponding node price, set semi-annually by the authority.

Generation by source



Source: National Electric Coordinator (CEN)



4.2 REGULATORY FRAMEWORK

The electricity sector in Chile is regulated by the General Electricity Law contained in Statutory Decree 4/20018 of the Ministry of Economy that set the consolidated, coordinated and systematized text of Statutory Decree 1/1982 and the corresponding Regulations to that decree contained in Executive Decree 327 of the Ministry of Mining, as amended.

Entities responsible for ensuring enforcement and compliance with the Law are:

- The Ministry of Energy (MEN), a first-level department that collaborates with the President of the Republic in government and administrative functions of the energy sector. It is responsible for policies, plans and standards for sector development.
- National Energy Commission (CNE, as abbreviated in Spanish), which regulates the planning of transmission systems, price analysis, rates and technical standards so that there is a sufficient, secure and quality service consistent with the most economic operation.
- Electricity and Fuels Commission (SEC, as abbreviated in Spanish), which controls and oversees compliance with the laws, regulations and technical standards for power generation, transmission and distribution, liquid fuels and gas.
- National Electric Coordinator (CEN, as abbreviated in Spanish), an autonomous public association responsible for guaranteeing a coordinated, secure and the most economical operation of facilities, in addition to open access to transmission systems.
- Panel of Experts, whose primary function is to resolve disputes arising among electric utilities.

How the Sector Works

Under the Electricity Law, power generators in the National Grid must coordinate their operations through the CEN so that the grid is operated at the minimum cost while preserving a security of service. The CEN plans and implements grid operation, including the calculation of the hourly marginal cost, which is the price at which energy transfers among power generators are appraised. Therefore, the decision for each company to generate is subject to the CEN Operating Plan. Companies can freely decide to sell their energy to regulated and/or unregulated customers. Any surplus or deficit between their sales to customers and their production is sold to or bought from other power generators at the marginal cost.

In Chile, capacity, for the remuneration of each generator, is calculated on a centralized basis by the CEN yearly, and that calculation provides the sufficiency capacity of each power plant. This value is separate from power plant dispatching. The price is also calculated by the CEN.

In addition, prices transferable to regulated customers continue to be stabilized at their level set in 2019 by the Temporary Stabilization Mechanism in Law 21,185 while awaiting implementation of the new Stabilization Mechanism contained in Law 21,472 of August 2022.

RENEWABLE ENERGY REGULATION

Renewable Energy Law 20,257 was enacted in April 2008 and then amended by Law 20,698, enacted in October 2013. These laws created incentives for the use of Unconventional Renewable Energy (UCRE). The main aspect of these rules is that generators were required to have at least 5% of the energy they sell come from these renewable sources between 2010 and 2014. That percentage is increasing progressively, by 0.5% per year, starting with the 2015 fiscal year through 2024, when it should be 10% for PPAs made after August 31, 2007 but before July 1, 2013.

The obligation for PPAs signed after July 1, 2013 was 5% as of 2013, rising 1% from 2014 to 12% in 2020 and then by 1.5% from 2021 until reaching 18% by 2024. There will be an increase of 2% in 2025 to reach 20% by 2025.

TRANSMISSION REGULATION

4 transmission line classifications were created in Chile under Law 20,936 of 2016,: National, Zonal, Poles of Development and Dedicated. The planning and expansion of transmission systems is a centralized, regulated process. The CNE prepares an expansion plan annually based on Technical Reports, and the Panel of Experts can make observations and disagree with that plan.

The National Grid interconnects the Zonal and Dedicated Systems and unifies the grid to create a broad market throughout the country where all generators can offer their energy at any point in the SEN. It also leaves room for operation by providing different options from where a power supply can be obtained.

The Zonal Systems provide energy locally to distribution companies in order to supply power to regulated customers. A Dedicated System can also connect to a zonal system, whether it is of an unregulated customer or a generator.

The Poles of Development arose from the Long-Term Energy Plan (PELP, as abbreviated in Spanish) that defines certain areas of interest where a major generation capacity can be developed.

Dedicated Systems are lines that are intended to connect an unregulated customer (mining companies, large-scale consumers) or a power plant to the National Grid or a Zonal System.

The Technical Service Quality and Security Standard lays down the conditions for Technical Operating and Security Standards. There are also technical appendices and regulations that provide details on the variables not defined in the law or a technical standard.

4.3 BUSINESS ENVIRONMENT IN 2022

4.3.1 MACRO- AND SECTORAL CONDITIONS

Performance in the electricity sector was impacted by a heavy increase in marginal costs due to the rise in the international prices of fuels as a result of the war between Russia and Ukraine. In 2021 and 2022, these prices varied on average by more than 100%.

Also contributing to this rise was the impact of the drought and the unavailability of, and outages in, efficient coal-fired power plants in this system.

Although mitigating effects were seen towards the mid-point of the year, such as better hydrological conditions in August and September, imported Argentine gas injected to the system in the central zone of the country, and a reduction in the international price of coal, the sum of those effects was not enough. If we consider the Crucero, Quillota and Charrúa busbars, the average marginal cost rose 35% in 2022 compared to the previous year, reaching an average price of US$104/MWh. However, the average marginal cost at Puerto Montt was US$198/MWh, well above the rest of the system.

This rise in high marginal costs is being transferred directly to the spot market, creating a difference with the prices set in long-term PPAs. This situation is known as a decoupling and has worsened because of the shortage of transmission lines to inject renewable energy generation. Some nodes were seen to have moments of great congestion, when it was impossible for renewable units to connect, with the consequent impact on the remuneration for the energy generated.

4.3.2 REGULATED PROCESSES

- **2020-2023 Four-Year Transmission System Pricing.** In early 2022, the Panel of Experts issued a decision on the disputes between 23 companies and the National Energy Commission in relation to the technical report on the pricing of transmission facilities for the period 2020-2023. This led to a new version of the CNE's technical report in March, which acknowledged an increase in the Annual Price for ENGIE's transmission segments, from 15.8 million dollars to 17.8 million dollars.

  Rate Decree 17 was published in the Official Gazette on February 16, 2023, after the final technical report became public.

- **2024-2027 Four-Year Transmission System Pricing.** Conducting the technical pricing study requires implementing three important processes: Design of the technical terms and conditions, rating of facilities, and the declaration of facilities that will be a part of the study. This latter process has been impacted by the migration of technical information of the CEN to the new Transmission Asset Platform, which has required that companies declare their assets in the new formats. An exhaustive review was made in 2022 of the technical information available to complete these processes. The CNE is expected to rate facilities around mid-2023, to then begin the technical studies on appraisal of the assets forming a part of the Coordinator's Asset Platform. Moreover, the CNE published Exempt Resolution 288-2022 on April 26th that contained the Final Technical and Administrative Terms of Transmission System Facility Appraisal Studies for the period 2024-2027. The Terms stipulated the general aspects according to which appraisal studies will be made.

- **2021 Transmission System Expansion Plan.** The CNE implements a transmission planning process every year to address the expansion works needed by the National Transmission System, the transmissions systems for poles of development, zonal transmission systems and dedicated transmission systems used by public distribution concessionaires to supply price-regulated users or needed to deliver such supply, s the case may be. The 2021 Expansion Plan was published on November 4, 2022, which considered 31 expansion works and 13 new projects for a total investment of approximately USD 538,000. Moreover, in January 2022, the CEN sent its 2022 Expansion Plan proposal to the CNE, a milestone that started the 2022 process.

ASSOCIATIONS OF WHICH WE ARE MEMBERS

Acción Empresas (Business Action)
www.accionempresas.cl

Global Compactl
www.pactoglobal.cl

Manufacturing Development Society
www.sofofa.cl

Chilean Desalination Association
www.acades.cl

Chilean Renewable Energy Association
www.acera.cl

Mejillones Industrialists Association
www.aimejillones.cl

Generators Association of Chile
www.generadoras.cl

Antofagasta Industrialists Association
www.aia.cl

Transmitters Association of Chile
www.transmisoras.cl

- **Transmission pricing.** One of the most significant events in 2022 was the freezing of transmission rates, made official by CNE Exempt Resolution 898-2022. Under this resolution, effective January 1, 2023, the only transmission service charges to end customers must recognize the adjusted prices of facilities in use, the balances generated by the rate freeze, and the forecasted amount of demand. This not only helped send an appropriate signal about pricing; it has also become a basic tool in adjusting the cash flow of transmission companies.
- **Supply Tenders.** The 2022/01 supply tender was held in 2022 in which 15 power generators participated, who offered a total of 10,125 GWh. However, the minimum-price combination was not feasible for all of the supply tendered.

  So, a second bidding stage had to be implemented in which the award went to a combination of bids from the first stage with a mean minimum price for the same number of subblocks per hourly block. This mechanism was established to protect regulated customers from cyclical effects. 777 GWh were awarded, representing 14.8% of all power supply in this tender. This is also evidence of the downward trend in the average prices that has been occurring since 2012.

4.3.3 LAWS ENACTED

- **Basic Utilities Law.** Law 21,423 was published on February 11, 2022, which regulates the proration and payment of debt for potable water and electricity consumption during the COVID-19 pandemic and which created subsidies to at-risk customers. The beneficiaries are electricity customers who owe debt incurred during the pandemic and whose average consumption in 2021 was no more than 250 kWh/month. Payment of the remaining balance of the debt, if any, will be subject to signature of agreements between the utility companies and the Ministry of Energy. So, the State granted a partial subsidy to at-risk customers, but the generation and transmission sectors were not required to assume the cost of uncollectibles. This law complements the provisions in Law 21,249, as amended, that imposed measures in favor of end users of sanitary, electricity and pipe gas utilities.
- **Law 21,472 that created the new Electricity Price Stabilization Fund (PEC II, as abbreviated in Spanish) and created a Temporary Customer Protection Mechanism.** Law 21,472 was published on August 2, 2022 and created a price stabilization fund and a new temporary electricity price stabilization mechanism for price-regulated customers. This new law complements the stabilization mechanism created in Law 21,185.
- **Law 21,505 promoting electricity storage and electromobility.** This law was enacted in November 2022 and gives greater certainty to the operation of storage systems, their remuneration and the right to receive income for energy and capacity on the short-term market.

Decrees

Rationing decree. Because of the energy shortage in the country, in January, the MEN amended ED 51 to specify the processes for connection of Small and Mid-Sized Distributed Generation (abbreviated as PMGD in Spanish) and to clarify instructions to the CEN. This decree was later amended by ED 29 in March in order to stipulate preventive measures, such as the implementation of water reserves, understood to be the quantity of energy stored in a reservoir to be able to reduce and manage the depth of the generation deficit in critical or unforeseen situations. The price will depend on the trend in hydrological conditions on the SEN. In September, ED 74 was published, which was a new amendment to extend the effectiveness of the preventive measures to March 2023 and reduce the amount of the water reserve to 66 GWh.

Energy Efficiency. In the framework of the enactment of Energy Efficiency Law 21,305, ED 28 was published in the Official Gazette in September that approved the regulations on the energy management of consumers with an energy management capacity and of government agencies. It also set down the procedure to report energy consumption, the definition of consumers with energy generation capacity, the means for implementation of energy management systems and the reports to be issued by the MEN on progress and forecasts of energy consumption and energy efficiency.

Bills of Law

Promoting renewable energy participation in the energy matrix. In December, the MEN made changes to the original text of the bill presented in 2021 where the purpose was to promote the participation of renewable energy in the electricity matrix by increasing the share to 60% by 2030, to allow stockpiling and to avoid dumping. The rule also contains incentives to increase electromobility in order to bring this type of technology closer to people.

Bill of Law on the Promotion of the Energy Transition. At the end of 2022, the MEN submitted a bill of law promoting the energy transition in the context of the Public-Private Short-Term Market Round Table. The bill is focused on the transmission segment, considered key to the energy transition. The sector was asked to submit proposals, on which there was a wide consensus and little conflict in the legislative debate. It is expected that the official proposal by the Ministry will be submitted in the first half of 2023, which will begin the preliminary legislative debate.

Regulatory Discussions

2022 Regulatory Plan. As stipulated in the General Electricity Law (abbreviated as LGSE in Spanish), the CNE must constantly analyze the regulations needed for the electricity sector to operate correctly. Therefore, a work plan is set annually to propose, facilitate and coordinate the drafting of technical standards.

Highlights of the regulatory discussions in 2022 are:

- Chapters on the declaration of variable costs and operations of power plants in the Technical Standard on Coordination and Operation of the National Grid.
- An amendment to the Technical Standard on Connection and Operation of Low-Voltage Generation Equipment.
- Drafting of the Technical Appendix on Seismic Requirements for High-Voltage Electrical Facilities.
- An Amendment to the Technical Standard on Connection and Operation of PMGDs.
- Technical Cybersecurity and Information Security Standard.

Public–Private Round Table: Temporarily applicable assumptions in the new capacity transfer regulations. In February, ED 3-2022 was submitted for analysis of its constitutionality to the Office of General Accountability of the Republic (abbreviated as CGR in Spanish). This Decree approved the new capacity transfer regulations and repealed ED 62/2006. After an initial study of ED 3/2022 by the CGR, the MEN withdrew it in September in order to make some changes, motivated mainly by the review by the CGR.

In November 2022, the MEN convened a new public/private round table to discuss and analyze the sector's proposals regarding the temporarily applicable assumptions in the new capacity transfer regulations. The purpose was to include alternatives in the transitional provisions in the regulations to be able to mitigate the impacts on the different sector agents, and thus give a sign of regulatory stability.

Public-Private Short-Term Market Round Table. In mid-October, the CNE convened the main actors and associations in the sector to this round table, mainly to analyze the particular and systemic causes that would be influencing the situation of suppliers who had declared that they could not pay their obligations resulting from transactions on the short-term market. The goal was to propose short-, medium- and long-term measures. After a review of the ideas presented by the participants, the CNE designed several proposals and the regulatory instruments needed to implement them, which entailed changes to the chain of payment processes, a review of the terms of the tender process, changes to the transmission planning and pricing process, a review of procedures related to the generation/storage segment and the publication of better information on lateral payments and systemic costs. The authority also committed to working jointly on analyzing other necessary measures.

4.4 ECONOMIC PERFORMANCE AND PERFORMANCE BY BUSINESS UNIT

2022 HIGHLIGHTS

Operating incame	MUSD **1,920**	+30% COMPARED TO 2021
EBITDA	MUSD **189**	-40% COMPARED TO 2021
EBITDA Margin	**9.8%**	(12.4 pp) COMPARED TO 2021
Energy sales	**12,047** GWh	+3% COMPARED TO 2021
Net generation	**5,593** GWh	-28% COMPARED TO 2021
Gross generation	**6,100** GWh	-27% COMPARED TO 2021
Energy purchase on the spot market	**4,501** GWh	+36% COMPARED TO 2021
Energy purchase by contract	**2,134** GWh	+234% COMPARED TO 2021

In 2022, our net generation totaled 5.5 GWh, 28% below 2021. This reduction was largely due to the progress in the plan to close coal-fired units.

Our energy sales totaled 12 GWh in 2022. This volume was supplied by our own generation, under PPAs equivalent to 2.1 GWh, and by purchases of 4.5 GWh on the spot market.

Our gross generation totaled 6.1 TWh in 2022. Coal-fired generation represented 3.5 TWh (57% of production); gas-fired generation represented 1.4 TWh (24%) and renewable energy 1.1 TWh (19%).

4.4.1 THERMAL GENERATION AND SUPPLY

Among the most relevant milestones in the 2022 fiscal year were the achievements under our Asset Management Plan that we began in 2020 for the purpose of reducing the levels of unavailability of our generating units.

Thanks to this initiative, we were able to reduce unavailability from more than 20% to 9.6% between 2021 and 2022. In the last quarter of 2022, reductions were even further, from around 3% to even 1%. Both results exceeded international standards in this respect.

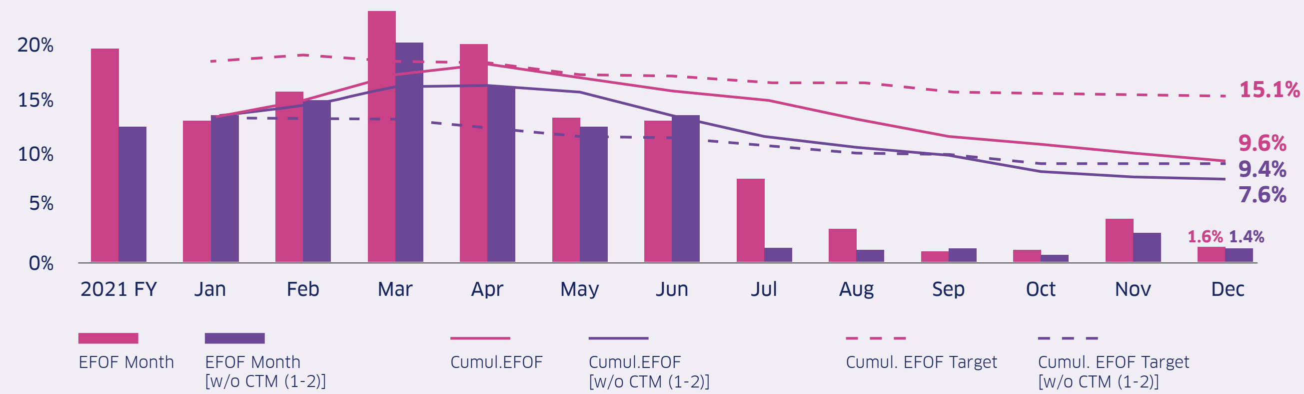
This achievement was accomplished mainly through the initiatives deployed under the four pillars on which we structured our Asset Management Plan.

- **Reorganization of the Operation and Maintenance Area.** We fortified this area by hiring people with new technical profiles and by a technical training plan for the entire internal team that encompassed close to 10,000 hours.
- **Critical Equipment Maintenance Plans.** We classified all technical equipment comprising a unit in order to identify the equipment that was critical, meaning the equipment determining to the unit's operational continuity. The scope of this work was very relevant because each unit has more than 1,000 critical machines, so a maintenance plan was designed for each. This work started with the Andina (CTA) thermal power plant and the Hornitos (CTH) thermal power plant.

Gabriel Marcuz,
Managing Director, Flexible Generation & Retail GBU

I want to emphasize and congratulate the different teams for their integrated and collaborative work in managing our thermal generation assets: the operating teams, everyone in charge of maintenance, planning and scheduling, of buying the necessary fuels and inputs, of controlling and ensuring that the efforts go in the right direction. The constancy and synergy of those efforts enabled us to achieve these results, and they will be key to maintaining them in the future.

- **RECORD LEVELS OF AVAILABILITY.** We measured unavailability using the Equivalent Forced Outage Factor(EFOF). In 2021, the cumulative EFOF was 15%, which we reduced to 9.6% in 2022. In the last four months of the year, we were able to reduce it to historic levels below 2%, quite below the international standards.



We also did an exhaustive analysis of the systematic outages to understand them and be able to implement the corresponding improvements.

- **Compliance with Maintenance Plans.** In 2021 and 2022, we were able to meet the scheduled deadlines and assigned budgets for nearly all the major maintenance that we performed. This task involved the participation and coordination of around 200 to 400 people working for subcontractors.
- **Organization of Maintenance Plans based on Market Needs and Conditions.** This aspect has been becoming increasingly relevant in our work because the market conditions and national grid generation capacity are exposed to internal and external factors that are changing more often. For this reason, we added new variables and levels of flexibility in the decisions that we make so that the cost of stopping a unit is efficient.

ZERO SERIOUS ACCIDENTS

Another objective that we met in 2022 was performing our work with no fatal or serious work accidents. As a result, we achieved a historic occupational safety record. There was only one lost-time accident.

Our **Safety Rate was 0.3%, a record for our operation** and far below the goal of 1% required by the ENGIE Group. In this fiscal year, DuPont, an occupational safety expert, also conducted an audit of our units in Mejillones. The result was 76 points out of 100 on the maturity curve, which is a tremendous comeback from the 55 points that we earned in the last measurement four years ago.

These results ae the fruit of our occupational safety plan that promotes a culture of safety-based behavior.

4.4.2. RENEWABLE GBU

The effects of the pandemic on the country's Decarbonization Plan were left behind in 2022. Added to no imports of inputs for the construction of projects, a limited number of people in rooms and restrictions on people's movements was the impact on the solvency of some contractors who were unable to continue working. This forced us to take over the execution of projects. In addition, the periods to receive permits were excessively long, made worse by other events, like the finding of archaeological remains on sites.

In 2022 we proposed the strategic move of accelerating our transformation plan and we took a quantitative leap by acquiring the San Pedro Wind Farm in Chiloé, in the Lake Region. This is our second renewable asset in the south of Chile. The first was the Laja Power Plant in the Bio-Bío Region.

The San Pedro Wind Farm consists of three stages, two of which are already operative and able to inject 101 MW into the system.

The startup of commercial operation of the Capricornio Farm (88 MWac) and Tamaya Farm (115 MWac) also contributed to our renewable energy portfolio, to which we can add the Calama Wind Farm (151 MW) that began commercial operation in the last quarter of 2021. The Coya PV Solar Farm has been energized and commercial operation is expected to begin in 2023.

Calama Wind Farm

October 2022 commercial operation began

151 MW

SCAN ME

Capricornio PV Solar Farm

November 2022 commercial operation began

88 MWac

SCAN ME

Tamaya PV Solar Farm

January 2022 commercial operation began

114 MWac

SCAN ME

Coya PV Solar Farm

August 2022 energized

180MWac

SCAN ME

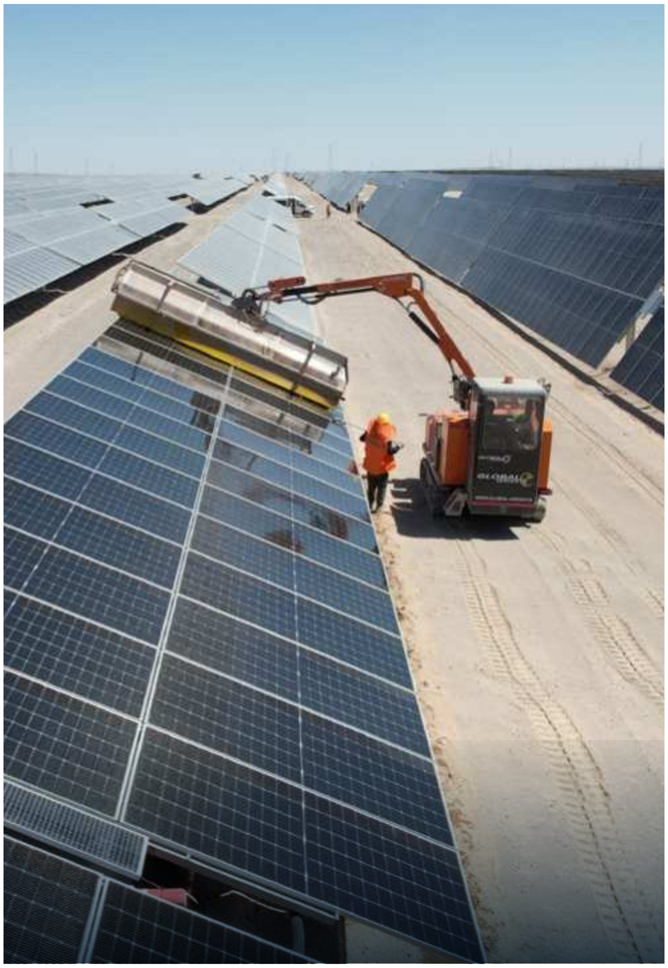
Renewable energy strategy

In 2022 we reinforced our strategic view by conducting an in-depth review of our project portfolio in order to adopt decisions that ensured a profitable growth in the long term. This includes caring for the equilibrium and security of the system as a whole.

Our strategy to accelerate the investment in renewable energy projects considers developing and buying assets according to some directives, such as:

- Amplifying and diversifying our renewable energy portfolio through an efficient combination of solar and wind assets.
- Identifying generation needs of territories and technological aspects.
- Developing energy storage systems, mainly for our solar projects, given the characteristics of their operation.

Our Coya BESS Project was conceived in this context, with a storage capacity of 638 MWh, equal to 5 hours. It will be one of the largest in Latin America and will use the lithium Battery Energy Storage System (BESS) of Sungrow Power Supply. We intend to use this project to make dispatching the Coya Solar Farm to the National Grid more flexible so that it can occur in hours of less congestion. This solution will contribute to the Grid's stability.



Mathieu Ablard,
Managing Director, Renewable Energy GBU

We reinforced the implementation of the strategic plan in 2022 by an in-depth review of our project portfolio so as to make decisions that ensure a profitable growth in the long term, which includes adopting investment decisions on new projects and renewable assets while caring for the equilibrium and security of the system as a whole.

PROJECTS THAT HAVE RECEIVED ENVIRONMENTAL APPROVAL (ABBREVIATED AS RCA IN SPANISH)

- **Lomas de Taltal Wind Farm:** 342 MW.
- **Pampa Camarones II PV Solar Farm:** 300 MWac (bifacial panels) + 180 MW BESS storage system (6 hours)

PROJECTS IN THE PERMITTING PROCESS

Generation
- **Pemuco Wind Farm:** 180 MW
- **Libélula PV Solar Farm:** 199.2 MWac (bifacial panels)
- + 80 MW/480 MWh storage system.

Battery Storage
- **Coya BESS:** Up to 100 MW / 5 hours
- **Tamaya BESS:** 68 MW / 5 hours
- **Capricornio BESS:** 47 MW / 5 hours

4.4.3 NETWORKS GBU

We are active participants in public tenders through which the Ministry of Energy regulates the development of the transmission system in Chile. In 2022 we were awarded a new public tender to build the new **Totihue 220/66 kV sectioning substation and the Totihue–Rosario 2x66 kV line.** This Project aims to reinforce the power transmission system.

The **Totihue S/S** will be located in the municipality of **Rengo,** in the Region of Liberator Bernardo O´Higgins Riquelme, and signifies our entry to the central zone.

We currently have 14 projects under construction, deployed in the north and south of the country.

New projects

- **By-Pass Line** Antofagasta (on stand-by) → 31 MUSD CAPEX
- **Substation** New La Negra → 32 MUSD CAPEX
- **Substation** Rocancho → 19 MUSD CAPEX
- **Sectioning Substation** La Ligua → 24 MUSD CAPEX
- **Substation + Transmission Line** Totihue → 40 MUSD CAPEX

Expansion

- **Second New TL Circuit** Chuquicamata Calama → 8 MUSD CAPEX
- **Substation** Pozo Almonte → 5 MUSD CAPEX
- **Substation Enlargement** Dolores → 4 MUSD CAPEX
- **Substation** Tamarugal → 5 MUSD CAPEX
- **Charrúa - Temuco Line:** Aumento de Capacidad → 3 MUSD CAPEX

BOOT Contracts

- **Albermarle** Enlargement of the West Tap-off S/S and West Salt Flats Tap-off Line.
- **Algarrobal Substation** Construction of the COX Energy Busbar
- **Enlargement of the Desalant Substation**
- **Substation** Capricornio
- **New Challenge:** Algarrobal Substation - Pacific Hydro Chile

Carlos Arias,
Head of Andes BD and Implementation, Networks GBU

Our participation in the Transmission business is strategic and is aligned with our purpose of driving an energy development based on renewable sources.

I. Technological changes

We know that our business has a visual impact on communities. To mitigate that impact, we are incorporating new technologies to build increasingly smaller substations, especially in zones near cities.

We will implement these technological changes in the La Ligua Substation and in Totihue. We hope that this implementation will facilitate receiving the permits, a matter that has become a recurrent challenge and affects the development times of transmission projects.

II. Occupational Safety

One of the occupational risks In the transmission sector that most concerns us relates to work at a height. To mitigate the risks this involves, we are constantly reinforcing our exigent safety standards, which we monitor on site.

One of the initiatives we have developed for this purpose is called the "Safety Walks" that managers do once a month. They visit all projects and talk to workers to understand what they do each day, the risks they are seeing, and whether they have the implements necessary to address those risks. There were no fatal or serious accidents in 2022.

WE ARE PART OF THE TRANSMITTERS ASSOCIATION OF CHILE

In 2022, our subsidiary, Edelnor Transmisión S.A, joined the Transmitters Association of Chile, comprised of transmitters with a presence from Arica to Chiloé, owning more than 16 thousand kilometers of lines, similar to the distance existing between Chile and Japan.

Combined they have more than 100 substations, all of 500 kV lines, and more than 1,000 direct employees, in addition to the thousands of people who work indirectly in operations and projects.

Damián Talavera,
Head of Operations, Networks GBU

"The membership of Edelnor Transmisión, and through it, of ENGIE Energía Chile, in the Transmitters Association of Chile is very good news. Key to continuing the energy transformation is having a sound transmission system, so we expect to contribute hand in hand with the Association in developing the infrastructure needed for the changes required to decarbonize the sector."

GAS PIPELINE

Our Norandino gas pipeline that transports gas from Chile to Argentina was not very active in 2022 because of the world LNG market restrictions. At the close of the 2022 fiscal year, 484 million cubic meters had been transported, 35% less than in 2021.

484 million m^3
of gas transported in 2022

-35%
COMPARED TO 2021

PORTS

One of the relevant milestones in the fiscal year was signature of a strategic alliance with Sigdo Koppers to reinforce the development of Port Andino and expand port supply in the Antofagasta Region. Under this agreement, Sigdo Koppers took over the operation and development of the terminal's businesses.

Port Andino has a capacity to receive more than 6 million tons of solid and liquid bulk that are transferred using high-capacity unloading and conveyance systems equipped with the latest technology. In the original design, this infrastructure was sized to include a second coal-fired unit equal to that of IEM, which was not implemented because we began to decarbonize our operations. Moreover, since our coal-fired units are being decommissioned, we need to import increasingly less inputs, so we will be able to optimize our port infrastructure and be able to use 100% of the installed capacity.

PORT ANDINO

1,502,821 Tons

Total Unloaded

19 SHIPS Berthed

- **Coal:** 1,405,601 Tons
- **Limestone:** 97,104 Tons
- **Cement Clinker:** 116 Tons

PORT TOCOPILLA

509,005 Tons

Total Unloaded

11 SHIPS Berthed

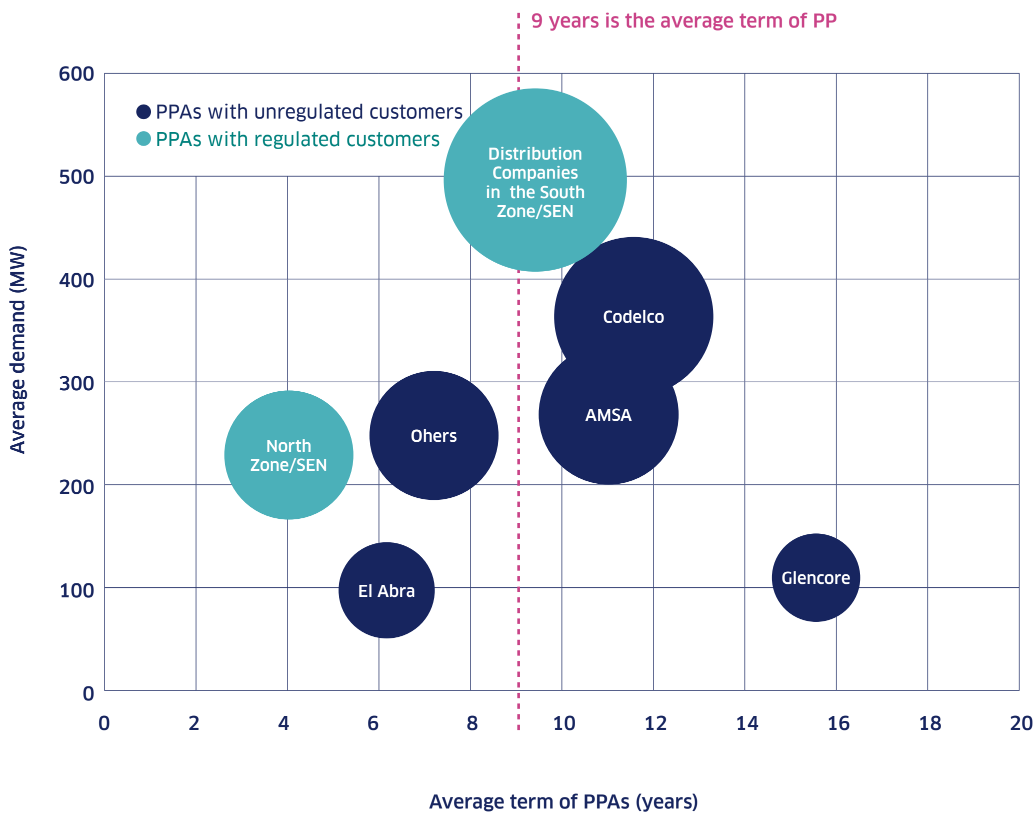
- **Coal:** 509,005 Tons

4.4.4 CUSTOMERS

Our commercial strategy is centered on the sale of energy to companies in the mining and industrial sectors (unregulated) and services sectors (regulated) through long-term relationships.

We overcame this challenge through long-term PPAs that amounted to 12 TWh/ year at the close of 2022 and had an average duration of 9 years: 10 years in the case of unregulated customers and 8 years in the case of regulated customers.

Large-scale mining customers account for 54% of our PPAs and 6.5 TWh/year. We began to work with them to migrate their coal-price-indexed PPAs to CPI-indexed PPAs to make investment in renewable energy more viable. This process, which we began early, has yielded fruit. At the close of the 2022 fiscal year, close to 75% of PPAs, around 4.8 TWh/ year, were transformed and converted to decarbonized PPAs indexed only to the CPI. 2.0 TWh/year of those PPAs have associated I-REC certificates.



Enzo Quezada,
Chief Business Officer

While our renewable units are being built, we are signing backup PPAs to manage the commitments we have to our customers and reduce our exposure to price variations that are impacting the spot market.

Work in 2022

In 2022, we took on new commercial challenges related to optimizing the portfolio, due largely to the fact that our installed capacity is transitioning, creating a gap between our own generation capacity and the energy we sell. While our renewable units are being built, we are signing backup PPAs – that totaled 2.1 TWh at the close of 2022 – to manage the commitments we have to customers and, at the same time, to reduce our exposure to price variations that are impacting the spot market.

Organizationally, we created the Business Division, led by Enzo Quezada, to assume responsibility for the commercial and business regulation areas.

We also incorporated the practices, processes and methods of the Global Energy Management and Sales (GEMS) unit of ENGIE Group, dedicated to managing risks and optimizing the portfolio so as to create more sustainable flows of greater value to ENGIE.

At the close of 2022, customers accounting for more than 10% of our company's invoicing were:

UNREGULATED CUSTOMERS

- **Codelco:** Chuquicamata and Minera Gaby.
- **AMSA:** Minera Centinela, with its Esperanza and El Tesoro mines; Minera Antucoya and Compañía Minera Zaldívar SpA.
- **Freeport-McMoran:** El Abra.
- **Glencore:** Lomas Bayas and Alto Norte.

REGULATED CUSTOMERS

- **CGE, Saesa and Enel.** Power purchase agreements with 26 distribution companies in the center and south of the country.


one
SAFETY
Pensar.Hablar.Actuar

CHAPTER 5
PEOPLE

We are driving initiatives under our People Sustainability Pillar aimed at caring for everyone working for our company, for local inhabitants and for employees of contractors.

engie

5.1 FAIR TRANSITION

OUR APPROACH

Through our Fair Transition Plan, we began an early dialogue with workers and union leaders, local inhabitants, local representatives and other stakeholders to address the social impacts of closing our coal-fired units. We focused on developing job skills and opportunities for the people working in the units covered by the closing plan; on promoting initiatives that would create value for communities; and on the environmental management of the dismantling process.

Our decarbonization plan began in 2018, at our Tocopilla Thermal Complex, where the oldest coal-fired units in our operation were located. We started with the disconnection of Units 12 and 13 that have already been dismantled. In June 2022, we continued with Unit 14 and in September, we ended with the closing of Unit 15.

As a result of this process, our operations in the Municipality of Tocopilla became limited to: natural gas-fired Unit 16 (334 MW) and the Tamaya Photovoltaic Solar Farm (114 MWac). From a regional perspective, we can include the Calama Wind Farm (151 MW), the Capricornio Photovoltaic Solar Farm (88 MWac) and Coya PV Farm (180 MWac), all in the Antofagasta Region.

Aware of the social externalities that this decision implied for our employees and the Tocopilla community, we began an early, open, participative dialogue with our stakeholders, both internal and external, so that they would understand the scopes of this plan and our commitment to support them in this transition.

That is how our Fair Transition Plan arose, with the respectful and careful approach in which co-creation has been fundamental in its design and development.

The main lines in the Tocopilla Fair Transition Plan are:

	Objectives	Courses of action			Stakeholders
EMPLOYMENT AND ABILITY	**Boost job opportunities, skills development and employee retention in combination with measures to support employees affected by the decarbonization.**	Training and employability	Job Retraining	Green jobs	Internal team Community Authority Contractors
TERRITORIAL DEVELOPMENT	**Economic value for regions and benefits for communities focused on a restructuring of the local and regional economic weave.**	Local development	Chain	Production diversification	
ENVIRONMENTAL MANAGEMENT AND DISMANTLING	**Ensure that there are no net negative impacts on the environment in the decarbonization.**	Impeccable dismantling, both technically and environmentally	Circular economy approach to waste management	Transition to renewable energy	

I. Employment and Ability

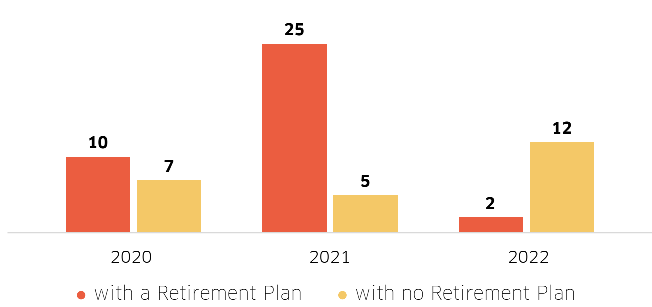
From a labor perspective, our Fair Transition Plan began in 2018 after our decision to no longer use coal. We set up a work group with union leaders, the Flexible Generation and Retail GBU, the Tocopilla Plant Subdivision and the Labor Relations Subdivision.

This work group worked on setting the basic conditions in both collective bargaining agreements and in agreements in general that included tools such as exit plans with advantageous conditions, internal mobility and retraining to facilitate employability, among other benefits.

In the sphere of internal mobility, we began early on to integrate everyone who showed skills in renewable asset management to the implementation and generation project teams.

For job retraining, we provided the tools needed for people to develop, by reinforcing their leadership and by offering new learning and new abilities to develop personal entrepreneurship projects and new activities.

Employee Turnover



Training	Status	Participants	Objective	Time of study
Tocopilla Entrepreneurship Support Program (Stage II)	Finished	10	Work with employees identified and trained in entrepreneurship on developing a business model and evaluating the feasibility of its implementation.	Weekly meeting + 12 hours of training workshops. The workshops consisted of: 1.How to form your own company 2.SME finance 3.Project assessment 4.Digitalization
CSP Operation and Maintenance Training	Finished	5	Provided by CEIM, with the direct support of Cerro Dominador and CORFO.	Thursday, Friday and Saturday for a total of 90 hours + 8 onsite internships.
Professionalization of Male and Female Employees (continued)	Under way	23	Continuation of the process to support further education.	2 years
Certificación Clase D de personal con aprendizaje previo en Fotovoltaico	Under way	17	Class D certification of photovoltaic panel installers.	24 hours

ENERGY TRANSITION AND EMPLOYMENT

According to the International Energy Agency (IEA), there are currently around 40 million people in the world working directly in the energy sector. The agency predicts that by 2030, clean-energy jobs will rise from 14 million while fossil-fuel jobs will fall by 5 million, resulting in a net increase of 9 million new jobs in the sector. In Chile, renewable energy projects are estimated to create more than 43 thousand new jobs in both the construction and operating stages.

So, jobs that will be eliminated from coal-fired power plants, which totaled 4,390 direct jobs and close to 9,500 indirect jobs in 2018,(2) will be amply increased by the development of the renewable energy industry and green hydrogen, making the energy transition an important source of new jobs in the country.

(2) "Impacto económico y laboral del retiro y/o reconversión de unidades a carbón en Chile" (Economic and labor impact of removal and/or retraining of coal-fired units in Chile), authored by Alicia Viteri and funded by the IDB: ***https://energia.gob.cl/sites/default/files/Informe_Final_BID_con_resumen_ejecutivo_y_anexos.pdf***

II. Territorial Development

We have maintained an ongoing communication with representatives of the Tocopilla community throughout the decarbonization. The work groups that we have used for years as a platform to actively engage with locals were crucial in maintaining a fluid communication with local unions, independent neighborhood boards, local authorities and trade associations, with whom we worked together. Added to these efforts are new channels of communication via Facebook and WhatsApp that are always available.

In 2022, we were invited to participate in the Fair Social and Ecological Transition Round Table set up by the Government. Four topics were proposed, divided into the following work groups:

- Sustainable local development;
- Health;
- Environment; and
- Labor Relations,

and we participated in all of them. As a result of this work, we are now a member of the Regional Committee for a Fair Social and Ecological Transition, an instance of dialogue and engagement that is systematizing and prioritizing the results of the work groups held in Tocopilla with regional government agencies. The mission in 2023 will be to deliver to the Committee of Ministers the results and the needs of the Tocopilla community for its future development.

HANDING OVER OF THE POLYCLINIC

As part of our closing activities, in conjunction with Codelco we handed over our Polyclinic to the community so that it would become a part of the local health care network and support to the existing local facilities. The polyclinic was operated for more than 60 years and provided outpatient care to our employees and their families. Thanks to support from the regional government of Antofagasta, the polyclinic facilities and the medical team were transferred by both companies to the Marcos Macuada Tocopilla Hospital, where they are available to handle the needs of the community.

III. Environmental Management and Dismantling

The dismantling, demolition and final disposal of Units 12 and 13 of the Tocopilla Thermal Complex (abbreviated as CTT in Spanish) began in 2020 and continued with Units 9, 10 and 11 in 2022. There was no prior experience in Chile or in the ENGIE Group with a dismantling of this magnitude. The dismantling also took place during the COVID-19 pandemic, in a city subject to an Environmental Decontamination Plan where any type of pollution was forbidden, in particular air pollution, noise and vibrations.

Circular dismantling

Opportunities were identified for the reuse and recycling of materials and technical inspections were organized with the technicians in other units who were interested in components and spare parts. For this same purpose, we invited the Independent Fishers Union of Tocopilla and the Auxiliary Boat Crewmembers Union of Tocopilla Bay to look at the materials and parts that they could use in their activities. Flesan, in charge of the process, recovered coils, pillars and metal ladders, among other materials requested by the Union.

BEFORE

AFTER

(*) Photographs posted by Flesan.

5.1.4 MAIN ACHIEVEMENTS IN THE TOCOPILLA FAIR TRANSITION

100% of coal-fired units closed in Tocopilla	**34** Projects awarded competitive funding in Tocopilla in 2022	**1** Open Society Study Stanford University	**1** Plan on the reconversion of the port + retraining of other actors in the municipality
267 participants in training courses	**14,000** hours of training **0** Accidents	**1** handing over of facilities of the company in disuse. Tocopilla Polyclinic	**Units 12 and 13** dismantled **Social waste management**

Pablo Villarino,
Head of Corporate Affairs

We proposed leading the energy transition in the country. Aware that this transformation will entail significant changes, especially for people working in the units that will be closed and local communities, we began an honest and transparent dialogue quite far in advance with all the actors involved to look for opportunities for development and thereby achieve our goal of leading a fair and sustainable transition.

THE VOICES OF AN EMOTIONAL CLOSING

With the participation of Gabriel Boric, President of Chile, Rosaline Corinthien, CEO of our company, executives, employees, local authorities and community representatives, we held an emotional and symbolic ceremony to close Unit 15, the last in our Tocopilla Decarbonization Plan. The President had previously visited our Tamaya PV Solar Farm 11 kms from our complex

"I thank President Boric for his visit and for having chosen our facilities to emphasize the importance of decarbonization and the challenges it entails. I want to pay special homage to all the employees who formed a part of this history and were key players in the operation of the coal-fired units that supplied energy to the country and in the disconnection and dismantling of these units." **Rosaline Corinthien, CEO of ENGIE Chile.**

This closing by ENGIE is of special value, not only because it is one of the first efforts by a company to implement a production transition strategy, but also because it has been the fruit of its vision, as said by Rosaline Corinthien, the CEO, and has permeated its entire structure. *Today the last coal-fired unit of the Tocopilla Thermal Complex is being closed, yet it also opens up a future for this port city because the Tamaya Solar Farm that we just visited will benefit more than 50,000 homes and reduce 210,100 tons of CO2. What we are doing is very significant … and it also creates an outlook that this municipality could become a pole of energy development."* **President Gabriel Boric.**

STAGES OF THE CLOSING IN TOCOPILLA

2018
- We announced the closing of coal-fired units 12 and 13 of the Tocopilla Thermal Complex (173 MW).
- We set up the Decarbonization Work Group with unions to address job insertion and retraining plans.
- We launched our Fair Transition Plan in the Municipality of Tocopilla.

2019
- We completed the closing of Units 12 and 13.
- We announced the closing schedule of Units 14 and 15 (268 MW) for 2021.

2020
- We began the dismantling of Units 12 and 13.

2021
- The National Electric Coordinator (CEN) asked us to postpone closing Units 14 and 15 in Tocopilla because of the deficit in the system.

2022
- We completed the closing of Units 14 and 15, the first in June and the second in September.

5.2 TERRITORIAL MANAGEMENT

OUR APPROACH

Our business units need to build and operate infrastructure to generate energy (thermal units, solar and wind farms, storage systems) and to provide transmission services (substations and transmission lines). In both cases, this deployment has impacts on the communities where we emplace our projects. In this context, our goal is to become a neighbor who contributes to local development while managing the impacts that it causes.

We have a territorial team in each of the zones where we do business that is in charge of keeping engagement going. Under our Associativity Policy, we are driving local employment and the fortification of local SMEs as well as access by public spaces to renewable energy.

Our territorial management covers three zones: the north (Arica- Antofagasta); center (Taltal - Maule); and the south of the country (Ñuble – The Lake Region). In each we have a team of people, led by a zonal officer, who reports directly to the Sustainability and Territory Subdivision that provides directives. The territorial team is responsible for laying the bridges and creating the ties with each of the local communities and authorities and for social, environmental and territorial facilitation of new projects and of the initiatives we promoted under the Tocopilla Fair Transition Plan.

Based on the guidelines of our Associativity Policy, we are directing our efforts towards strengthening local development from an economic, social and environmental perspective. We are fostering projects that facilitate: access to clean energy; local development; the strengthening of our chain of local value by creating opportunities for employment, SMEs and local entrepreneurships. And we also provide support to initiatives that strengthen engagement and harmonious relationships in communities.

I. Work Groups and Competitive Funding in the North

Our oldest operations are found in the north, so we have a lengthy history of community relations that began in Tocopilla and Mejillones. We have work groups in both localities in which the most representative social organizations, neighborhood boards, municipal unions, and municipalities participate. In the case of Mejillones, they include representatives of local businesses and suppliers.

In 2022, we made progress in these areas by promoting the development of projects related to the pillars of our Associativity Policy. We have gradually been able for part of the projects applying for competitive funding to entail local development and energy access. In this latter case, we have reinforced this work through agreements with the city hall in the municipalities where our energy projects are emplaced.

During the pandemic, the possibility also arose of individual entrepreneurships applying for this funding as a way of mitigating the high unemployment in the zone. When things returned to normal, this initiative was redirected toward formal entrepreneurships so that they could improve their supply of products and services to the community and also reinforce their ability to create more and better local jobs.

COMPETITIVE FUNDING IN 2022

Tocopilla. 35 projects were presented and one-third were related to initiatives to provide access to renewable energy. Among the winners were the proposals presented by the Coves and the Neighborhood Boards in the municipality that wanted to use solar lighting to make their public spaces safer. Along these same lines, a special project was created to provide help to the Group for Aid to Cancer Patients to which we made an extra contribution to buttress the safety of our facilities by installing an integral camera surveillance system.

Mejillones. 21 projects were funded and the funding was almost equally spilt among local entrepreneurs and social or sports organizations. This demonstrates that the ongoing dialogue of the local development work group has permeated the community transversally. In 2022, the work group agreed to underpin female entrepreneurships, which were awarded 75% of the funding allocated to the sector.

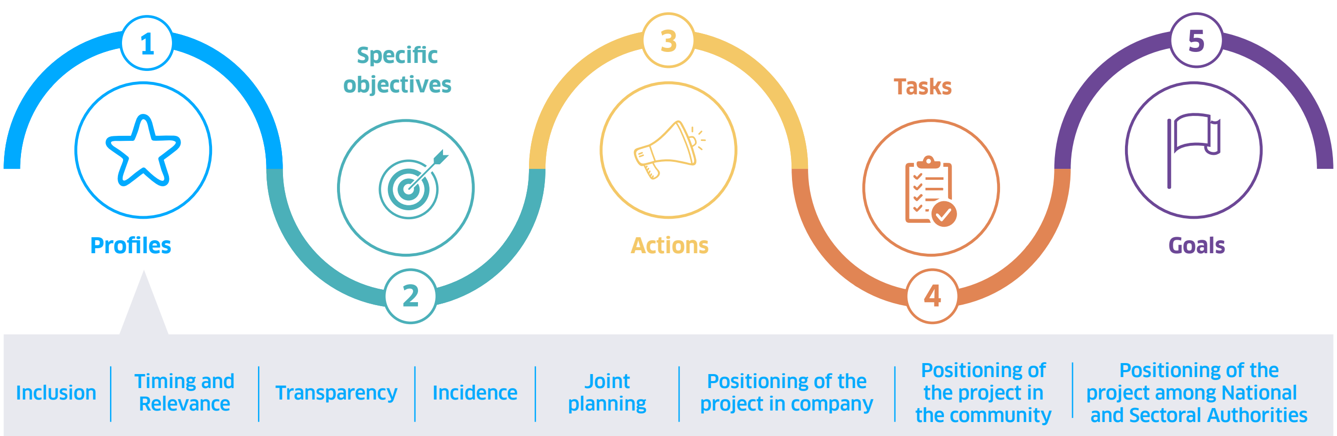
II. Social and environmental development in new projects

In line with our Early Approach Model, in 2022 we paved the way for the Lomas de Taltal Wind Farm project that we will install in that municipality. We also held a round of meetings with the local authorities to present the project to them and answer their questions. Following these same guidelines, we set up a work group with the Chaca Community to address the Pampa Camarones 2 project.

Because of the construction of our Coya BESS storage system, we incorporated the Fire Station to our stakeholder map. The Fire Station must validate the safety plan required to receive environmental approval (abbreviated in Spanish as RCA) and they will surely be key to future storage projects.

We began the Citizen Participation Process for the Environmental Impact Statement (abbreviated as DIA in Spanish) on the Pemuco Wind Farm. We have maintained a relationship for at least 5 years with the Pemuco community, during which we have explored the possibility of installing a gas-fired power plant. As part of that process, kept an office open to the local inhabitants that we are now using for this new process.

ENGIE Energía Chile Early Community Approach Model



5.2.1 SOCIAL INVESTMENT

Our social investment in 2022 totaled USD 670,000, allocated to financing projects under our four pillars.

USD **273,350** Local Development → 41%

USD **138,000** Contribution to the Chain of Value → 21%

USD **138,000** Access to Energy → 26%

USD **82,300** Engagement and Harmonious Relationships → 12%

56% of this investment was allocated to the Networks GBU, 39% to the Flexible Generation & Retail GBU, and 55% to the Renewables GBU.

5.2.2 MAIN INITIATIVES FUNDED IN 2022

I. Local Development

North Zone

Educational initiatives for children in Arica. We provided support to CERJAP, an NGO that works with at-risk children and endeavors for students to stay in school so that they may have a better future. It does this by recognizing the children's efforts and those of their families. We also contributed to the EDUBOTIC Foundation, oriented towards children who like robotics. The LEGO League work method encourages them to identify social issues in their surroundings and propose innovative solutions that have a direct impact on their communities. It also prepares them for the Lego world championship.

Mobile Vet Clinic. This initiative was requested by the community given the large number of stray animals and the health and safety risks that they present. Its implementation includes the design of sterilization plans and vaccination plans, among other services needed by the Tocopilla community, especially in isolated zones like the coves.

First urban park in María Elena. We joined the initiative to give shape to this new space that will be located to one side of the city pool. The purpose is to build a recreational area that will have barbecue areas and sunshades for families. In the second stage, spaces will be added for children and adolescents in which we also expect to collaborate.

South Zone

Scholarships. We awarded 31 scholarships to students of higher education to support them in their studies and encourage a good academic performance. In order to honor the top students in primary education, we also awarded 17 excellence scholarships to the families of those students.

Building ties to neighbors of the San Pedro Wind Farm. Following the guidelines of our Early Approach Model, we set up a work group with the locals closest to the facilities of the San Pedro Wind Farm to define together how we would engage and contribute to local development. Our first contribution was to the project security staff, most of whom live near the farm, so that they could receive a certificate issued by the Citizen Safety Division of the Chilean Police Force (abbreviated as O.S.10 in Spanish) that they needed to be hired by the new security company that will handle the Farm's security.

Bathing resort in Laja. We are working with the Perales Bridge social organizations on improvements to this public area. The work includes remodeling barbecue areas, fixing signage and repairing access roads.

II. Access to Energy

Calama Lighting Project. We created a work group with the Municipality of Calama in which we agreed to support them in installing lights to reduce crime in the downtown sector of the city. This was done with the Office of the Municipal Secretary of Planning and Coordination (SECPLAC, abbreviated as in Spanish) and the Chilean Police Force, among other agencies, to guarantee that the project met all safety standards.

These initiatives were additional to those we had already implemented:

Photovoltaic Projects in communities

Project	Location	PV Capacity (KW)	Total Investment (CLP$)	ENGIE's Investment (CLP$)
Lasana Museum	Calama (Lasana)	2.3	9,979,696	9,979,696
Ayquina Church	Calama (Ayquina)	3	13,083,987	13,083,987
Caspana Neighborhood Boards	Calama (Caspana)	1.115	5,996,272	5,996,272
La Aguada Rural Potable Water System	Yumbel (La Aguada)	6.32	6,000,000	1,000,000
Verónica Carrillo's Business	Yumbel (La Aguada)	2.96	4,070,000	1,334,000
Perales Bridge Neighborhood Boards	Yumbel (Perales Bridge)	3.28	3,990,676	3,990,676
María Montoya's Business	Laja (Perales Bridge)	2.96	4,070,000	1,334,000
Anita Reyes' Diner	Mulchén	2.96	4,070,000	1,334,000

Solar Light Posts

Project	Location	Number of Posts	Total Investment (CLP$)	ENGIE's Investment (CLP$)
Calama municipal playing field	Calama	26	19,944,400	19,944,400
Town of Toconce	Calama (Toconce)	6	4,924,220	4,924,220

III. Contribution to the chain of value

North Zone

Mejillones Arts and Crafts Fair. We built the first Arts and Crafts Fair in the municipality thanks to a strategic alliance among the Municipality of Mejillones, the Mejillones Industrialist Association, ENGIE and GNLM. It is located on the city's coast, across from the fishing terminal, and it houses 20 stands of local craftspeople who offer their products to visitors, which contributes to sustainable tourism in the municipality.

Central Zone

Catalogue of local suppliers in Taltal. We went door to door to identify close to 40 local companies, food service providers, machinery rental companies, carriers and lodging. They will be listed in a catalogue that will be given to contractors at Project kick-off meetings together with our Associativity Policy. Under that policy, companies that work with us assume the commitment to prefer local suppliers.

Catalogue of local suppliers in Coya. We delivered our first local supplier catalogue to our contractors and the local authorities so that they can distribute it to other companies doing business in the region.

SUPPLIER CRISIS IN THE NORTH

In 2022, a complicated situation arose in the north of the country when contractors working at electricity and mining projects failed to make regular payments to local companies. The payments were owed for meal services, lodging, transportation and machinery rental. In our case, seven contractors experienced these difficulties. We handled this situation early to avoid any conflict greater in scope. We appointed a person to make contact with the contractors and local suppliers to look into potential solutions. That led to a payment-by-subrogation proposal under which we paid the money owed to local companies under the condition that the payment would be reimbursed by the original debtors in the manner most convenient based on the particular situation of each. To support this transaction, local suppliers had to prove that they provided the service, by means of purchase orders, payment statements and invoices. Most had already issued invoices that were not paid or had payment statements pending approval. We were able to close this chapter in a peaceful climate of great trust on everyone's part.

IV. Engagement and Harmonious Relations

We undertook initiatives in this respect to fortify our social bond to communities.

North Zone

Launching of the book entitled "The Local Leader's World," by Juan Rivero. This book was written by Juan Rivero, a Tocopillan leader, who wanted to share his experience and lessons learned on how social leaders must be educated so they can be of service to their community. We supported this initiative and we also organized a launching that was attended by the leader's family, who died a few months before the book was published.

South Zone

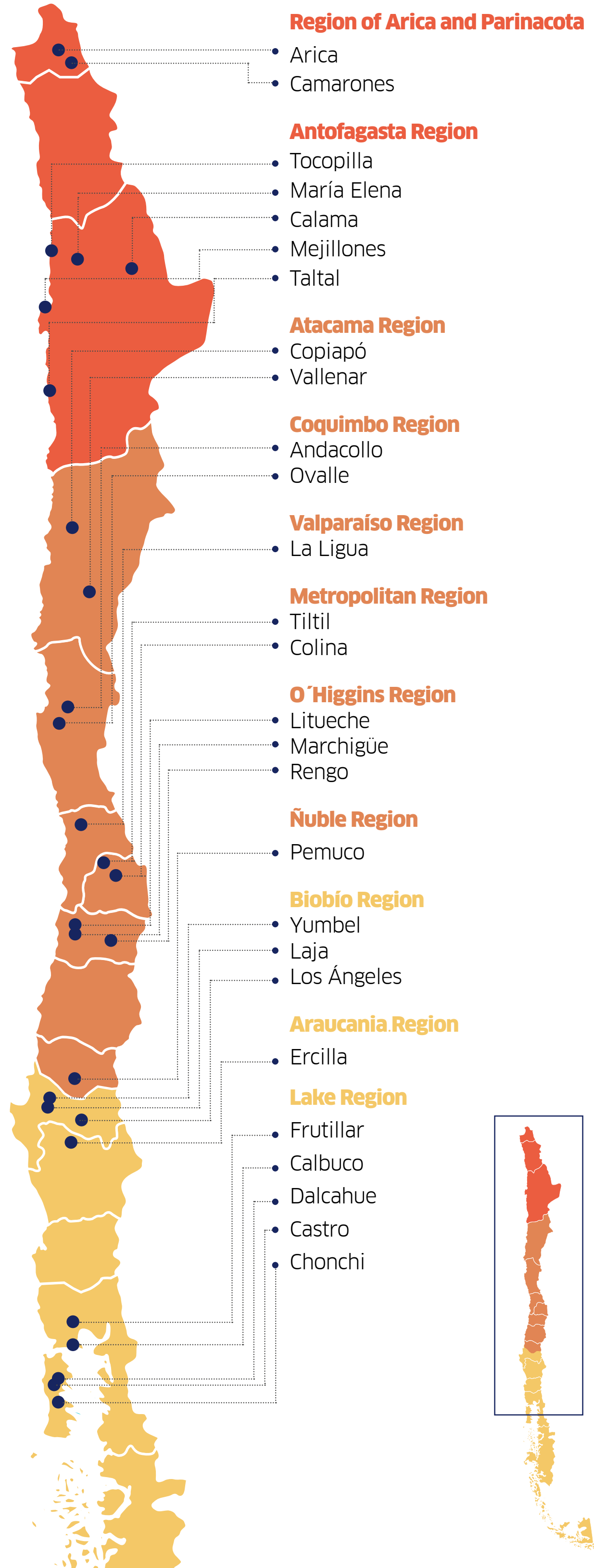
Social Leader Event. This event was held in the south, attended by leaders from the Regions of Ñuble to the Lakes, for both projects already in operation and under development. We also invited leaders from Tocopilla. We shared experiences at the assembly of the different zones and talked about the expectations of locals regarding the role that the company plays in their territory. We also presented the book "The Local Leader's World."

We participated in EREDE 2022, in the Bio-Bio Region

Participation in events

- We supported the VIBRA innovation festival in Frutillar and a collaborative incubation contest targeting children and youths in the Lake Region that will contribute to the sustainable development of the Llanquihue Lake basin.
- We participated in the Regional Business Assembly (abbreviated as EREDE in Spanish) in Concepción during which we also organized a visit by companies from the Bio-Bio Region to the Laja Power Plant.
- Contribution to two innovation contests in the Bio-Bio Region. The first contest sought to promote the use of technology trends in the school community in the Bio-Bio Province as a way to generate innovation and new opportunities for development through the didactic transfer of knowledge. The second contest was the first version of training in entrepreneurship and innovation by SmartGround Bio-Bio, a group with five campuses providing Technical and Professional Education.

COVERAGE OF TERRITORIAL MANAGEMENT BY ENGIE ENERGÍA CHILE



5.3 OCCUPATIONAL SAFETY

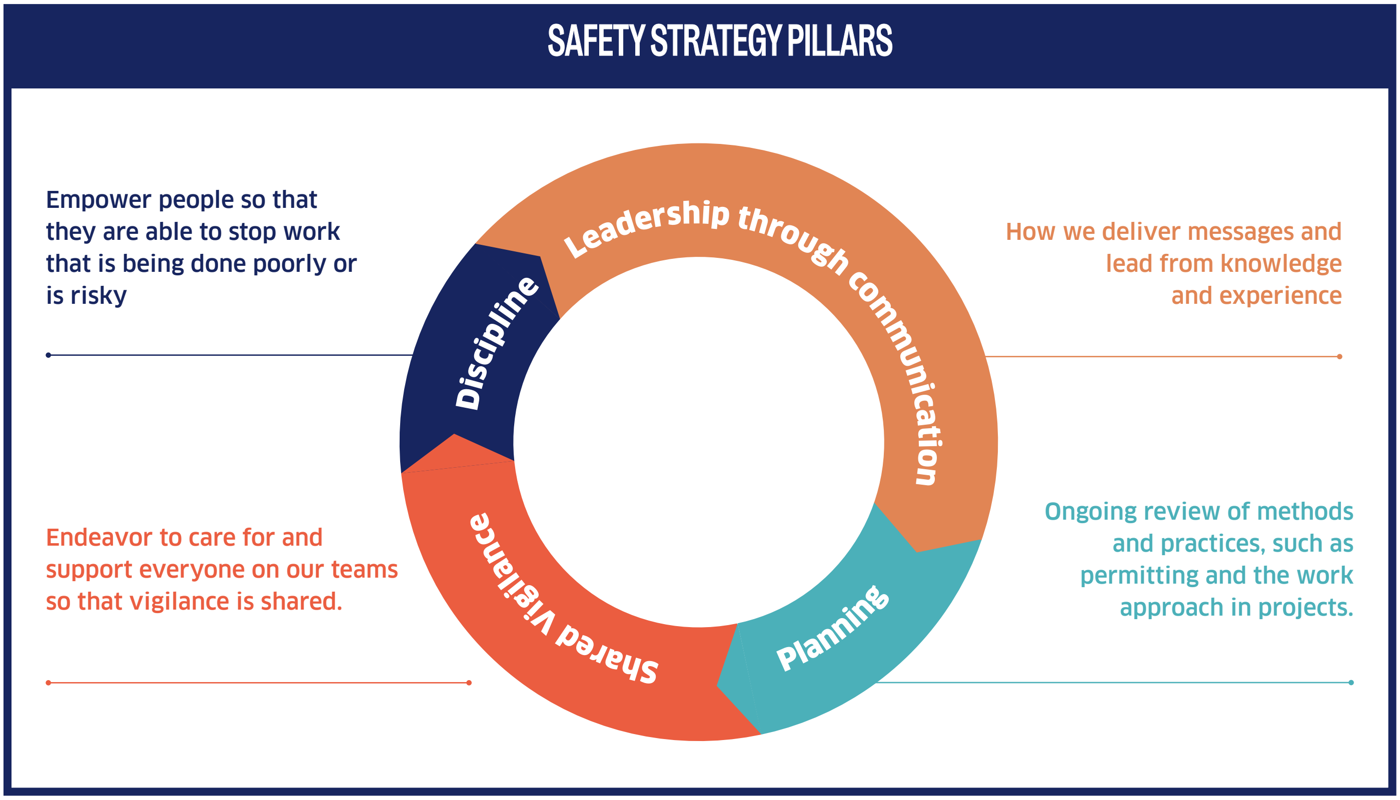
OUR APPROACH

Occupational safety is a transversal objective that we address from a cultural perspective to involve all levels of the company. We are constantly fortifying our efforts at sensitization and action plans, which we extend to contractors. To tackle the challenges we proposed in these matters, we have an Integrated Occupational Health and Safety Management System certified according to ISO 45001, among other tools.

In line with our priority commitment of **No Life at Risk**, we want to create safe working conditions to prevent and avoid injury while people are working. To that end, we have established processes to eliminate and control hazards and to reduce occupational health and safety risks.

All these considerations are contained in our Integrated Occupational Health and Safety Management System certified according to ISO 45001. We have an area dedicated exclusively to this, comprised of a prime team. They receive support from outside experts of the Mutual Safety Association of the Chilean Chamber of Construction and from international specialists in the ENGIE Group.

Our safety strategy encompasses the following areas of action:



5.3.1 PROGRESS IN 2022

I. One Safety Program

In 2022 we continued to deepen our strategy through new initiatives aligned with our non-negotiable four pillars:

- If It Is Not Safe, Don't Do It (Stop Work)
- 9 Rules that Save Lives
- Shared Vigilance (I Take Care of You, You Take Care of Me, We Take Care of Each Other)
- HIPO Management (high-potential incidents)

Among the new measures that we adopted was the One Safety Behavioral Safety Program, an initiative of the ENGIE Group that is part of a greater cultural transformation plan that aims to eradicate fatal and serious accidents in all its operations. This program emphasizes implementing improvement actions that were identified in the assessment stage and that involved seven pilot programs around the world, one of which was set up in our renewable energy business unit.

The plan introduced five rituals to manage and reduce, massively, unsafe acts and conditions based on the main risks identified. This initiative places special emphasis on the role of leaders in managing safety. To support them in this task, the program includes a plan for leadership development.

Each **One Safety** ritual has performance indicators and establishes activities for which the senior officers, managers and supervisors are responsible. A site visit schedule is set that everyone must complete and those visits are reported directly to the CEO.

The five rituals are:

1.Check Compliance with Rules that Save Lives.
2.Safety Management Visit.
3.Review of the area's performance.
4.Safety tour in the company of contractors.
5.Informational talks prior to the work.

II. Decrease in accidents

In the 2022 fiscal year, we experienced a significant reduction in work accidents. The Frequency Rate, which measures the occurrence of accidents compared to hours worked, fell from 2.45 in 2021 to 1.38 in 2022, a decrease of 44%. None of the accidents occurring in the year were serious. Three of the occurrences were traffic accidents and six occurred during the workday, mostly at construction projects, and were slight.

For traffic accidents, we adopted measures to protect our drivers through training, accompaniment and recognition of their physical fitness to confront adverse conditions like high-mountain driving or driving on unpaved roads. To that end, we launched a driving campaign that provided guidelines to manage the risks associated with each type of road.

SAFE DRIVING

As indicated in the **Light Vehicle Standard**, it is essential for everyone driving and taking **unusual trips during work** to plan for and check off the following points in order to control road risks.

1. **Information:** Name of the driver and companions, contact phone numbers, license plate, and other information.
2. **Road assessment:** Point of origin and destination, approximate departure and arrival times and other information.
3. **Information on the driver:** Information on the physical fitness to drive
4. **Incident identification:** Potential for fog, crashing, overturning, rain, etc.
5. **Preventive measures:** For people, vehicles and the road

We also defined driving levels, ranging from the easiest to the most complex driving. Each driving level has specific training requirements, requires physical examinations and the right equipment suitable for the risks and emergencies that may arise on the way. The skills that we considered are:

	Level 1	Level 2	Level 3
Skill demonstrated			
Valid license to drive the vehicle	✓	✓	✓
PASSED the "defensive driving" course	✓	✓	✓
Assessment of the understanding of the standard	✓	✓	✓
Occupational examinations			
Rigorous psychological, sensorial and technical test to drive light vehicles	—	✓	✓
Risk-aversion examination	—	✓	✓

Additionally, we incorporated a driving assistance system, called the "Third Eye," to accompany and assist drivers when they are tired or sleepy, two of the main reasons for work-related automobile accidents.

III. 2022 Annual Campaign

We launched the annual campaign called **"You Can"** (Observe, Warn, Stop and Report) to empower people to stop any job presenting risks. In this campaign, people were called upon to report in particular any events that could avoid fatal accidents. We focused on two types of events: the first type related to hazardous situations seen during the course of work that if reported, would cause the work to be stopped (Stop Work). The second type related to HIPOs, which are events with a high potential to become a serious or fatal accident.Realizamos un gran esfuerzo de difusión que tuvo grandes resultados. Logramos triplicar los reportes Stop Works y aumentamos a 47 los reportes de los HIPOs.

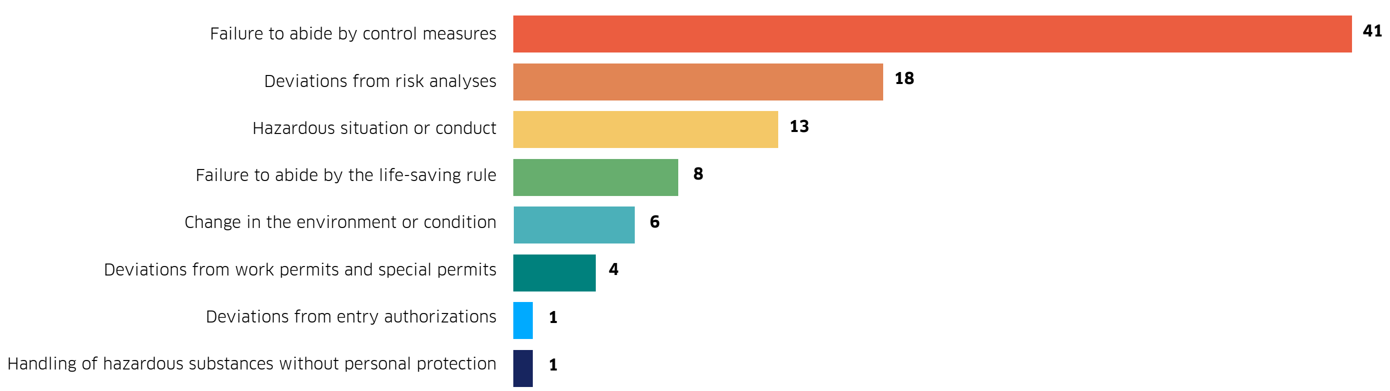
We made a great effort to spread the word and the results were great. We were able to triple the Stop Work reports and we increased the HIPO reports to 47.

In this effort, we redefined the coverage of HIPOs to include not just events with a high potential for a fatality but also to emphasize abiding by the Rules that Save Lives so that these rules will become an even better preventive tool.

Our goal is to address the HIPOs in the same way that we would face a fatality: by emphasizing the lessons learned to avoid subsequent occurrences.

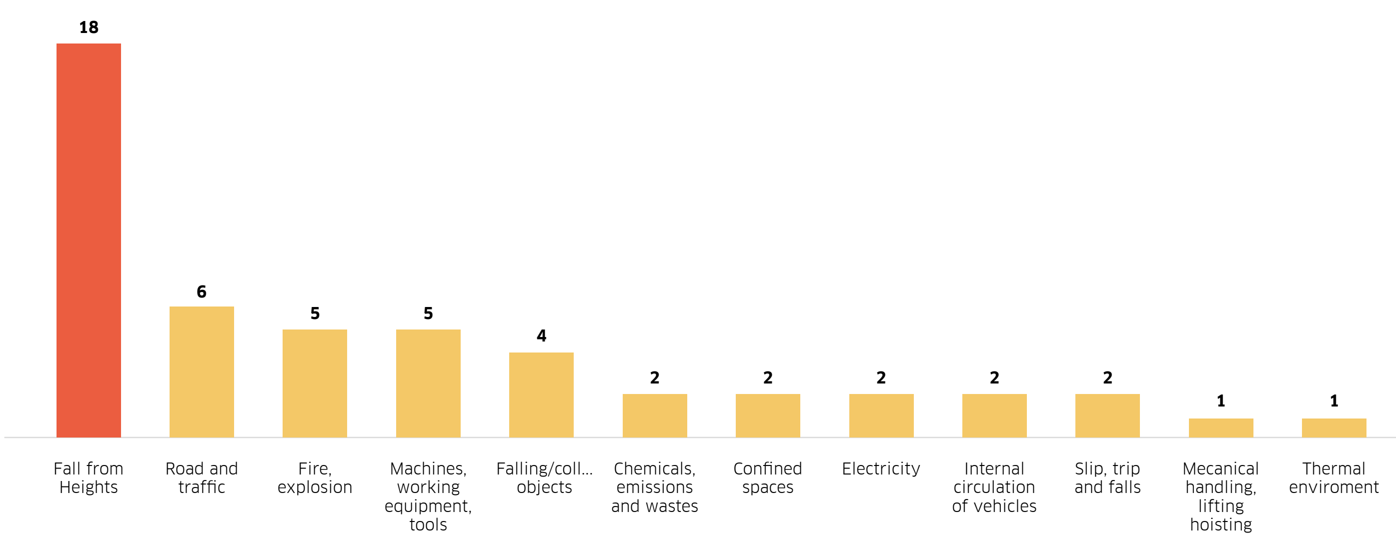
The causes that led to Stop Work cases in 2022 were:

Stop Work Cases



We were able to identify risk categories based on the reported HIPOs that will be addressed through specific programs. The following risks were identified:

HIPO Risk Category



OCCUPATIONAL SAFETY IN NUMBERS

(at the close of 2022)

3 Number of work accidents	**0.34** Accident rate	**0** Number of fatalities per work accident	**0** Fatality rate
1 Number of occupational illnesses	**0.11** Occupational illness rate	**358** Number of days lost because of accidents	**119** Average number of days lost because of accidents

Accident rate
*(number of work accidents/number of workers)*100.*

Fatality rate
*(number of fatalities from work accidents/number of workers)*100,000.*

Occupational illness rate
*(number of occupational illnesses/number of workers)*100.*

Average days lost because of accidents
(number of days lost because of accidents/number of work accidents).

Note
The number of workers is the average monthly number of workers under contract.

MENTAL HEALTH: YOU ARE THE BEST FILTER

Mental health is becoming a great concern in the country.

In 2022, we conducted the ISTAS 21 survey of the Social Security Commission that is taken by mutual safety associations that manage worker's compensation insurance.

We conducted the survey in six geographic regions and 76% of our employees responded.

The results on a national level are shown in the next table:

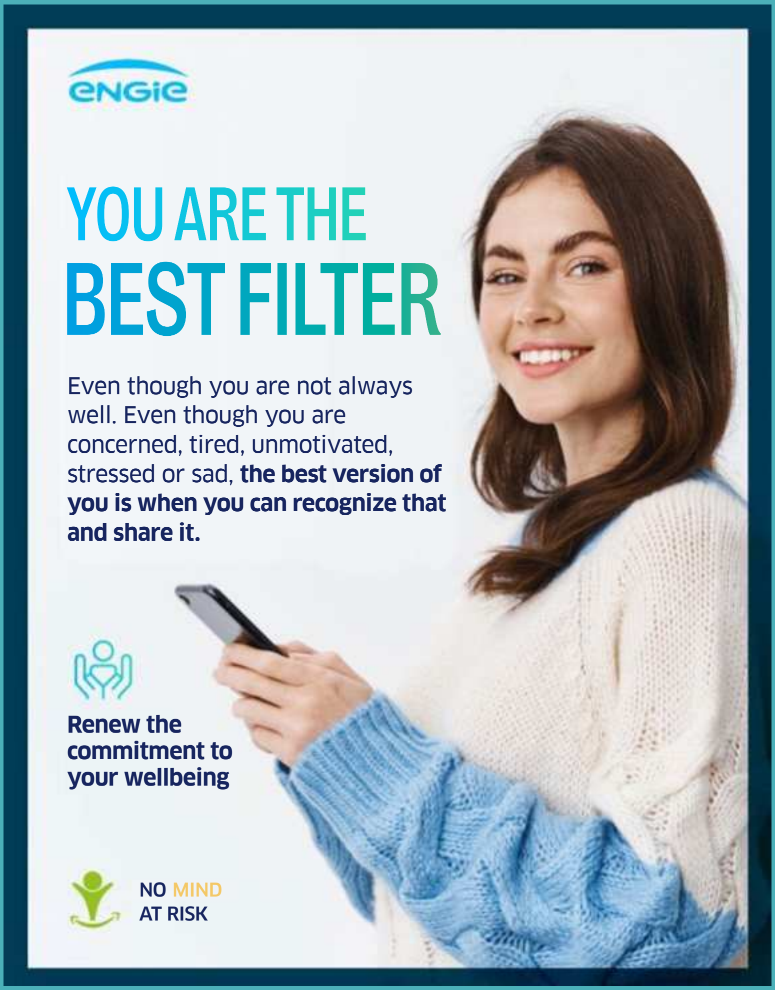
Occupational Psychological and Social Risk Assessment: SUSESO/ISTAS21 Questionnaire	**841 people** Invited to respond	**641 people** responded	**76,12%** % Global Participation

Regions evaluated	Work centers	No. of people who responded	% regulatory compliance	Risk Results	Indications
Arica	Diesel-fired Power Plant, Solar Farms, Chapiquiña, Arica Substation	27	100%	**Moderate**	Apply preventive measures and reassess in **2 years**
Iquique	Iquique Substation	16	94%	Low	Reassess in 4 years
Tocopilla	CTT and Transmission	109	81%	Low	Reassess in 4 years
Mejillones	Mejillones CT Other employees in the Antofagasta Zone.	228	72%	Low	Reassess in 4 years
Antofagasta	Antofagasta Substation	58	87%	Low	Reassess in 4 years
Santiago	Titanium Tower	203	71%	**Moderate**	Apply preventive measures and reassess in **2 years**

Based on these results, in addition to the "ENGIE & Me" work climate survey results, we launched our mental health campaign called "You are the best filter," in line with our **"No Mind at Risk"** pillar. This concept is based on the filters that we create in our relationship with the job that keep us from raising our hand and asking for help when we need it. We put specific plans and programs into place to continue improving this important aspect of occupational health.

The campaign involved:

- Specific Focus Groups to capture the feelings of teams.
- Personal interviews of key employees.
- An Employee Assistance Program with 24/7 support to our employees in mental health and other family issues.
- Reinforcement of the 9 Commitments to welfare in ENGIE.
- Celebration of Mental Health Month – October 2022.



OCCUPATIONAL SAFETY IN CONTRACTORS

As part of our commitment to care for people, we extend our requirements and concern for occupational safety to our contractors. We hold training and provide counseling so that they can work accident-free. Our commitment to the safety of contractor employees is seen in our indicators and management goals that include, among other metrics, the accident rate of contractors.

5.4 PEOPLE AND CULTURE

OUR APPROACH

We are committed to a motivating, equitable work environment that creates room for personal and professional development while at the same time being collectively challenging, diverse and inclusive.

We have a broad and diverse number of specific benefits, an annual training plan and a system of performance evaluation of the entire organization. As part of our commitment to human rights and a good work climate, all contracts must go through a Due Diligence to confirm the recent work history of candidates.

At the close of 2022, our company employed 897 people, 81% men (723) and 19% women (174). 100% of our in-house team has a continuing employment contract.

Given our concern for creating flexible workspace, we began promoting telecommuting at least five years ago. We began with our Home Office benefit, which was the gateway to our Hybrid Work Policy that, among other specifications, offers the possibility of working 2 days from home and 3 days in the office for those whose job is compatible with that setup.

In 2022, 35% of staff (317 people) opted for hybrid work. 65% were men (205) and 35% were women (112). For women, this figures means that 64% of all women working for ENGIE adopted that work arrangement.

I. Equal pay

We have an Equal Pay Policy that is focused on **ATTRACTING, RETAINING AND DEVELOPING** our in-house team through a system based on internal equity, retribution and competitiveness compared to the job market.

We are continuously focused on **RECOGNIZING and PROMOTING** excellent performance and professional development, fundamental to a continuing improvement of processes and to meeting goals and objectives.

We also have a team responsible for monitoring the remuneration of the people working in our company.

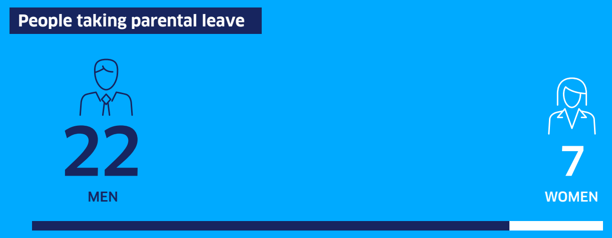
Main elements in our Equal Pay Policy

- **Salaries Benchmarked to the Job Market.** This benchmark is comprised of a group of comparable companies that belong to similar industries and of direct competitors. The decision on which companies to use in the comparison is determined according to the company's strategy.
- **Salary Collars.** These collars have been implemented company-wide and indicate a range of the salaries that employees can earn because of the value of the position they hold.
- **Employee Positioning** within the respective Salary Collar.
- **Surveys.** We recurrently participate in and acquire salary surveys in which companies using position evaluation methods participate.
- **Position Levels or Degrees.** This is based on the roles and responsibilities of the position within the organizational structure.
- **Merit raises** in recognition of an employee's performance.
- **Rules and standards on compensation** for new hires, mobility and promotions.
- **Short-term incentives** aligned to an employee's performance.

PARENTAL LEAVE

We want people to be able to live the stage after a child is born tranquilly. So, we guarantee that both fixed and variable salary will be paid while they are on pre-natal and post-partum leave.

In our ongoing review, we proposed the challenge of evaluating in 2023 the possibility of increasing the leave for men beyond the requirements in the law. We are aiming for four weeks in 2024.



III. Benefits

ENGIE Energía Chile has a wide and diverse number of benefits designed to further the wellbeing of our employees and their families. We group them into the following four areas:

PHYSICAL AND EMOTIONAL WELFARE

Benefits that enable employees to care for their physical and mental health.

- Supplementary Health Insurance
- Dental Insurance
- Catastrophic Disease Insurance
- Death and Disability Insurance
- Subsidy for Illness/Work Accident
- COVID Insurance
- Sports Reimbursement
- Ergonometric Chairs
- Employee Accompaniment Program (abbreviated as PAE in Spanish)

WORK/LIFE BALANCE

Benefits that enable employees to maintain a balance between their activities on and off the job.

- Additional Vacation Time
- Progressive Vacation Time
- Flexible Working Hours
- Marriage or Civil Union Leave
- Birth Leave
- Death Leave
- Paid Leave
- Unpaid Leave

FINANCIAL WELFARE

Benefits that are intended to help employees have a healthy financial life.

- Meal Allowance
- Marriage or Civil Union Allowance
- Birth Allowance
- Death Allowance
- Agreed Deposit
- Independence Day Allowance
- Christmas Allowance
- Vacation Allowance

EQUITY

Benefits that give employees a healthy work environment and improve their quality of life.

- Payment or reimbursement of Child Day Care
- Equalization Fund: Benefit, education, financial aid, tourism and recreation.
- Grade School and High School Allowance for Children.
- Technical Training Scholarship for Children.
- University scholarship for children
- Christmas Gift Cards.
- Parking Agreement

OUR STAFF IN NUMBERS

WOMEN
174 (19%)

897
Total number of employees

MEN
723 (81%)

100%
Continuing Contracts

New hires

91
MEN

46
WOMEN

WORKING HOURS

(35%)
317
Total number of employees telecommuting

(28%)
205
Total number of men telecommuting

(64%)
112
Total number of women telecommuting

5.4.1 ORGANIZATIONAL CULTURE AND DEVELOPMENT

In the aim of accompanying the business in achieving its goals, our Human Resources Division was restructured in 2022 and a new management model was adopted that included implementing Centers of Expertise (Compensation and Benefits, Organizational Development, Labor Relations, to name a few) and creating a new role, the Human Resources Business Partner (HRBP), the point of contact between the business units (GBU) and Human Resources. Each GBU has their own HRBP who provides support and answers questions about needs in the People Area.

Additionally, this year we strengthened our Onboarding process to ensure that we are giving the ENGIE experience that we want to from the first day that a person joins our team.

I. Cultural Pillars

In the area of internal culture, in 2022 we continued to work on strengthening our strategic pillars (Occupational Safety, Leadership and Sustainable Commitment) promoted by our parent that are monitored annually in the ENGIE&ME in-house survey. This tool, which is voluntary, helps us gather the perception of our internal team on how we are progressing in these matters. In 2022 we also added questions about diversity and inclusion to this survey, especially from a gender approach, to inquire into the perception and expectations that people working for us have in this respect.

We earned results above the benchmarks that we use in all categories measured by ENGIE&ME in 2022. From a score of 1 to 100, we earned a 93 in Sustainable Commitment, 88 in Leadership and 93 in Occupational Safety.

The Sustainable Commitment is one of the topics that the ENGIE Group wants to push more forcefully. We use this indicator to measure whether people feel that they have the tools necessary to address the challenges in their work. Starting this year, the indicator measuring Disengagement was also given greater visibility. We achieved 9% in 2022 in Chile, below the 11% in 2021. Both indicators, Sustainable Commitment and Disengagement, are monitored through our Balanced Scorecard.

or Leadership, we designed an internal program that began in September and will continue throughout 2023. It is focused on the actual and future challenges that the company is facing and it is targeting all leaders or people who have people subordinate to them. In line with the implementation of the Ways of Working change management model (WOW), which defines our way of working and what we expect from internal teams, in 2022 we added **Ways of Leading (EWOL)** that considers the behavior and conducts that we expect from leaders.

Results of the ENGIE&ME Survey in 2022

Internal team participation **85%**

	ENGIE Chile in 2022
Sustainable commitment	93
Leadership	88
Occupational Safety	93
Disengagement	9%

CEO OF THE ENGIE GROUP MET WITH CHILE EMPLOYEES.

As part of her visit to Chile, in April 2022 Catherine MacGregor, CEO of the ENGIE Group, held a meeting with some of the female employees of ENGIE in Chile. The meeting was called "Women in ENGIE" and its objective was to share and understand the concerns and opinions of people, which was greatly appreciated.

II. People Training and Development

To promote one same corporate culture and values throughout its operations, the ENGIE Group offers courses that are mandatory for everyone working in the company. Three mandatory courses were given priority globally in 2022: Occupational Health and Safety, Cybersecurity and Ethics, specifically in regard to sexual and work harassment.

In Chile, we also added a fourth mandatory course on Diversity and Inclusion to leverage the strategy and action plans we are promoting in this respect. The courses are taught online at U.learn, an e-learning platform, and are available in different languages. We monitored the participation of individuals through the Balanced Scorecard, which was 97% of employees in 2022.

Additionally, we also have Technical and Non-Technical Training Plans that are implemented as training needs are detected annually to ensure that everyone working in the company has the knowledge and skills required by their role.

In 2022, investment in training totaled USD 448,979, slightly below 2021.

897
Total number of people trained

USD 448,979
Investment in training in 2022

100%
number of employees trained in comparison to the total number of employees

SUBJECT MATTERS OF THE TRAINING

- Technical training and legal requirements
- Health and Safety
- Cybersecurity
- Environment
- Ethics and Work Harassment
- Diversity and Inclusion
- Leadership
- Languages

AVERAGE NUMBER OF HOURS OF TRAINING BY CATEGORY

The average number of hours of training that employees received annually for account of the company, classified by gender and category of functions.

Type of Position	Annual average hours of training men	Annual average hours of training women
Upper Management	135,7	112,7
Management	34.20	11
Supervisors	5.70	4.6
Manual workers	1.50	11.6
Salesforce	435	32.3
Administrative staff	90	13.7
Ancillary staff	0	0
Other professionals	14.50	2,10
Other technicians	45	36.50
Average number of hours	**Average of 51 hours annually for men**	**Average of 15 hours annually for women**
Total number of hours	**36,779**	**2,649.60**

III. Talent Management

In a competitive industry, talent management is one of the tools that we use to attract and retain people with a high potential whose performance and leadership are great and who want to project themselves with us.

To identify these profiles, we use the Nine Box tool to map performance and potential. This helps us envisage the recent talent based on objective information. Our interest is in the people identified achieving their greatest potential and to do so, the ENGIE Group has a Booster Development Program. This Program has a development plan that offers applicants jobs in other operations in our parent company, in the same GBU to which they belong if possible, so that they can take advantage of and share their knowledge and expertise. It includes an intensive 12-to-24 month work plan, depending on the program that the candidates join.

PERFORMANCE EVALUATION

It is essential to us that everyone working in our company receive formal feedback from their superiors to align their individual development with our company's strategy. In 2022, 100% of our employees participated in this process, where the objective is to define goals and standards, provide tools and promote continuous feedback on performance.

IV. Succession Plans

As part of our risk management and planning of future hires, we have identified people whose role is key to the business' operation and whose departure requires a succession plan. We have mapped out internal (the majority) and external candidates for 100% of critical positions.

In the goal of strengthening this area, we have emphasized the formation and training of our leaders to identify more people who are candidates to become a part of succession plans. To that end, we reinforced the development plans for each, focused on job training and significant experience that will impact their performance and provide support in achieving the organization's results.

We have also defined which positions are the riskiest legally and in that respect, in 2022 we added a declaration to the selection process in which workers and candidates state that they have no conflicts of interest with the company, be it family relations, economic interests or ties to regulators.

5.4.2 LABOR RELATIONS

We understand Labor Relations broadly, both the individual employment relationship and the collective relationship, and we address labor relations mainly via ongoing dialogue (weekly) with union leaders and other in-house organizations like the Safe Behavior Committees and the Joint Hygiene and Safety Committees.

Our concern is to strengthen our work environment by caring for the standard of common working conditions, internal rules, compliance with the workers' rights of all people who work for our company, both internal and external, and by respect for collective bargaining agreements. We have a Labor Relations Subdivision that handles these goals.

This area also supports our business units in their own issues and interests, which means that the emphasis and needs of the labor agenda also differ among Business Units.

In 2022 our main lines of work by GBU were:

- **Flexible Generation & Retail GBU.** The main work was to support the closing of coal-fired units 14 and 15, a process that for employees, lasted a bit more than 3 years (more on page 76).
- **Renewables GBU.** In conjunction with the Project team, we constantly monitored compliance by contractors with their employer obligations throughout the year. The focus was on how long these employees were in the demobilization processes at the close of projects. For that purpose, we reinforced controls and payments to ensure that there was no employer default.

Work Harassment

We are also concerned with promoting actions and good practices throughout the organization to strengthen our work environment. In 2022 we paid special attention to work harassment, a calamity that is growing in the country and that we explicitly condemn in our Code of Ethics and Internal Regulations. We deepened our commitment by designing our Work Harassment Policy.

We taught a mandatory, in-house course in which we addressed sexual and work harassment and we also launched an internal campaign.

We created a special line to report harassment safely and anonymously and we included preventive checks in our recruitment process to confirm that there had been no harassment complaints about candidates in their previous jobs.

By the close of 2022, we had received four reports of work harassment and one of sexual harassment. All were received and investigated by the company's Ethics Committee **(more on pages 22 and 113).**

5.5 DIVERSITY AND INCLUSION

OUR APPROACH

In our industry, women represent 23% of all employees while the number in managerial positions is substantially lower. As a company, we are taking specific, binding actions to continue progressing in reducing gaps and in strengthening the conditions to attract female talent, mainly by creating diversity and inclusion policies. We have adopted the Engie Group's goals in this respect, which include gender equity, that is, "Fifty-Fifty by 2030."

ENGIE Energía Chile is committed to diversity in its broadest sense. We know that creating diverse and inclusive workspaces requires an effort culturally and understanding the concerns in our organization. This year we relaunched our Diversity and Inclusion Policy and we defined the priority areas of work to be gender diversity, sexual diversity and inclusion.

We adopted this decision in view of the concerns expressed by people working in our company that we gathered from the ENGIE&ME survey. We took specific advantage of this tool to inquire into the internal perception of equitable access to training plans, promotions, hiring and other subjects for men, women and diverse groups working in the company. We received the analysis and we are working on action plans.

I. Management of barriers and biases

As we know that social and cultural biases can be transferred to organizations, we have tools to help identify and mitigate potential barriers to diversity in hiring. One of those is the ENGIE&ME survey.

Our Human Resources area taught a master class on avoiding biases in recruitment and we incorporated inclusive criteria promoting equal opportunity for anyone aspiring to work with us, without regard to origin, nationality, gender, disability or sexual orientation. We are also working on receiving EDGE certification (Economic Dividends for Gender Equality) that entails a comparative assessment, metrics and statement of accounts. The EDGE certification will fortify even more our ongoing work to provide fair workplaces mutually beneficial to women and men.

II. Gender: 50/50 challenge

At the close of 2022, women accounted for 19% of our company's employees. Our challenge is to continue increasing that percentage as well as the number of women in leadership positions.

Among the most important milestones this fiscal year was the appointment of Rosaline Corinthien, an engineer and our CEO, the first woman to become CEO of our company. This year a woman also became a regular board member, bringing the number of women on the board to a total of two (we already had one female alternate director).

REDUCING BIASES AND BARRIERS

We want to share the story of Salomé Osorio, one of our Control Room Operators, a position traditionally held by men in the industry.

During the visit of Catherine MacGregor, the Global CEO of the ENGIE Group, in the first half of 2022, conversations were held with women from all areas of the company, who had the opportunity to analyze women's role in the energy industry and the opportunities for development within the company.

Our main courses of gender action and progress are:

- **Fifty-Fifty by 2030 program.** We adopted our parent company's gender equity goal, known as Fifty- Fifty by 2030, with great commitment and a sense of reality. We expect our operations to employ women representing at least 30% of all employees by 2025 and 50% by 2030. We were among the five finalists in 2022 in the annual Global Fifty-Fifty awards organized by the ENGIE Group because of the number of women managers in our operations.

- **Recruitment to leadership positions.** We are aware that we belong to a male-dominated industry, so we are making additional efforts to invite women to become part of ENGIE. In 2022, we increased the recruitment of women to leadership positions, going from 26% to 42%.
- **Energy + Women Program.** We have formed alliances for the recruitment and selection of women. We are working with the Ministry of Women and the Ministry of Energy, in this latter case through the Energy + Women Program, a public-private program that the Ministry of Energy is developing with the Chilean energy industry and its chain of supply to reduce the gender barriers and gaps so that more female talent joins the sector.
- **“Women in Energy.”** We are the official sponsor in Chile of the “Women in Energy” program of the World Energy Council (WEC). This initiative is aligned with the company’s objectives of strengthening female leadership in this sector.

NEW HIRES

137 people joined our team in 2022: 66.4% were men and 33.6% were women.

40% of the new managerial positions were filled by women, bringing the number of women in leadership positions to 42.

Type of position	Men	Women
Upper Management	3	2
Management	10	5
Supervisors	9	7
Manual Workers	15	0
Salesforce	0	0
Administrative Staff	2	0
Other professionals	48	32
Other technicians	4	0
Total	91	46
TOTAL	**137**	

DIVERSITY AND INCLUSION COMMUNITY

In 2022, we set up the first Diversity and Inclusion Community in an open call to the entire organization. The community consists of 14 participants who have designed a work plan to help build an internal culture that respects and promotes diversity and inclusion. It has a leader and a counterpart in our People area, who is in charge of articulating the group’s needs and concerns.

One of the activities during the fiscal year was to gather information from the company’s different sites to map all initiatives that are being implemented in furtherance of gender equity. Work was also done under the training and sensitivity pillar. Diverse courses were taught on D&I, unconscious biases, gender equity and the new masculinity program facilitated by Hub SouthAm. We discussed matters such as the Zamudio Law and Inclusion Law

21,015 through the ENGIE Diversity and Inclusion School.

Another relevant activity in the year was a meeting that the Diversity and Inclusion Community held with Renata Spada, Group Vice-President of Talent

Acquisition & Global Chief Diversity Equity Inclusion Officer of ENGIE, to discuss the objectives of the group in these matters.

We invite you to watch this video to understand the main subjects addressed in this visit: **https://www.youtube.com/watch?v=8iDRYwKxmE4**

Lucy Oporto,
Chief of Human Resources

"Our purpose includes working as a community to promote diversity and inclusion in the sector so as to create an equal workspace."

Pay Gap

We ensure that our pay structure is bias-free, fair and equitable. To that end, compensation is set according to the HAY method, which defines levels for each position based on the following criteria:

- Knowledge, skills and abilities required for position.
- Processes in which the position participates and skill at solving specific problems arising professionally in the position.
- Contribution of the position to the company's results.

This means that the HAY levels may be different among employees who work in one same professional category, such as Supervisor, because the knowledge, processes and functions of each position are different.

So, differences appearing in the pay gap that we present below are mainly because the compensation structures are aligned to the features of each position rather than a professional category.

Another factor is the time of employment. The average time of employment in the company is around 13 years, and employees receive CPI salary adjustments. Men have worked for the company longer than women. Given the characteristics of our industry, historically the share of women is below that of men, a situation that we are trying to reverse through different initiatives.

In the Upper Management category, we were unable to provide information because there is just one woman. The position of CEO, which is held by a woman in our case, is also excluded because her compensation entails other variables linked to an Expatriate Employee, so it is not comparable.

PAY GAP

Type of position	Mean	Medium
Upper Management	N/A	N/A
Management	105%	97%
Supervisors	98%	104%
Manual Workers	89%	94%
Salesforce	101%	74%
Administrative Staff	95%	109%
Ancillary Staff	N/A	N/A
Other Professionals	96%	89%
Other Technicians	103%	98%

INCLUSION MANAGEMENT

We made different efforts in 2022 to recruit disabled individuals to reach the 1% that the Inclusion Law requires of us.

We created specific profiles and we attended different inclusion fairs looking for candidates. Despite our efforts, we were unable to meet the goal. We have two disabled employees and another two are in the process of receiving certification in the National Disability Register.

In 2022 we added a Diversity and Inclusion Promoter to management, which brought our certified individuals to two.

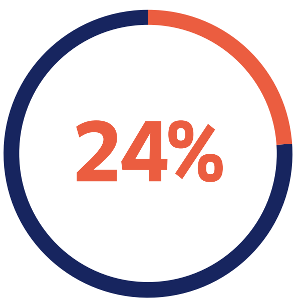
In 2023, we will repeat these efforts and we will retain an inclusion expert recruiter. We will advertise positions needed among the different levels of our staff.

DIVERSITY IN ENGIE ENERGÍA CHILE

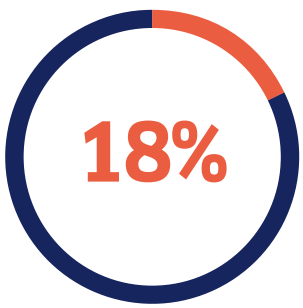
Share of women in supervisory posi

1 CEO	**1** Upper Management
12 Management	**28** Supervisors

42 Women in supervisory positions



% of women in supervisory positions compared to all women in ENGIE



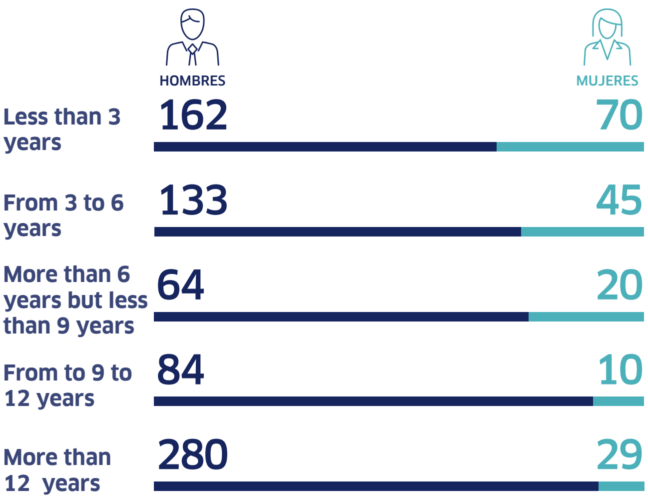
total % of supervisory positions held by women.

40% of leadership positions filled in 2022 were filled by women

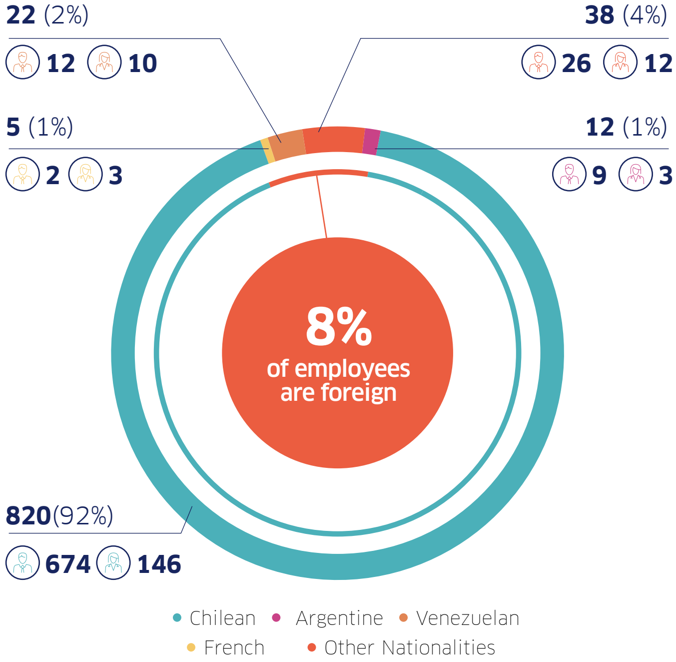
Employees by age range and gender

	HOMBRES	MUJERES
Below age 30	27	8
From 30 to 40 years old	264	91
From 41 to 50 years old	224	55
From 51 to 60 years old	153	17
From 61 to 70 years old	53	3
Older than 70	2	0

Employees by time of employment and gender



Employees by nationality



NCG 461 TABLES

NUMBER OF INDIVIDUALS BY SEX

Type of position	Total number of men	Total number of women
Upper Management	8	2
Management	51	12
Supervisors	134	28
Manual Workers	316	9
Salesforce	5	10
Administrative Staff	15	22
Ancillary Staff	0	0
Other Professionals	165	88
Other Technicians	29	3
TOTAL	**723**	**174**

NUMBER OF INDIVIDUALS BY SEX, NATIONALITY AND CATEGORY OF FUNCTIONS

Number of individuals by sex, nationality and category of functions	Sex		Nationality										Total 2022
	Men	Women	Chilean		Argentine		French		Venezuelan		Other nationalities		
			H	M	H	M	H	M	H	M	H	M	
Upper Management	8	2	3	1	2	0	1	1	0	0	2	0	10
Management	51	12	40	9	4	0	1	1	0	0	6	2	63
Supervisors	134	28	124	23	1	1	0	0	4	1	5	3	162
Manual Workers	316	9	315	9	0	0	0	0	0	0	1	0	325
Salesforce	5	10	5	9	0	0	0	0	0	1	0	0	15
Administrative Staff	15	22	15	18	0	2	0	1	0	1	0	0	37
Ancillary Staff	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Professionals	165	88	143	74	2	0	0	0	8	7	12	7	253
Other Technicians	29	3	29	3	0	0	0	0	0	0	0	0	32
TOTAL	**723**	**174**	**674**	**146**	**9**	**3**	**2**	**3**	**12**	**10**	**26**	**12**	**897**

NUMBER OF INDIVIDUALS BY AGE RANGE

Number of individuals by sex, age range and category of	Below age 30		From 30 to 40 years old		From 41 to 50 years old		From 51 to 60 years old		From 61 to 70 years old		Older than 70	
	H	M	H	M	H	M	H	M	H	M	H	M
Upper Management	0	0	1	1	3	1	0	0	0	0	0	0
Management	0	0	20	5	16	3	4		1	1	0	0
Supervisors	0	0	35	12	66	15	14	3	9	0	0	0
Manual Workers	12	2	117	7	89	0	24	1	27	0	0	0
Salesforce	0	0	3	3	2	3	71	0	0	0	0	0
Administrative Staff	3	0	3	6	1	11	0	4	3	1	0	0
Ancillary Staff	0	0	0	0	0	0	5	4	0	0	0	0
Other Professionals	11	6	79	55	43	21	0	0	5	1	2	0
Other Technicians	1	0	6	2	4	1	25	5	8	0	0	0
TOTAL	**27**	**8**	**264**	**91**	**224**	**55**	**143**	**17**	**53**	**3**	**2**	**0**

NUMBER OF INDIVIDUALS BY SEX, TIME OF EMPLOYMENT AND TYPE OF FUNCTIONS

Number of individuals by sex, time of employment and type of functions	Less than 3 years		From 3 to 6 years		More than 6 years but less than 9 years		From 9 to 12 years		More than 12 years	
	H	M	H	M	H	M	H	M	H	M
Upper Management	3	2	2	0	1	0	1	0	1	0
Management	16	6	12	3	8	2	5	0	10	1
Supervisors	28	11	29	7	5	4	21	2	51	4
Manual Workers	32	1	40	5	35	3	45	0	164	0
Salesforce	1	0	3	3	1	0	0	0	0	7
Administrative Staff	3	2	4	7	0	3	1	3	7	7
Ancillary Staff	0	0	0	0	0	0	0	0	0	0
Other Professionals	74	48	40	19	10	8	11	5	30	8
Other Technicians	5	0	3	1	4	0	0	0	17	2
TOTAL	**162**	**70**	**133**	**45**	**64**	**20**	**84**	**10**	**280**	**29**

NUMBER OF DISABLED INDIVIDUALS

Number of disabled individuals by sex and type of functions	Sex		Total
	Men	Women	
Upper Management	0	0	0
Management	0	1	1
Supervisors	0	0	0
Manual Workers	0	0	0
Salesforce	0	0	0
Administrative Staff	1	0	1
Ancillary Staff	0	0	0
Other Professionals	0	0	0
Other Technicians	0	0	0
TOTAL	**1**	**1**	**2**

TYPES OF CONTRACTS

CONTINUING CONTRACTS

Men	Women	Total
723	174	**897**

FIXED-TERM CONTRACTS

Men	Women	Total
0	0	**0**

CONTRACTS BY PROJECT OR OPERATION

Men	Women	Total
0	0	**0**

FEE-BASED CONTRACTS

Men	Women	Total
0	0	**0**

FULL-TIME EMPLOYEES

Men	Women	Total
723	174	**897**

PART-TIME EMPLOYEES

Men	Women	Total
0	0	**0**

TYPES OF WORK SCHEDULES

NUMBER OF INDIVIDUALS WORKING REGULAR HOURS

Item	Total number of men	Total number of women	Total number of employees
Number of people working regular hours	518	62	580
% compared to all employees	72%	36%	65%

NUMBER OF PART-TIME EMPLOYEES

Item	Total number of men	Total number of women	Total number of employees
Number of part-time employees	0	0	0
% compared to all employees	0%	0%	0%

NUMBER OF PEOPLE WITH A FLEXIBLE WORK SCHEDULE FOR FAMILY REASONS

Item	Total number of men	Total number of women	Total number of employees
Number of people with flexible work schedules for family reasons	0	0	0
% compared to all employees	0%	0%	0%

NUMBER OF TELECOMMUTERS

Item	Total number of men	Total number of women	Total number of employees
Number of telecommuters	205	112	317
% compared to all employees	28%	64%	35%

NUMBER OF PEOPLE WITH FLEXIBILE WORK AGREEMENTS

Item	Total number of men	Total number of women	Total number of employees
Number of people with flexible work agreements	0	0	0
% compared to all employees	0%	0%	0%

WORK AND SEXUAL HARASSMENT

WORK AND SEXUAL HARASSMENT

Do you have a policy on preventing and managing work harassment?	Yes
Do you have work harassment training programs?	Yes
Do you have a policy on preventing and managing sexual harassment?	Yes
Do you have sexual harassment training programs?	Yes
Percentage of all employees trained in the year in work harassment prevention and management.	98%
Percentage of all employees trained in the year in sexual harassment prevention and management.	98%
Total number of sexual harassment complaints	1
Number of complaints presented to the entity	0
Number of complaints presented to the Labor Bureau or equivalent agency	0
Total number of harassment complaints	4
Number of complaints filed with the Labor Bureau or equivalent agency	0

MATERNITY LEAVE

MATERNITY LEAVE: BY NATIONALITY

Nationality	Women as a % of all individuals making use of maternity leave	Men as a % of all individuals making use of paternity leave
Chilean	64%	18%%
Argentine	0%	4%%
Venezuelan	0%	4%
German	0%	4%
Brazilian	0%	0%
Colombian	4%	0%
Spanish	0%	4%

MATERNITY LEAVE: BY POSITION

Type of position	Average number of days of paternity leave in the year for men	Average number of days of maternity leave in the year for women	Average number of days of post-partum parental leave for men in the year
Upper Management	0	0	0
Management	5	66	0
Supervisor	5	0	0
Manual Workers	5	83	0
Salesforce	0	0	0
Administrative Staff	0	0	0
Ancillary Staff	0	0	0
Other Professionals	5	56	0
Other Technicians	0	0	0

5.6 SUPPLIER MANAGEMENT

OUR APPROACH

From our perspective, suppliers of services and contractors are our partners, so we incorporate them to all our efforts. We want to progress towards sustainability under the conviction that that is how we grow together. To that end, we are constantly creating space to share good corporate practices. Our Subcontracting Policy also stipulates commitments and clear rules for us and for all companies who want to provide their services to us. We have a supplier evaluation system focused on the areas of work relationships, human rights, ethics and environment, and we are constantly monitoring compliance and commitments in these respects.

At the close of 2022, ENGIE was working with 2,165 suppliers. 93% of that number were national and 7% were foreign.

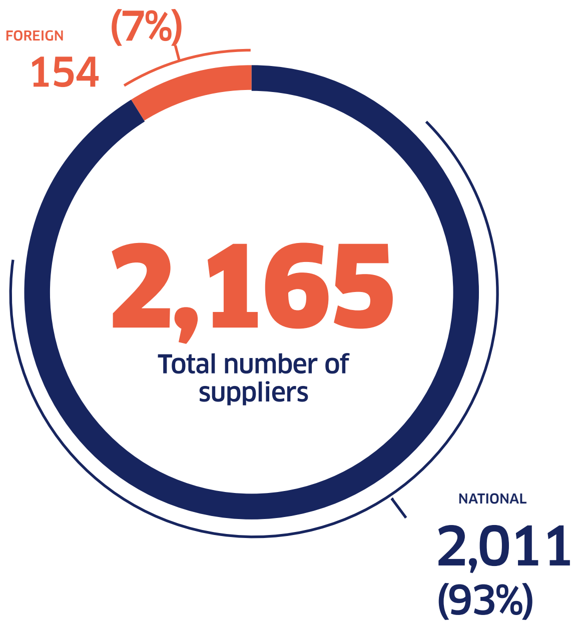
In our challenge of deepening and expanding the scopes of our commitments to sustainability, we integrate our suppliers and contractors to our efforts to develop our business based on good corporate practices. To that end, our Subcontracting Policy sets down standards on evaluation before contracting companies and then after the services have been provided. In the first stage, legal and regulatory aspects, entrepreneurial social responsibility and ethics are considered. In the subsequent stage, in addition to meeting commercial commitments and deadlines, we consider occupational health and safety performance. We have the means to promote a responsible supply chain, we segment our suppliers, and if they are in the Strategic Contracts category, we have evaluation systems. We use an external platform called ECOVADIS. It evaluates the Entrepreneurial Social Responsibility (ESR) of companies in four areas: Environment, Work Practices, Human Rights, Ethics and Sustainable Procurement. These results create a scorecard for each company after it has been evaluated.

The platform also has a due diligence system to evaluate the human rights performance of our new suppliers so as to guarantee universal principles like eradication of child labor and forced labor. To fortify this work, we include a clause on enrollment in this platform in new contracts.

We also make digital platforms available to our suppliers and contractors to help them speed up procedures and processes, such as payment-related procedures and processes.

SUPPLIER MANAGEMENT

(figures as of the close of 2022)



THE SUSTAINABILITY OF 28 COMPANIES WAS EVALUATED IN 2022.

	National Suppliers	Foreign Suppliers
Number of suppliers evaluated	361	24
Number of suppliers analyzed according to sustainability criteria	14	4
% of suppliers analyzed according to sustainability criteria compared to all suppliers evaluated	3.9%	16.7%
Total purchases	MUSD 422.3	MUSD 286.9
Purchases from suppliers analyzed according to sustainability criteria	MUSD 62.0	MUSD 159.9
% of total purchases from suppliers analyzed according to sustainability criteria	14.7%	55.7%

I. Control of employer compliance

We monitor whether our suppliers who provide services at our sites fulfill their employer obligations. We do this in two ways:

- **Recurrent Services.** In this case, an outside company, "Check Laboral," does the monitoring. It receives the F/30 and F/30-1 forms from our suppliers and confirms that everything regarding their employer obligations is in order.
- **Spot Services.** We check purchase orders for the related service presented upon the entry of personnel to the site and we also confirm regulatory compliance through forms F/30 and F/30-1.

To deepen this management, any time there is any default, ENGIE Energía Chile has the right to retain a portion of the payment statement until the contractor presents supporting documentation proving that they have resolved the legal issue.

II. Monitoring of environmental compliance

We also have specific requirements related to the transport, handling and disposal of hazardous substances, waste, materials and components that are described in our Special Contractor and Subcontractor Regulations. Meeting these environmental requirements, commitments and obligations set down in our Integrated Management System has a direct impact on our company. The system uses the international standards - ISO 9001/2015, ISO 14001/2015 and ISO 45001/2018.

We conduct internal audits, legal audits, give speeches, make inspections, hold drills and workshops, to mention a few activities, to monitor and track compliance with these requirements by our suppliers. These activities are very much appreciated since they help give feedback to our suppliers in order to strengthen their continuing improvement.

Any potential default is analyzed and evaluated and leads to the design of an action plan to eliminate the causes behind that situation. A supplier's representative participates in this analysis as does the contract administrator in ENGIE Energía Chile and the environmental advisor. Once the action plan has been designed, the owners and deadlines are assigned to monitor those actions and if necessary, new meetings are arranged with the supplier's owner to ensure that all actions are implemented. If the commitments are not fulfilled, letters of warning are sent and if warranted, fines are imposed according to contract stipulations.

III. Governance: Crime Prevention

In this respect, we address matters such as crime prevention, anti-corruption and conflicts of interest. We want our suppliers to comply with the law, which is stipulated in the Terms and Conditions of Purchase Orders and/or in the clauses in our contracts with them.

5.6.1 SUPPLIER MANAGEMENT MILESTONES IN 2022

We made progress in 2022 in promoting and reinforcing quotation and competitive tender processes inside the company. To that end, in 2022 we began to apply the updated version of the Procurement Governance that reinforces the scope of action of the Procurement Leader in Chile (Chief Procurement Officer), which in turn emphasizes the exclusive leadership of the Procurement Division in supplier management.

We reinforced the FEBOS Platform so that suppliers could use it when they had questions about their payments. In this management framework, we then notified our suppliers of how to log in and use this tool.

We also participated in the design of a tool promoted by the Generators Association of Chile to establish common standards in relationships between power generators and their contractors and subcontractors. The purpose is to mitigate potential problems affecting the supply chain.

We also participated in a work seminar organized by SOFOFA (Spanish acronym for the Manufacturing Development Society), which created a space for communication between the representatives of large companies, small and mid-sized businesses and government entities. The main purpose of this meeting was to analyze the obstacles existing today in the relationships between companies and their suppliers.

ENGAGING WITH SUPPLIERS

ENGIE Energía Chile wants to establish a permanent bond with its suppliers. We hold monitoring meetings with companies with which we have a daily relationship (recurrent contracts) at which we review mainly commercial, safety, environmental and operational considerations.

We held two events in 2022. The first was a Supplier Workshop combined with the Network + Energy Program, held in the facilities of the Minera Escondida Foundation in the city of Antofagasta. We invited local suppliers in different businesses to this workshop so that they could understand the processes involved in the relationship that we have with our suppliers.

The second event took place in December, the first **ENGIE Chile Supplier Day,** an in-person event at our offices in Santiago. 15 of our strategic suppliers attended.

That day we reviewed the main challenges that we are facing in matters such as a sustainable energy transition and the Fifty-Fifty by 2030 Project on gender equity, diversity and inclusion. The assembly was greatly appreciated by our suppliers because they had the chance to meet our teams, give their feedback on the main issues binding us in a *network space* held during the event.

5.6.2 PAYMENTS TO SUPPLIERS

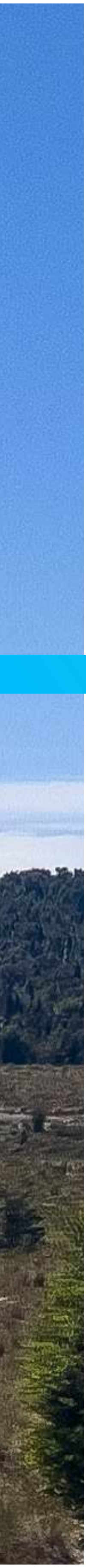
We managed the supplier payment process according to Law 21,131, which sets a deadline of 30 days. In exceptional cases in which the negotiation included terms of payment, a different period shorter than the legal one can be agreed, but it must be authorized by the Chief Procurement Officer.

At the close of 2022, only one company accounted for more than 1% of purchases in the year.

0 **default interest was accrued in the payment of invoices. Default interest is the interest that was paid or should have been paid for delinquency or a simple delay in paying the invoices issued during the period covered by this report.**

0 **is the number of agreements registered, when relevant, in the Exceptional Payment Period Agreement Register kept by the Ministry of Economy.**

INVOICES PAID		
Number of invoices paid	to national suppliers	33,269
	to foreign suppliers	631
Total amount paid	to national suppliers	US$1,515,961,638.94
	to foreign suppliers	US$776,755,715.78
Number of suppliers representing the invoices paid	to national suppliers	2,011
	to foreign suppliers	154



CHAPTER 6
THE PLANET

We are committed to taking action to mitigate the impacts of climate change. We are managing our impacts and taking care of the environment.

6.1 EMISSIONS

OUR APPROACH

Thermal energy generation using fossil fuels is one of the activities that generates the most greenhouse gas emissions. The impact of retiring our coal-fired units is already being seen in the pronounced reduction in our carbon footprint, the intensity of emissions and the quantity of polluting gases in general. So, as our decarbonization plan moves forward, we are getting close to our main goal, which is to become carbon neutral by 2045.

ENGIE Energía Chile measures its carbon footprint on the basis of ISO 14,604 and the stationary combustion emission factors proposed by the "Intergovernmental Panel on Climate Change" (IPCC). We also have a monthly monitoring system in place and the results are presented monthly to the company's board as part of the ongoing monitoring.

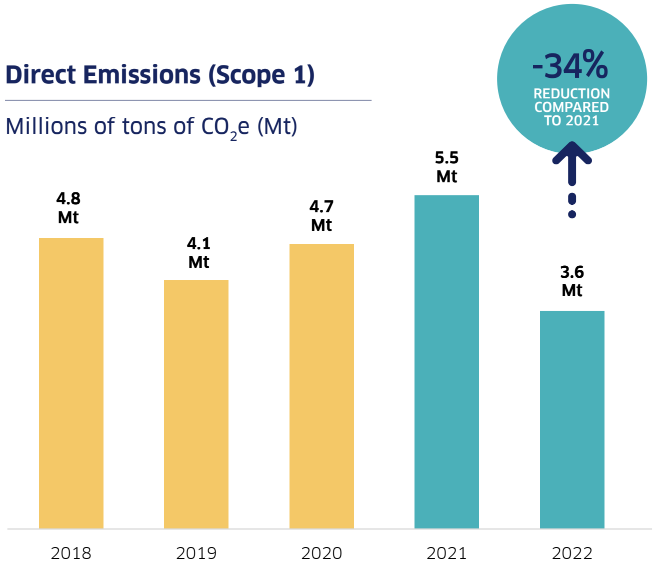
In 2022, the retirement of our last two coal-fired units in Tocopilla and the growing share of renewable energy in our installed capacity had a significant impact on our goal of becoming carbon neutral by 2045. During this fiscal year, our CO_2eq emissions fell 34% compared to 2021. In 2018, when we announced our coal-firing exit, the decrease was 25%.

TOTAL GHG EMISSIONS (MT CO_2e)

	2020	2021	2022
Scope 1	4.7	5.5	3.6
Scope 2 *	1.9	1.3	1.7
Scope 3 **	0.2	0.2	0.4

** An approximation based on the average emissions factor of the SEN.*

*** Considers only CO2 from the sale of gas to third parties.*



OUR DIRECT EMISSIONS FELL TO 3.6 MT CO_2EQ, THE LOWEST IN THE LAST 5 YEARS.

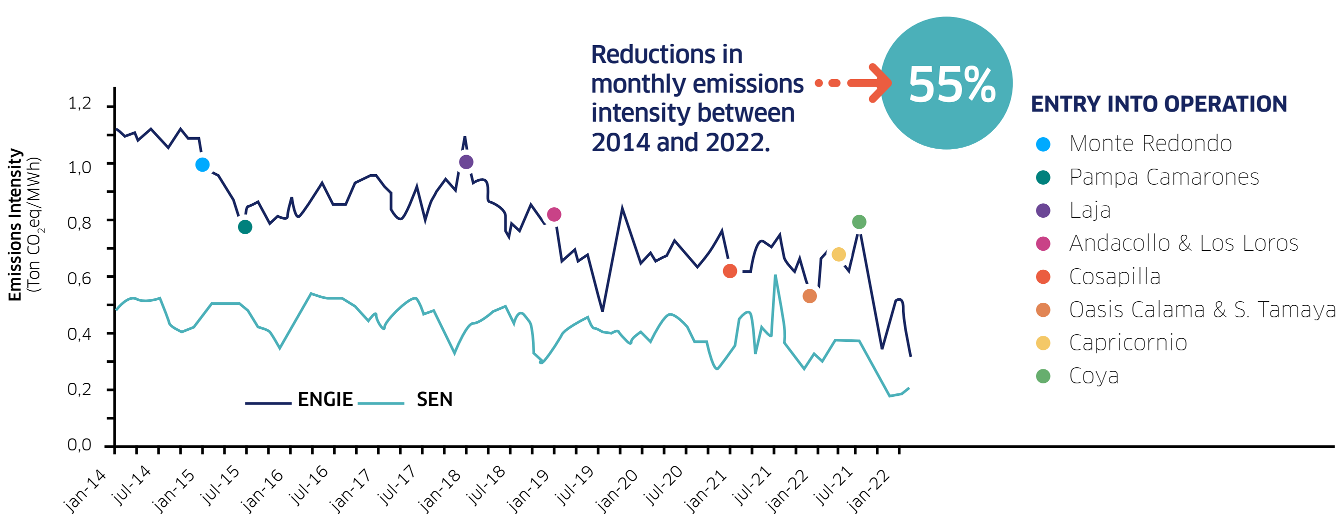
I. Emissions Intensity

Emissions intensity is calculated using the CO_2eq emissions per MW produced. By way of reference, an old coal-fired unit could emit around 1.2 to 1.4 tons of CO_2e/MWh produced.

In the last five years, we have seen a progressive decrease in this indicator, bringing us closer to the levels recorded for the National Grid (SEN).

At the close of 2022, this indicator was 0.59 tons of CO_2eq/MWh, 9.2% below the levels recorded in 2021 when it was 0.65 tons of CO_2eq/MWh. This drop was due to the disconnection of the Tocopilla units and the entry of the Calama Wind Farm into operation, the contribution from the Monte Redondo Wind Farm and the Laja Hydroelectric Power Plant (both units acquired in 2019) and the Tamaya and Capricornio PV Solar Farms.

We have a CO_2 emissions Continuous Monitoring System (CEM) that was implemented in 2014. Since then and through 2022, our CO_2 emissions into the atmosphere have fallen 6.4%, which means a reduction of 6,350,100 tons of CO_2.



II. Local air emissions

The progress in our decarbonization plan is the main reason for the reduction in the emission of particulate matter (PM), nitrogen oxide (NOx) and sulfur dioxide (SOx) recorded in 2022. During the fiscal year, our PM 10 emissions were 101.4 tons/year, 22% below the levels recorded in 2021. NOx emissions totaled 4,372 tons/year, 35% below 2021. A similar trend was seen in SOx emissions, at 3,098 tons/year, which means a drop of 38% in the period analyzed.

ENGIE Energía Chile has been monitoring the air quality in the cities of Tocopilla and Mejillones for several years. Those measurements show that both cities have SO2 ratios in line with the parameters in the Primary Standard that began to be applied in May 2019.

LOCAL AIR EMISSIONS

Total PM Emissions (tons/year)

2021: **129.6**
2022: **101.4**
-22% ANNUAL VARIATION

NOx Emissions (tons/year)

2021: **6,762**
2022: **4,372**
-35% ANNUAL VARIATION

SOx Emissions (tons/year)

2021: **4,962**
2022: **3,098**
-38% ANNUAL VARIATION

III. Green taxes in 2022

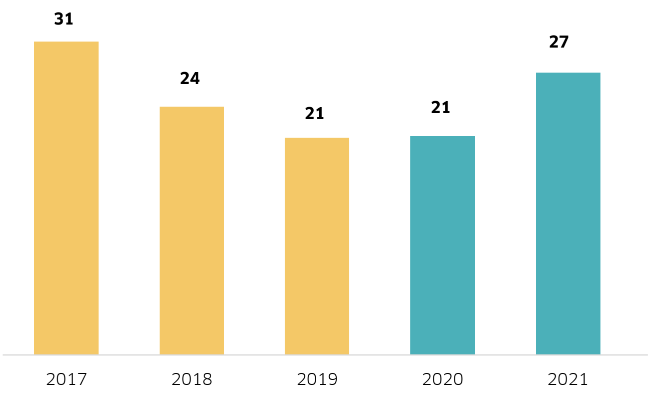
The green tax is a tax tool that aims to encourage industries to reduce polluting air emissions.

This tax is imposed by many countries around the world. Its purpose is to tax emissions of polluting gases into the air by industries that exceed the limit in Article 7 of Law 20,780 of the Ministry of Finance.

Under its implementation, since 2018 organizations must pay their green taxes each year based on their fixed emissions levels recorded in the previous year. So, the tax on the emissions produced by the company in 2021 was paid in 2022, equal to 27.5 million dollars, 28% higher than the previous year (the tax on the emissions in 2020). The tax payable on 2022 emissions will be reported in 2023.

Green taxes

Millions of dollars



THE CARBON FOOTPRINT OF OUR WORK

The emissions we generate in doing our work (Ways of Working) are a cornerstone in our project to transition to being carbon neutral.

The ENGIE Group has proposed measuring the footprint of our work and to do that, an across-the-board approach was defined for all entities in the ENGIE Group so that there was a baseline from which to design action plans that targeted reducing and mitigating impacts.

The areas in which we measure our ways of working emissions are:

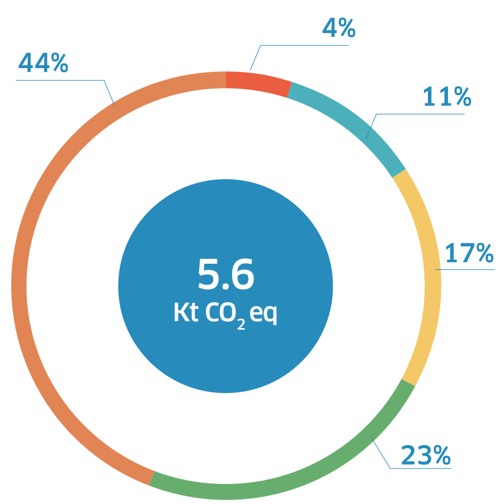
Areas of emissions measurement

Office buildings: The main emission sources considered are fixed sources and electricity purchases	**Means of Transport, both public and private, used by employees to go to their workplace.**	**The company's vehicle fleet used to satisfy its transportation needs.**	**Business travel: local and international travel is considered.**	**Digital infrastructure and equipment: the number of items used is considered, mainly laptops and desktop computers, the data center, data transfers and printing on paper.**

n the case of Chile, our 2022 Way of Working carbon footprint was 5.6 kt CO_2eq generated, mainly because of business travel and the vehicle fleet. Business travel accounted for 44% and the vehicle fleet 23%.

Total emissions (Kt CO_2eq)	Scope 1	Scope 2(*)	Scope 3
Office building	13	613	2
Employee means of transport			975
Vehicle fleet	1,128	-	182
Business travel			2,471
Digital infrastructure and equipment		88	153

** Approximation based on the average emissions factor of the SEN.*



6.2 WASTE MANAGEMENT

OUR APPROACH

Our operations generate hazardous and non-hazardous waste, mainly from thermal energy generation. We are making ongoing efforts to recycle both types of waste and we have our own dumps for disposal of non-hazardous waste by which we comply with the law.

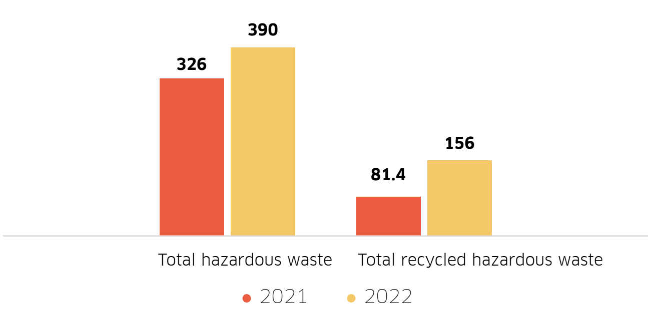
I. Hazardous Waste

This group includes waste delivered to companies that reuse it (such as waste oil that is used as an alternative fuel) and waste sent to authorized landfills for final disposal.

Our waste rose 20% in 2022 in comparison to 2021. This increase was due to the disposal of waste resulting from the dismantling of Units 12 and 13 in the Tocopilla Thermal Complex.

We also made a great effort to increase the volume of recycling. 40% of hazardous waste was recycled in 2022, quite above the 25% in 2021. This increase was possible thanks to our work so that used oil, batteries and solvents would be recycled or reused in other production processes.

Hazardous waste disposal and recycling (tons)



II. Non-hazardous waste

This category includes mainly combustion waste (ash and slag), junk metal, mineral wool and household waste. To ensure that combustion waste continues to be non-hazardous, analyses are performed according to governing regulations and waste is declassified with the health authority.

The volume of non-hazardous waste also rose in 2022 compared to 2021 because of the dismantling of the units and elimination of biomass that was stored in the facilities and would not be used in generation.

The waste sent to landfills rose because of the construction of new projects.

NON-HAZARDOUS WASTE

	2021	2022
Non-hazardous metal and household waste (tons)		
Total recycled	7,659	6,072
Sent to landfills	1,149	5,814
Another type of disposal	0	0
Total	**8,808**	**11,885**
Non-hazardous waste from combustion (tons)		
Ash		
Total recycled	39,006	26,379
Sent to landfills	293,766	258,249
Total	**332,772**	**284,628**
Slag		
Total recycled	6,511	4,244
Sent to landfills	0	0
Total	**6,511**	**4,244**
Total non-hazardous waste	**348,091**	**300,757**

III. Ash management

In 2022, thermal generation by our coal-fired units produced 284,627 tons of ash. This volume is 15% lower than 2021 because the Tocopilla units were closed. In the Tocopilla complex, ash totaled 13,361 tons, 100% of which was disposed of in dumps. Mejillones generated a total of 185,340 tons of ash, 55% of which came from the CTA-CTH units. Of that total, 26,379 tons were allocated to recycling with cement companies for use in their production processes.

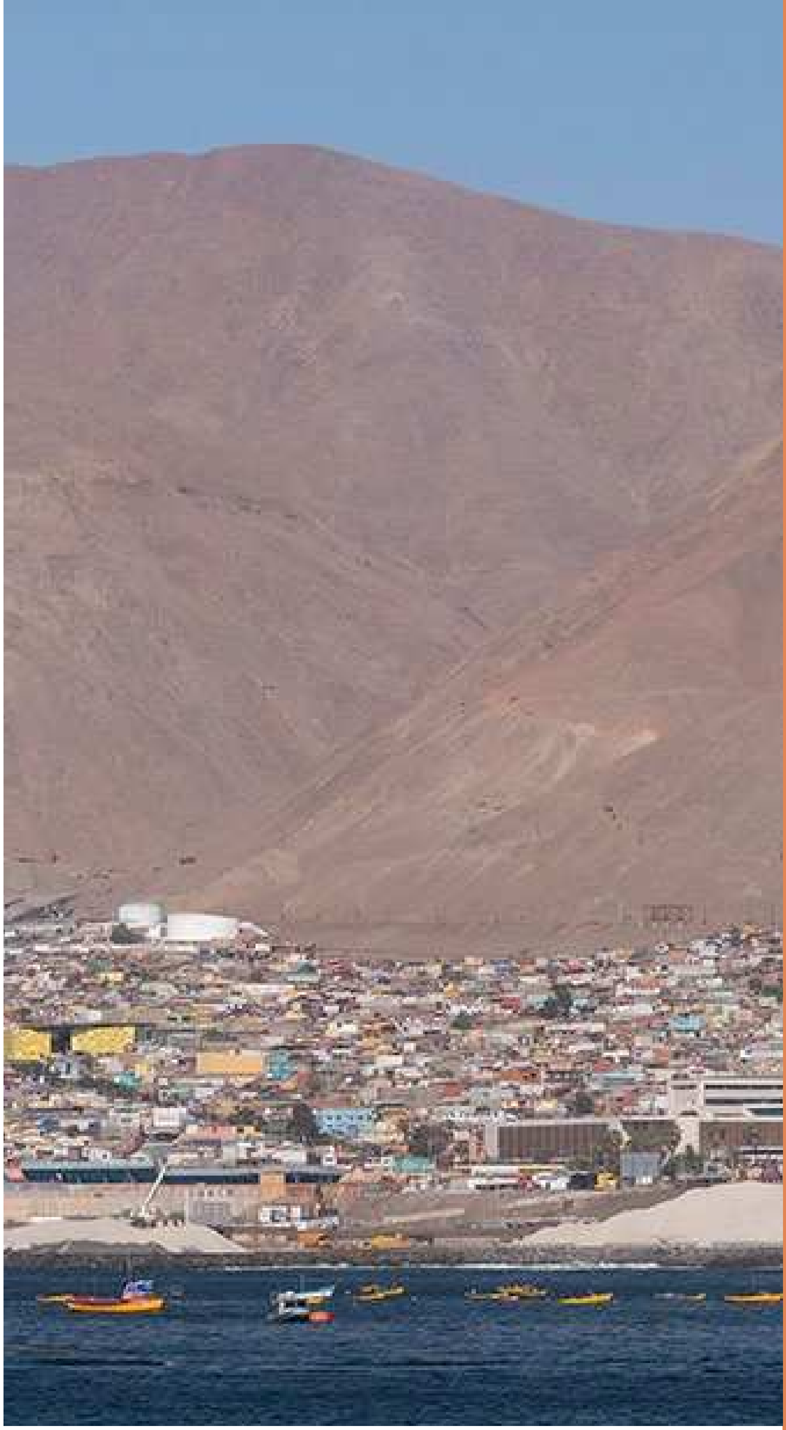
IV. Dumps

The ash that we generate is sent to authorized dumps available to our company that hold both environmental and health authorization to receive this type of waste. We are currently using the Cerro Gris and Barriles dumps, the first located in Mejillones and the second in Tocopilla. The Barriles dump received ash through September 2022, the date when Unit 15 was disconnected.

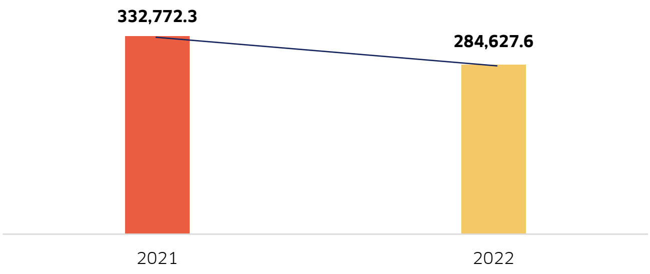
We are preparing an environmental project to expand the use of the Barriles dump to the disposal of demolition debris with a useful life of 30 years. In Tocopilla there are no dumps for this type of waste and we are going to need this type of facility for the dismantling of the remaining units. We received environmental approval in 2022 and we are currently in the process of obtaining a health permit.

Our dumps receive ash and slag in a solid state. They have no dikes or dams and ash and slag are disposed of directly on the ground in the form of compacted terraces. The terraces are built to a maximum height of 3 meters and a maximum gradient of 37° so that the material naturally attains a repose angle.

Given their features, they represent a low risk to people.



Combustion waste from thermal power plants (Tons)



6.3 BIODIVERSITY

OUR APPROACH

We manage our impacts on the ecosystem through biodiversity management plans to handle the impacts of renewable energy units. These plans are required by the Environmental Approvals (abbreviated as RCA in Spanish) of each project, yet our goal is always to minimize our impact on biodiversity and foster the development of ecosystems.

The infrastructure of our wind farms and transmission lines can cause impacts on avifauna. Specifically, species may collide with our facilities during their migration to their reproduction and nesting locations. We have put initiatives in place to protect local flora and species, fauna and biotic factors, such as the relocation of vegetation and a controlled disturbance of fauna. These latter actions are mainly taken in the stages prior to building a new project.

We have active plans for operative renewable energy units. Two were added in 2022: the Capricornio PV Solar Farm and the Laja Hydroelectric Power Plant.

- **Laja Hydroelectric Power Plant.** We have a commitment to reforest 120 hectares in the provinces of Bio-Bio and Concepción because we needed to cut down trees to build the project. The main species planted was Pinus radiata (an exotic species) and some native species. All reforestation has been insured against forest fires.

  Should the area planted not grow or should the survival rate be below 75%, the impact would be a loss of the vegetation that was cut down to build the project and has not been recovered. The consequence of that non-recovery would be a loss of habitat for different species and of ecosystemic services (regulation of temperature, loss of soil due to erosion, CO2 capture, among others).

- **Capricornio PV Solar Far.** Because of the RCA commitment, we are evaluating the risk of birds colliding with the transmission line, especially the grey gull

(Leucophaeus modestus). Thus far we have recorded no collisions in a period of 2 years of monitoring.

Moreover, according to the IUCN, Leucophaeus modestus (grey gull) is considered a species of Least Concern (LC). However, it is considered vulnerable according to the Specifies Classification Regulations of the Ministry of the Environment (VU, E.D. 16/2020 of that ministry, abbreviated as MMA in Spanish).

Units	Name of the Protected Habitat	Geographic Location	Protected Area (hectares)	Species Affected	Type of Impact	Restorative Measures
Los Loros Solar Farm	Desert thicket	Atacama Region, Province of Copiapó, Municipality of Tierra Amarilla.	4,5	Adesmia argyrophylla, Krameria cistoidea, Eriosyce aurata.	Reversible	• Gather seeds. • Grow seeds in nurseries. • Reforest 5,492 Adesmia plants. • Reforest 124 Krameria plants. • Relocate 2 specimens of Eriosyce.
Chapiquiña Hydroelectric Power Plant	High-altitude, low-lying thicket, Lauca National Park, Lauca Biosphere Reserve	Region of Arica and Parinacota, Chapiquiña.	Unquantified	Polylepis rugulosa.	Reversible	• Forest 1.4 Hectares with queñuas.
Capricornio PV Solar Farm	Absolute desert.	Antofagasta Region, Antofagasta.	Not applicable	Grey gull (Leucophaeus modestus).	Reversible	• Monitor birds colliding with transmission lines
Calama Wind Farm	Low-lying desert thicket.	Antofagasta Region, Calama.	100	Torres-Mura's Dragon (Liolaemus torresi).	Reversible	• Controlled disturbance during construction. • Signage and dissemination of information to employees on the sensitivity of the species.
				There is no target species.	Reversible	• Monitoring of birds colliding with turbo generators.
Laja Hydroelectric Power Plant	Deciduous forest and sclerophyll forest.	Bio-Bio Region, Provinces of the Bio-Bio and Concepción.	120	Pinus radiata, several native herbaceous, shrub and tree species.	Reversible	• Signage and dissemination of information to employees on the sensitivity of the species
Monte Redondo Wind Farm	Desert thicket.	Coquimbo Region, Ovalle.	8	*Peruvian booby (Sula variegata), Peregrine falcon (Falco peregrinus), Humboldt Pelican (Pelecanus thagus).*	Reversible	• Monitoring of birds colliding with turbo generators.
					Reversible	• Revegetation and reforestation with the native species impacted.

6.4 WATER

OUR APPROACH

We use mainly seawater in our production processes that is later returned to the ocean. We have a monitoring system to ensure that the water is returned at a temperature of 30ºC or less, according to the law. We use freshwater for human consumption and it is supplied by water companies.

Water Discharge

According to the source discharge regulations, water discharged into the ocean cannot have a temperature above 30°C. ENGIE Energía Chile uses a weekly water temperature measurement system at the discharge wells that is reported to the environmental authorities.

All our units are within the limits set in ED 90/2000.

A flowmeter was installed in 2022 at the discharge from the combined cycle unit in the Tocopilla power plant and we plan to install a second flowmeter in that unit. Preventive maintenance was also performed on all flowmeters at the Mejillones Power Plant.

In comparison to 2021, seawater withdrawal in 2022 fell because of the retirement of Units 14 and 15 from operation and the decline in the dispatching of the other units.

WATER CONSUMPTION (m^3)

	2021	2022
Water consumption	34,397,885	36,250,115
Water stress consumption	0	0

TOTAL WATER WITHDRAWAL (m³)

	2021	2022
Seawater impoundment	1,276,742,914	977,223,054

WATER DISCHARGES (m³)

	2021	2022
Into the ocean (liquid industrial waste)	1,276,742,914	977,223,054
Delivered to third parties for an industrial use	34,397,914	34,010,054

MONITORING OF THE SEA FOAM PHENOMENON

Like last year, we are reporting on the sea foam phenomenon in Mejillones Bay. There was one sea foam event in 2022 that was controlled by the Environmental Commission.

Analyses using satellite images revealed that the sea foam was caused the natural inflow of cold water and by the high content of chlorophyll along the coast. Water samples were also taken from the cooling circuit that showed that all of the parameters measured and analyzed were in line with the regulatory limits in ED 90/2000. The information from the analyses and results of the sampling were sent to the environmental authority, who made no observations.

At this time, the “Mejillones Bay Integrated Monitoring” Project is being led by the Mejillones Industrialists Association (abbreviated as AIM in Spanish). At the end of November, the AIM Board of Directors authorized the execution and financing of new studies that will begin in March 2023.

ENVIRONMENTAL PROCEDURES

There was no material incident to report in the 2022 fiscal year. We were inspected a total of eleven times (four by the Environmental Commission and seven by the Health Authorities), nine of which were of the thermal processes and two of the renewable energy processes. They visited our units in Tocopilla, Mejillones and Arica for the thermal processes and found, in three of them, deviations that led to health investigations. The respective defensive reports were presented, but a decision by the authority is still pending.

Another important milestone was the completion of the dismantling of Units 12 and 13 of the Tocopilla Thermal Complex without any incident or complaint by the community. Waste management can be traced through the SINADER and SIDREP sectoral systems.

Laja Power Plant. We are currently working on a reconciliation agreement with the community because of the environmental claim against the Laja Power Plant, being heard by the Third Environmental Court. Internally, it is being handled in the operational continuity extension strategy of the projects that were environmentally assessed between 1995 and 2000 whose Environmental Approvals (abbreviated as RCA in Spanish) are approaching their expiration date.

Dispute with ZOFRI. On November 3, 2022, we were served an environmental damage claim against us by the Iquique Free Trade Zone (abbreviated as Zofri in Spanish) filed before the First Environmental Court. Zofri is grounding its action on alleged environmental damage to soil and ground water components at the Zofri site where a diesel-fired power plant is located that used to be operated by the National Electricity Company and then by Edelnor S.A., the legal predecessor to ENGIE Energía Chile S.A.

We answered the claim, disputed the charges, and filed a counterclaim before the First Environmental Court against Zofri to enforce its liability should there be any environmental damage. The lawsuit was still ongoing at the close of this report.

MAIN INVESTMENTS

The main investments in environmental matters have been to implement a nitrogen oxide abatement system and a continuing emissions monitoring system in Unit TG3 of the Tocopilla Power Plant so that the operating restrictions on that generating unit can be lifted; and to modify the method of quantifying emissions subject to the emission standard for thermal power plants.

Resources were also allocated to replacing the ultrasound buoys used to control the algae bloom at the Laja Power Plant and to implementing online measuring equipment to measure the discharges into the ocean by some generating units.

CHAPTER 7

RISK FACTORS, LEGAL INFORMATION AND COMPLIANCE INDICATORS

7.1 RISK FACTORS

The energy sector is subject to diverse and changing economic, political, regulatory, social, and competitive conditions. As part of the normal course of business, we are exposed to several risk factors, both operating and financial, that may impact our performance and financial position, which are monitored regularly by each "Risk Owner" of the different processes in the company and are coordinated by the Management Control and Planning Areas of the company.

ENGIE Energía Chile has Risk Management Procedures in place that describe the method of risk assessment and analysis, including the preparation of a risk matrix that is updated and reviewed once a year. The progress in action plans and updating of risks is monitored permanently as part of Enterprise Risk Management where the goal is to preserve and continuously improve the value, reputation and internal motivation of the company by encouraging a "risk-taking" level that is reasonable in social, human and legal terms; is acceptable to "stakeholders"; and is economically sustainable.

STRATEGY

The company's financial risk management strategy aims to protect the stability and sustainability of ENGIE Energía Chile in relation to all components of financial uncertainty or material events of risk. This work is presented to the Company's Board annually.

Owner Area

The company has a consolidated risk monitoring system to efficiently control business risks. Consolidating those risks is the duty of the Finance and Shared Services Division, which monitors risk management and controls regularly and reports to the Board, which monitors material risks, both qualitative and quantitative, that may impact business performance.

The Chief Financial Officer or their designate meets at least quarterly with the Board to analyze: whether the risk management process is working adequately; the risk matrix used, the main sources of risk, the methods of detecting new risks and the probability of impact should the most relevant risks occur; the recommendations and improvements that would be pertinent in better managing the company's risks; and the contingency plans designed to react to the occurrence of critical events.

Below is a summary of the risk management by the company and its subsidiaries, grouped as follows:

1. Business risks.
2. Country risk.
3. Market risks.
4. Reputation risks.
5. Regulation risks.

7.1.1 BUSINESS RISK

DECARBONIZATION

Our business faces both risks and opportunities because of the efforts to promote the decarbonization of our power generation matrix to be able to confront the growing demand for energy generated by renewable means. In this setting, our own initiatives, legislative and regulatory actions to address climate change and environmental issues have a material impact on our industry and business.

The Chilean government has adopted a policy of supporting sources of renewable power generation to reduce its dependency on coal in electricity production in the aim of becoming carbon neutral by 2050.

We have participated actively in all instances and work groups convened by the government. In 2019, we announced the schedule for closing six coal-fired units in the period 2019-2024 under our Decarbonization Plan. In April 2021, we announced an expansion of our transformation program that involved the complete retirement of coal-fired generation. This program entailed an asset turnover plan to replace thermal generation by renewable energy, as well as several initiatives to mitigate the social impacts implicit in this change, among them a reduction in the ability of the renewable assets to create jobs. By the end of 2025 or on a later date that involves no risk of supply to the system, which may be no later than December 31, 2027, we will have disconnected nearly 800 MW of coal-fired installed capacity from the grid. That capacity comes from units 12 and 13 in the Tocopilla Thermal Complex (disconnected in June 2019), from Units 14 and 15 in the Tocopilla Thermal Complex (the first disconnected at the end of June and the second at the end of September), and from the CTM1 and CTM2 Units in the Mejillones Thermal Complex (disconnection is scheduled for the end of 2024, provided it does not impact grid security). The remaining 700 MW of coal-fired installed capacity will be reconverted. The Mejillones Energy Infrastructure (375 MW) will be reconverted to use natural gas, while the Andina Thermal Power Plant and the Hornitos Thermal Power Plant (350 MW) will begin to use biomass in 2026 or on a date that does not impact the security of supply, which may never be later than January 1, 2028

The early closing of the coal-fired generation units caused asset impairment losses totaling US$187 million, net of income tax, which were recognized in our 2018 and 2019 financial statements, in addition to the impact on net income in 2022 from the company's value impairment test that resulted in a net tax loss of US$325 million. The reconversion of power plants is expected to cost a total of close to US$75 million. Our transformation plan considers adding around 2,000 MW of renewable energy installed capacity, 762 MW of which were already acquired or connected between 2019 and 2022, while the other 481 MW of renewable capacity are under construction and commercial operation is scheduled for 2024 **(See more on pages 45 to 49).**

Several initiatives are before the National Congress that could result in even stricter limitations or prohibitions on fossil-fuel-based power plants. Although we are dedicated to finding ways to accelerate our decarbonization by closing or reconverting the remaining units, legal initiatives of this nature could translate into greater impairment losses on our assets and into the need to make additional investments in renewable assets and energy storage systems to honor our power purchase agreements.

Moreover, decarbonization is a world phenomenon that is not free of risk. To start with, the closing of coal-fired power plants has caused an impairment to the value of assets, a greater dependency on fuels friendlier to the energy transition, such as natural gas, and limitations on production, transport and financing for the exploitation of fossil fuels, which has resulted in significant rises in price. The war between Russia and the Ukraine has done nothing more than aggravate this supply shortage, pushing fossil fuel prices to levels never before seen. Building renewable generation assets on a large scale in the world has also brought with it difficulties in securing inputs, making their transport difficult and more expensive. Added to the effects of the pandemic, it has also become evident that there is a shortage of people trained in building these assets and of contractors with the operational and financial position to overcome the challenges of building the projects.

Since the first step in decarbonization has been to rewrite the power purchase agreements with some unregulated customers to eliminate indexing to the prices of fossil fuels and use only inflation indexing, there has been mismatching during the transition between the PPA portfolio prices and the variable costs of operation.

FUELS AND THE SUPPLY CHAIN

Unavailability or interruptions in the fuel supply chain.

We import a significant part of our fuel supply under short-, medium- and long-term agreements, which makes us vulnerable to potential supply shortages or defaults by our suppliers. We also acquire a significant portion of coal, natural gas and other fuels from a limited number of suppliers. If any of those material suppliers experiences a disruption in their production chain or is incapable of fulfilling their obligations under supply contracts, we might be forced to purchase at higher prices, either the same fuel or a substitute, and we might be incapable of adjusting the price of electricity sold under the price adjustment mechanisms in our agreements with customers, with the consequent reduction in our operating margins. This risk became real in early 2023 when the main liquefied natural gas supplier did not confirm supply of a volume of close to 13.2 TBtu for 2023 under long-term contracts, exposing the company to looking for alternative sources of fuel supply and to filing legal actions.

Fuel price risk

ENGIE Energía Chile is exposed to the volatility of the prices of certain commodities because its generating activities require a continuous supply of fossil fuels, mainly coal, liquefied natural gas and diesel oil, at international prices that fluctuate depending on market factors beyond the company's control. Coal is purchased mostly under annual contracts the prices of which are tied to traditional indexers of the international

coal market, like API 2, API 10 or Newcastle. Diesel oil purchases and certain purchases of liquefied natural gas are made at prices based on the international price of oil (ULSD or Brent). The company has long-term liquefied natural gas purchase agreements in which the prices are linked to the Henry Hub.

The price and availability of fuels are key factors in the dispatching of thermal power plants, to the company's mean generating costs, and to the marginal costs of the power grid on which it operates. Historically, the company's policy has been to include price-indexing mechanisms in its power purchase agreements based on fluctuations in the prices of the fuels relevant in determining its variable operating costs. The company has thus been able to align its production and power supply costs to its income from the sale of energy under contracts. However, in its energy transformation plan, it decided to give preference to indexing the prices in certain agreements to the change in the Consumer Price Index instead of the fuel price index, especially starting in 2021, which has temporarily increased its exposure to commodity price risk until the moment when it has a sufficient renewable energy generation asset base to support all inflation-indexed power purchase agreements. In the past, the company has made derivatives agreements to hedge the exposure of its income and cash flows to the volatility of fuel prices, and it is in the process of implementing a hedging strategy for 2023. This risk did materialize in 2021 and 2022.

In Chile, the 2021-22 hydrological year was extremely dry, and that drought continued through the second quarter of 2022, with the consequent reduction in hydraulic power generation. This coincided with difficulties in the supply of coal and natural gas given the rise in demand and the restrictions on the world production of those fuels, together with logistical difficulties that resulted in prices rising to very high levels. Accordingly, the mean self-generation cost and the marginal cost of the system reached levels quite higher than those of previous years, seen in the reduction of the operating margins of the electricity business. The marginal costs were also affected by other factors, such as decoupling, congestion in transmission systems and the unavailability of power plants. The company partially mitigates its exposure to the risk of fluctuations in the price of fuels by:

• signing power purchase agreements with other grid generators that have helped reduce its spot market power purchases (3.2 TWh contracted for 2023, 2.1 TWh in 2022 and 0.7 TWh in 2021) and, therefore, its exposure to the marginal cost.

• its long-term LNG supply contracts.

• the start-up of new renewable power generation projects that will reduce the dependency on fossil fuels.

• the acquisition of renewable assets with no contracts in areas where there is a greater exposure to the marginal cost.

• the transfer of cost increases to end prices.

Potential breaches of contract terms by our suppliers in the supply of liquefied natural gas or coal also expose the company to substituting its power generation by alternative fuels or to purchasing more energy on the spot market, which increases its exposure to the variables that determine the marginal costs of the system.

CUSTOMERS

Dependency on a limited number of customers who represent a significant volume of our sales.

In the electricity sale business, we depend on the capacity and willingness of a limited number of large customers to fulfill their contractual commitments to us when due. Should any of those customers be unable or refuse to fulfill their payment obligations, our cash flow and our financial position could be affected. Additionally, should any of those customers become insolvent, our ability to recover payments owed under power purchase agreements could be limited. Moreover, we cannot guarantee that power purchase agreements will be renewed with important customers upon their expiration or renewed in conditions that are at least equally favorable to our company as the current ones. The company considers that the trade receivables risk concentration is acceptable because customers are mainly large mining companies, power generators and power distributors of great solvency.

Impact of the drop in the price of copper on our main customers

Approximately 48% of our physical power sales are to mining companies whose financial position depends greatly on the international price of copper. Historically, copper prices have fluctuated because of factors beyond the control of our customers, such as international political and economic conditions, levels of supply and demand, the availability and cost of substitute products, inventory levels and different actions by commodities market agents. Our customers are among the largest copper producers in the world, but sustained drops in the prices of copper or prolonged drops in the demand for copper could have adverse impacts on the income and financial results of our customers, who might be forced to reduce or suspend some of their mining operations, which will reduce their demand for electricity and their ability to fulfill their financial obligations under our power purchase agreements.

Plans for the expansion of installed capacity and of our customers.

Historically, the increases in the demand for electricity in Chile have been correlated to the development of large-scale mining projects. The growing concern for global warming and the water shortage have also contributed to the stricter social and environmental limitations and regulations on the mining industry, resulting in relevant challenges to the development of large mining projects. We have responded to the requests of our customers to reduce their carbon footprint by renegotiating our power purchase agreements to change price indexing and sources of supply. Should our customers fail to complete the construction of new projects, they might become unable to honor the demand commitments in their power purchase agreements or they might terminate those agreements early. Usually, these types of agreements are backed by guarantees, but we might be exposed to selling electricity on the spot market or looking for alternative agreements, which might have adverse impacts on our financial position and our operating results.

Fines for failures in our supply to customers.

The Company is exposed to fines for violating regulations in Chile, including total or partial outages of the grid and/or delays in restoring power after an outage. These fines could be imposed on all power companies participating in the SEN when the system outage is the result of an operating error of any generator or operator of the transmission system, including failures related to coordination of the obligations of the system's participants. Generators might also be forced to pay indemnities to both unregulated customers and regulated customers impacted by a power supply shortage.

Power supply to regulated customers.

Generators supplying electricity to regulated customers are exposed to additional risks. Approximately 47% of our electricity sales, measured in U.S. dollars, are made to regulated distribution companies. First of all, a generator that makes power purchase agreements with regulated customers has the obligation to make compensatory payments to regulated customers impacted by power outages when those outages are attributable to the generator. For example, if a generator is unable to fulfill its power purchase agreements with regulated customers in a period during which a rationing decree is in force, it has the obligation to indemnify those customers for the resulting power shortage. This differs in power purchase agreements with unregulated customers, which require an indemnity only if stipulated in the power purchase agreement.

Moreover, generators who have PPAs with regulated customers may not cite force majeure under those PPAs when a rationing decree has been enacted, be it as a consequence of a drought, 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 PPA with regulated customers assumes a greater risk should such events of force majeure occur.

Lawsuits, arbitration and other contingencies.

We sell electricity under agreements to large mining and industrial customers and to power distribution companies. We also sign other commercial and legal agreements in the ordinary course of our business, including contracts with suppliers and contractors for the construction of our investment projects. The interpretation and enforcement of certain rules or clauses in our contracts could lead to disagreements or disputes between us and our customers, suppliers or other counterparties.

Risks relating to restrictions on transmission systems.

Our power plants are connected to the SEN, the main power grid in Chile. We supply power through transmission lines that by law are open to all. Consequently, we can dispatch electricity to a substation, but our customers can withdraw electricity 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. Any transmission restrictions imposed because of technical or design conditions could limit our ability to supply power to our customers, which would materially impact our business and financial position.

NEW PROJECTS

Delays or cost overruns in construction or startup of our new projects.

Delays in construction or in the commercial startup of new projects could affect our business adversely, although we carry insurance and have protective clauses in our contracts with suppliers and contractors. Some of the factors that could impact our ability to build or startup new projects are:

- delays in receiving permits, including environmental and sectorial permits.
- adverse court rulings on existing government approvals, such as environmental approvals.
- a scarcity of equipment, materials or personnel or an increase in their prices.
- the inability of contractors to complete the main or auxiliary works by the agreed dates due to technical, operating or financial difficulties.
- opposition by political, environmental or ethnic groups, both local and international.
- strikes.
- adverse political and regulatory changes in Chile.
- adverse weather.
- difficult terrains.
- national disasters, accidents or other unforeseen events, such as the COVID-19 pandemic that wreaked havoc in our country in 2020 and had varying adverse effects due to quarantines, the closing of ports, and restrictions on the transport of inputs, to name a few. There is a major effort by different areas of the company and its advisors, contractors and lenders to prepare, work on, and coordinate the simultaneous construction of several different projects, both generation and transmission, in different geographic locations

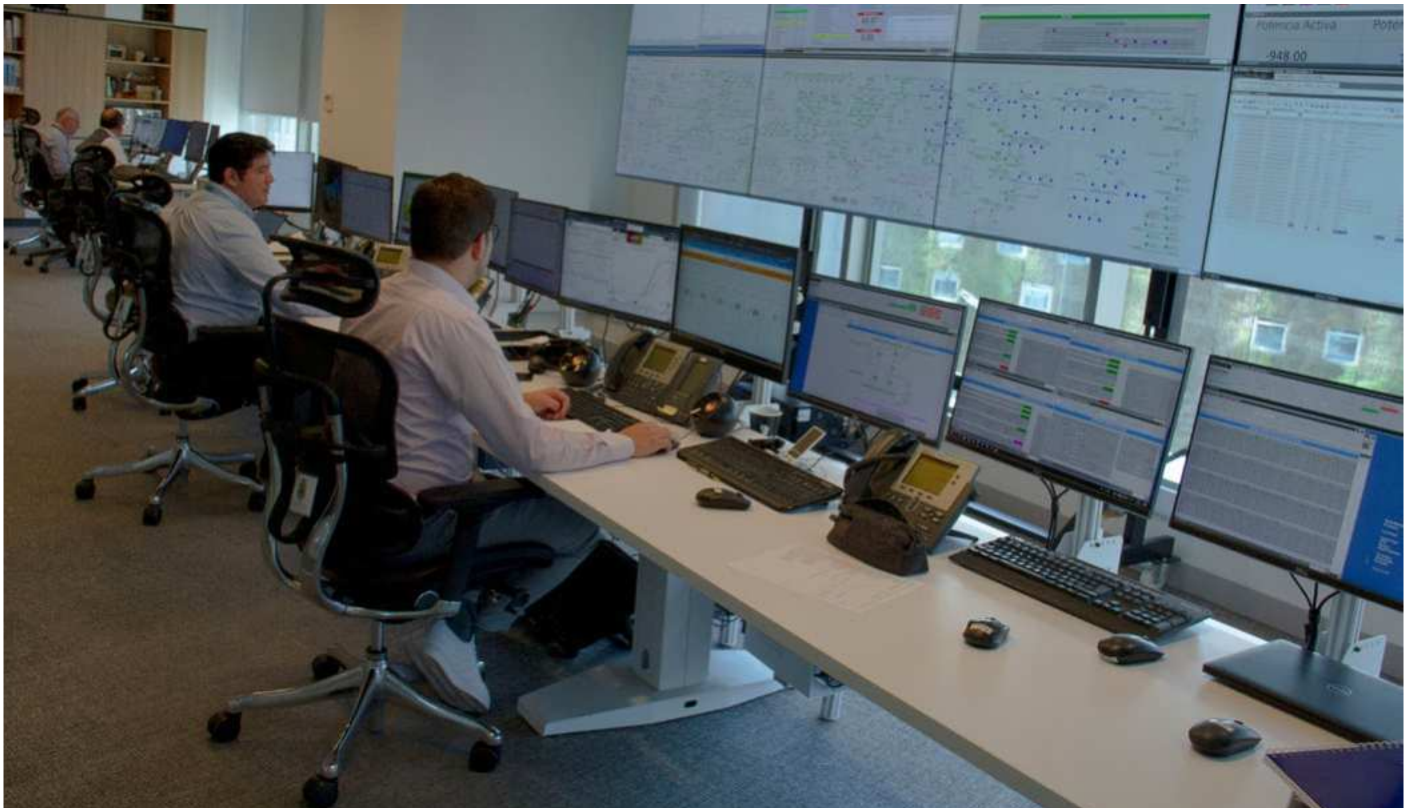
Necessary capital investments.

Our business has a high capital coefficient. Major capital expenditures are required to build, repair, replace and improve our generation, transmission and energy transport facilities. The response to increases in competition, satisfying new customer demands and improving the capacity of our power generation, transmission and transportation facilities could cause an increase in our necessary capital expenditures in the future.

TECNOLOGY AND CYBERSECURITY

Technological change and more competition.

Thanks to the evolution of technology, the cost of developing wind and solar power projects has fallen significantly in recent years in comparison to the traditional thermoelectric and hydroelectric technologies. This is one of the main reasons for the massive entry of new suppliers to a market traditionally dominated by a limited number of producers, which has led to a decrease in the prices of energy offered in the most recent power supply tenders held by the Chilean government for account of power distribution companies. It is expected that the unconventional renewable energy (URE) power plants being installed will easily meet the goals of the Chilean State to have 20% URE by 2025. As new participants and the actual incumbents increase their renewable power generation capacity, the pressure to lower power prices, put on by our customers, competitors and society, will continue on the rise and could instigate changes in the terms of our power purchase agreements. This process has undergone a reversal because of the pandemic, the war and the massive demand for materials, inputs and personnel specializing in this type of project, which has translated into an across-the-board rise in costs and in a greater perception of the risks of investing in renewable energy projects. This became evident in the last power supply tender for regulated customers, which did not have the expected successful result.



The volatility of prices and marginal costs during the transition may have a temporary adverse impact on our financial situation and on our ability to finance the construction of the renewable energy projects needed for our asset reconversion plans. In the future, the greater share of renewable energy in our power generation matrix is expected to translate into a significant reduction in our operating costs, which would help offset the trend toward lower energy sale prices. The country expects to attain energy prices consistent with a predominantly renewable energy matrix and with adequate transmission and storage systems that will reduce the risks now seen of decoupling and of energy dumping.

Hacking and cyber attacks.

Information security risks have increased in general in recent years because of the proliferation of new technologies and the greater sophistication and activities of hackers, in addition to the increase in the number of machines and systems connected to the internet. Our commercial operations could be interrupted by a cyberattack, which would produce losses and response costs, as well as litigation and damage to our reputation. A cyberattack could adversely impact our businesses, operating results and financial position.

RISKS RELATED TO MECHANICAL AND ELECTRICAL FAILURES OR ACCIDENTS THAT MIGHT IMPACT THE AVAILABILITY OF OUR POWER SUPPLY ASSETS.

Although we perform maintenance regularly, make operating improvements to guarantee the commercial availability of our power plants, and carry insurance against damages and business interruption, mechanical or electrical failures or accidents could result in outages for certain periods of time. Our financial performance could be negatively impacted if our power plants are inoperative for long periods of time because we would be forced to purchase electricity on the spot market at a higher price or to make up for this unavailability by increasing the energy produced by our higher-operating-cost power plants in order to fulfill our contractual obligations. To manage this risk, the Company carries insurance for damages and business interruption caused by events disrupting our services. Any greater difficulty in contracting insurance policies to cover coal-fired power plants and higher premiums due to an increased accident rate, both for operating reasons and geological or weather phenomena beyond our control, could have a negative impact on our businesses, operating results and financial position.

7.1.2 COUNTRY RISKS

THE COUNTRY'S SOCIAL AND ECONOMIC SITUATION

Our business, operating results and financial condition depend considerably on the economic conditions prevailing in Chile. The Chilean economy proved that it was strong during the most recent international financial crisis, but it is smaller than other economies. Moreover, the economic conditions in Chile depend substantially on the export of raw materials like copper, and those exports depend in turn on international prices. When prices drop, copper exports decrease, which reduces the electricity demand of our mining customers and could negatively impact our sales and operating results. In particular, power sales of some of our subsidiaries depend on the mining industry, especially the copper mining industry.

Moreover, changes in social, political, regulatory and economic conditions or in the laws and policies governing foreign trade, manufacturing, development and investment in Brazil, the USA, Asia and Europe, among other nations and regions, combined with political crises and uncertainty in other countries in Latin America and the world, could have a harmful impact on the economic growth of Chile and neighboring countries, and consequently, an adverse impact on our business.

A period of protesting began in Chile on October 18, 2019, initially triggered by an increase in the price of the Santiago Subway System tickets. The protests were marked by violence, accompanied by the destruction of numerous subway stations and other public and private assets in Santiago and other cities in the country. The protests and associated violence disrupted industries, transportation and trade, affecting, among other things, the demand for electricity in the fourth quarter of 2019. Numerous demands of citizens became visible, in view of which the government announced a social agenda, including an increase in the minimum pension, wider health care coverage, an increase in the taxes on the rich, a reduction in the work week and a reduction in, and stability of, the prices of public transportation and electricity. To finance the social agenda, the government began to process a change in the Tax Reform under debate in Congress. On November 15, 2019, the government and the leading political parties agreed to convene a referendum in April 2020, to determine the willingness of citizens to change the Political Constitution of the country. This referendum, which had to be postponed to October 2020 because of the coronavirus pandemic, resulted in the approval by an ample majority of the drafting of a new constitution by means of the election of a Constitutional Assembly. The constitutional referendum was held on September 4, 2022 and voters rejected the text proposed by the Constitutional Assembly with a majority of 61.86%. A new process was approved in February 2023 that establishes a new Constitutional Council of at least 50 members whose sole purpose will be to debate and approve the new text proposed for the Constitution. Voters will elect the Council members by popular vote on May 7, 2023, and the same number of women as men must be elected. Representatives of Indigenous Peoples may also be added, but the number will depend on the voting for the Indigenous candidates. Although these recent events have helped calm things down, the mass social protesting, followed by the Covid-19 pandemic and the mass withdrawal of pension fund savings have had diverse economic impacts, such as unemployment and a decrease in the exchange rate, so there continues to be polarization in the country, characterized by episodes of violence in different regions.

Among the measures adopted because of these factors, one of greatest impact on the electricity industry and our company in particular has been the Regulated Customer Price Stabilization Law passed in November 2019, which was supplemented by the Consumer Protection Mechanism Law passed in August 2022. The greater degree of political, economic and social uncertainty has impacts on our operations and results **(see page 58).**

NATURAL DISASTERS

Natural disasters could damage our power plants, adversely impact our generation capacity and increase our production costs, and they could also affect our customers and their demand for electricity. Should these operating difficulties occur, we might find that we need to purchase energy on the spot market or to enter into additional power purchase agreements in order to fulfill our contractual obligations, all of which could negatively impact our financial position and operating results. We cannot guarantee that natural disasters have no adverse impact on our facilities in the future. Chile is in a seismic area that exposes our facilities to earthquakes and tidal waves. To mitigate the potential effects of this risk, the Company's management adopts the measures that it deems pertinent, such as carrying property and business interruption insurance, preparing evacuation plans in coordination with the authorities, holding drills, having disaster recovery sites and other business continuity measures.

HEALTH CRISES: EPIDEMICS, ENDEMICS ILLNESES AND PANDEMICS

A health crisis, either in the form of an epidemic or pandemic, could have adverse impacts on our employees, operations, the demand for electricity and the payment capacity of our customers, among other multiple effects that could negatively affect our financial position and operating results. The Company sets up a Crisis Committee immediately when an important health crisis occurs, like the COVID-19 pandemic that began to appear in Chile in March 2020, and it implements contingency plans that contain all corresponding onsite sanitary measures in observance of the orders by the authority, to ensure the health and wellbeing of our employees. The actions taken by our contractors and suppliers are also monitored in the same way and they are required to meet the necessary standards to keep their respective workers safe. In health crises, we give preference to three courses of action:

- Assuring the wellbeing of all our employees.
- Assuring the operational continuity of our company, fundamental to maintaining a power supply in the country.
- Coordinating as best possible with our stakeholders, such as shareholders, customers, suppliers and communities, to maintain a direct dialogue and collaborate with each to the extent possible.

The Company is highly digitalized and a great percentage of its employees are able to telecommute to avoid the contagion and spread of any virus. A pandemic can lead to an international financial crisis that could negatively impact our ability to obtain funding on the financial market, or it could affect financing costs. In addition, it might affect international trade, causing impacts on material inputs that we need to ensure our operation and the construction of investment projects.

The first case of Coronavirus or COVID-19 in Chile was recorded on March 3, 2020. On March 11, 2020, the World Health Organization officially recognized that Coronavirus was a pandemic. In 2020 and 2021, the Company's results were affected by the pandemic because of a drop in the demand for electricity by regulated customers, a slight increase in the delay in payments by our customers and delays in the construction of projects due to temporary interruptions in the supply of equipment, the closing of ports in the countries of origin, difficulties in the carriage of materials and the infection of contractors' employees.

EXPOSURE TO INFLATION

Chile has experienced high rates of inflation in the past. Although those rates have been relatively low in recent years, that trend changed radically in 2022, with inflation rates of 12.8% in Chile and 6.5% in the United States. The measures adopted by the monetary authority in different countries to control inflation have caused increases in interest rates, which restricts liquidity and the availability of credit, thereby slowing down economic growth. Although some of our costs and expenses are increasing because of inflation, this is mitigated by the prices in our power purchase agreements that are generally denominated in dollars and partially indexed to the U.S. CPI.

TAX RISKS

On September 29, 2014, Law 20,780 (amended by Law 20,899, the “2014 Tax Reform”) made significant changes to the taxation system in Chile and consolidated the authority of the Chilean Internal Revenue Service (SII, the acronym in Spanish) to control and prevent tax evasion. The 2014 Tax Reform made changes to the tax system by allowing alternative taxation regimes to coexist: (i) the partially integrated regime and (ii) the attributed income regime. As an open corporation, we were subject to the partially integrated regime that meant a 27% corporate tax rate as of 2018.

After the mass protesting in October 2019 in Chile, the Chilean government and part of the opposition reached an agreement that translated into the enactment of Law 21,210 that mainly introduced the following changes:

(i) a new marginal tax limit of 40% instead of 35% for the personal income tax bracket;

(ii) a property tax surcharge on a set of real estate assets of one same taxpayer when the tax appraisal exceeds around US$0.6 million, at a progressive rate of 0% to 0.275%;

(iii) the elimination of the provisional payment on absorbed profits (PPUA, the acronym in Spanish) effective in the 2024 fiscal year;

(iv) the elimination of the attributed income regime while keeping the semi-integrated regime as the general and only income tax system;

(v) a special tax regime for SME taxpayers (entities with annual sales below around US$3.1 million), which included measures such as a 25% income tax rate, greater incentives for the reinvestment of profits while increasing the possibility of deducting 50% of the reinvested profits as an expense (limited to approximately US$0.2 million), instant depreciation and exemption from the property tax surcharge;

(vi) creation of a special assessment of 1% on investment projects for first-category taxpayers that carry full accounting, provided the investment in tangible assets is greater than or equal to US$10 million and provided the project is subject to the Environmental Impact Assessment System (SEIA, the acronym in Spanish);

(vii) maintenance of the actual 65% VAT credit on the construction of housing.

In addition, Law 21,256 was published on September 2, 2020, that established tax measures that formed part of the emergency plan for economic reactivation and recovery of employment in a framework of a medium-term fiscal convergence. The main measures were:

(i) a decrease in the tax rate to 10% for taxpayers in the Pro SME regime;

(ii) the possibility of Pro SME taxpayers requesting a reimbursement of the cumulative remainder of VAT credit in tax declarations in July, August or September 2020;

(iii) the possibility of applying instant and integral depreciation for taxpayers who declare First-Category Tax on actual income, determined according to complete accounting pursuant to the Income Tax Law, who acquire new or imported fixed assets in the period from June 1, 2020 to December 31, 2022.

The 2014 Tax Reform also imposed a new annual tax on particulate matter, NOx, SO2, and CO2 emissions for establishments whose stationary sources, like boilers and turbines, have an individual or combined thermal energy equal 50 MW or more (the “Green Tax”). The Company is subject to this Green Tax.

Currently, the Green Tax applicable to 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 considers the contaminant dispersion factor, the social cost per capita of the contaminant and the country’s population. The Green Tax entered into force and began to accrue on emissions in 2017. The Company and its subsidiaries paid a total of US$28.1 million in Green Taxes in April 2022.

The February 2020 Tax Reform contained some changes to the Green Tax rules, mainly in regard to the following:

1. The 50 MW limit for the application of Green Taxes was replaced and every establishment was ordered to pay Green Taxes (regardless of the technical capacity of their stationary sources) if emissions exceeded (i) 100 tons of particulate matter or (ii) 25,000 tons of CO2 per year. This change will enter into effect on January 1, 2025.
2. To calculate the Green Tax, the reform defined establishment (the place where raw material is processed or new products are created) and emitting source (stationary source generating emissions from combustion), but it excluded the “technological bias” by eliminating the requirement of installed capacity and combustion. Lastly, hot water boilers were excluded.
3. The law allows Green Taxpayers to offset all or part of their taxable emissions by implementing projects to reduce the emissions of the contaminant that triggers the tax. Those projects must be certified by the Environmental Commission (SMA, the acronym in Spanish). This amendment will enter into force three years after publication of the law.

A new specific tax was enacted, applicable to air emissions, in relation to the 2014 Tax Reform that entered into force in 2017 where the initial payments came due in 2018. This could have an adverse effect on our business, financial situation and operating results if we are unable to transfer the cost increase caused by this tax to our customers. A new tax reform bill of law currently being debated by the Chilean Congress contains changes to some aspects of the specific tax.

Currently, the SMA sends a report in March of each year to the SII on the quantity of emissions by each Green Taxpayer in the previous calendar year so that the SII can calculate the applicable tax. If the Green Taxpayer objects to the SMA's calculation, the law only allows an appeal in the form of a general tax claim against the report before the tax courts after the applicable Green Tax has been calculated. The bill of law currently under debate gives Green Taxpayers the right to file claims before the Environmental Courts requesting a review of the Green Tax on emissions calculated by the SMA. If the Environmental Court issues a decision amending the report, the SII must issue a new tax calculation.

We can, under some of our power purchase agreements, transfer part of the cost increase from certain changes to laws to our customers. However, it is possible that we will not always be able to transfer the entire cost increase because of specific Green Taxes to our customers according to the change-in-law provisions in our PPAs. Our business, financial condition and operating results could be affected if we are unable to transfer them to some of our existing and future customers. Moreover, we cannot guarantee that there will be no further changes to the Green Tax rules because of amendments to the new tax reform bill of law or that any such changes will not increase Green Taxes in the future, or that we will be able to continue transferring the entire cost increase under our PPAs, all of which could have a materially adverse impact on our business, financial condition and operating results. In any case, our strategy to convert generation assets to renewable energy sources aims, among other things, to reduce our exposure to the risk of increases in Green Taxes.

7.1.3 MARKET RISKS

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuate due to changes in market prices. This risk is comprised of 4 types:

1. interest rate,
2. exchange rate,
3. commodity,
4. other risks.

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

EXCHANGE RATE

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 exchange rates.

Since most of our income, costs and financial debt are denominated in dollars, our exposure to the risk of exchange rate fluctuations is limited. The company's income is mostly denominated in dollars or indexed to that currency. For regulated PPAs with distributors, the rate is set in dollars and converted to pesos at the monthly average observed dollar exchange rate, so the exchange rate exposure of these PPAs is limited in terms of impact on the company's statement of income. However, there is an impact on the company's cash flow because of the lags in publication of average node price decrees, which translates into monthly invoicing at exchange rates other than the monthly exchange rates stipulated in each PPA. Although these temporary differences are resettled after the Average Node Price decrees are published, the uncertainty about the time of resettlement does not allow for effective hedging through derivatives.

This lag in collecting receivables from distribution companies for the differences between the exchange rates effectively invoiced and the exchange rates applicable according to governing law increased significantly after approval of the Electricity Rate Stabilization Law in November 2019 for which the technical rules of implementation were disclosed in March 2020 by Exempt Resolution 72 of the National Energy Commission and by the MPC Law passed in August 2022.

These rules have caused an increase in the receivables from the distribution companies where the pace of the increase and subsequent recovery will largely depend on the behavior of exchange rates, among other variables.

To confront this risk and mitigate its effects on cash flow, in early 2021 the Company signed agreements with Goldman Sachs and IDB Invest to sell these receivables to a special-purpose company called Chile Electricity PEC SpA, with no recourse to the Company. On January 29, 2021, Chile Electricity PEC SpA placed Rule 144 A/Regulation S bonds for US$489 million on the international market. A part of that amount was used to purchase the receivables corresponding to the January 2020 Average Node Price Decree. On June 30, 2021, EECL formalized the sale of receivables under the January 2021 Average Node Price Degree to Chile Electricity PEC, which received financing from a private 4a2 issue with the participation of Allianz, IDB Invest and Goldman Sachs. Since the sale was in dollars, at a discount and with no recourse to generators, EECL and EMR were able to reduce their exchange rate exposure and the credit risk associated with these receivables and to improve their liquidity at the cost of a discount that had an impact on the 2021 and 2022 financial statements and is expected to have an impact on the 2023 financial statements once the July 2022 Average Node Price Decree is published. This financial cost totaled US$49.6 million in 2021 and was US$15.6 million in 2022.

The main cost in Chilean pesos relates to employees and administrative expenses that account for approximately 10% of our operating costs. Therefore, since most of the Company's income is denominated in or linked to the Dollar while some operating costs are in Chilean pesos, the Company has decided to partially hedge the peso payment flows for recurrent items with known payment dates, such as wages and salaries and some service contracts, by forwards and zero-cost collar options. As of December 31, 2022, the Company held dollar forwards with banks for a notional total of US$108 million where US$9 million would expire each month from January to December 2023, the purpose being to reduce the effects of dollar/peso exchange rate fluctuations on the company's cash flows and its financial results. In the past, the Company and its subsidiary CTA had signed cash flow hedge derivatives associated with payments under EPC contracts for the construction of projects, which normally consider regular payment flows in currencies other than the dollar (CLF and EUR) through the end of the respective periods of project construction. The Company has thus avoided variations in the cost of investing in fixed assets because of fluctuations in exchange rates beyond its control. As of December 31, 2022, it held no derivatives associated with the cash flows of investment projects.

Moreover, in order to reduce the exposure to Exchange rate volatility, the company's Cash Surplus Investment Policy stipulates that at least 80% of cash surpluses must be invested in U.S. Dollars unless a different percentage is needed to maintain a natural matching of assets and liabilities by currency. This policy allows for a natural hedging of commitments or obligations in currencies other than the dollar. As of December 31, 2022, 92.7% of current accounts and short-term investments associated with cash management were denominated in U.S. dollars. The Company's exposure to other foreign currencies is immaterial.

The Company has a purely accounting exchange rate exposure related to pay-for-use concession agreements or other types of contracts, such as the rental of vehicle fleets that are considered financial leases under IFRS16. These contracts cover right-of-use assets that are non-monetary assets recorded at their initial cost in dollars, the company's functional currency. The counter-entry is a monetary liability that reflects the present value of the installments payable under the financial leases. Most of these liabilities are denominated in Unidades de Fomento (UF) or Monthly Tax Units (UTM in Spanish). Since the liabilities are monetary, they are adjusted from time to time and are converted to dollars using the observed exchange rate at the close of each fiscal year. In the end, the liability in CLP, UF or UTM is subject to periodic adjustment, and is therefore exposed to fluctuations in exchange rates while the asset remains fixed in dollars. This mismatching may lead to book losses or profits in our statements of income. However, financially, the right-of-use asset value is closely related to the value of the liability since both should reflect the present value of the installments payable under the financial leases. As of December 31, 2022, lease liabilities in currencies other than the dollar totaled USD 141.6 million.

INTEREST RATE RISK

Interest rate risk is the risk created by changes in the fair value of the cash flows of financial instruments in the balance sheet because of changes in the market interest rates. Interest rate exposure occurs mainly because of long-term debt at floating interest rates. The Company and its subsidiaries manage interest rate risk through fixed-rate debt or Interest Rate Swaps (IRS) under 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, 2022, 83.8% of EECL's consolidated financial debt was at a fixed rate or hedged by derivatives, and 16.2%, or USD 287.5 million, was at a variable rate, These proportions exclude leasing debt according to IFRS 16.

SHARE PRICE RISK

As of December 31, 2022 and 2021, EECL and its subsidiaries held no investments in equity instruments.

CREDIT RISK

We are exposed to credit risk in the ordinary course of our business and when investing our cash balances. In the power generation business, our main customers are large mining companies of renowned solvency who generally present a low level of risk. However, those companies are subject to the variation in the world prices of copper and other raw materials and to a decrease or depletion of mineral resources or other operating, climate-related, labor, social, environmental, political and tax problems. Although customers have proven to be strong in confronting adverse cycles, our company conducts regular reviews of commercial risks.

We also have regulated customers who supply residential and commercial customers whose credit risk is low. In recent years, the electricity industry has evolved towards a greater atomization of its customer base due to the right of consumers with a demand of 500kV to 5MW to contract their power supply directly with generators instead of through power distribution companies.

As a result of this elimination of intermediaries, the company has signed PPA's with smaller commercial and industrial customers who might entail a greater credit risk. To mitigate this risk, the company has implemented a commercial counterparty risk policy that requires, among other things, a review of the credit risk before signing power purchase agreements. At this date, agreements with small and mid-sized commercial and industrial customers represent a small percentage of our PPA portfolio and the company is not actively selling energy to this segment in order to balance its PPA portfolio and reduce its buying position on the energy spot market.

We also have regulated customers who supply residential and commercial customers whose credit risk is low. A greater growth in power demand by end consumers could affect our financial position, operating income and cash flows. The Electricity Price Stabilization Law enacted in November 2019 has not significantly impacted our income, as shown in the statement of income, but it has adversely impacted our cash flow, with the consequent financial cost associated with a higher level of working capital. To confront this risk and mitigate the effects on cash flow, in early 2021 the company signed agreements with Goldman Sachs and IDB Invest to sell these receivables, without recourse, to a special-purpose company called Chile Electricity PEC SpA. The company sold receivables corresponding to the Average Node Price decrees of January 2020, July 2020 and January 2021 on February 8, March 31 and June 30, 2021, respectively, for a total nominal amount of US$167.3 million, for which it received net resources of US$118.6 million and reported a financial cost of US$49.6 million. On March 4 and July 14, 2022, the company sold receivables corresponding to the Average Node Price decrees of July 2021 and January 2022 for a nominal total of US$54.8 million, and it received net resources of US$39.3 million, reporting a financial cost of US$15.5 million.

Still pending sale are the balances corresponding to the Average Node Price decree for July 2022, which is still with the Office of General Accountability. Once that decree is published, the Company expects to be able to sell balances worth approximately US$50 million. With the enactment of the MPC Law and until publication of the July 2022 Average Node Price decree and the exempt resolution that will set down the terms and conditions for effective application of the law, balances receivable continue to arise because of the difference between the stabilized price (PEC in Spanish) and the PPA prices. Once the decree and exemption resolution are published, the Treasury Service will issue certificates of payment that the company can sell under a mechanism similar to the one implement for the PEC Law, but this time without assuming that cost of financial discounts. The deferral of collection because of the delay in publishing decrees has significantly impacted the company's liquidity and indebtedness.

In 2020, because of the Coronavirus pandemic, the demand for electricity in Chile fell around 4.24% among regulated customers compared to 2019. Due to the drop in economic activity because of the preventive measures adopted to flatten the contagion curve in the country, such as mandatory quarantines in certain municipalities that had a higher number of cases, payment of basic utilities was postponed, such as electricity, for the sectors most affected. Although the demand for electricity among regulated customers recovered in 2021, the extension of the basic utilities payment law has translated into a slower collection from certain smaller regulated customers, with the consequent increase in the company's need for working capital financing.

In recent years, the electricity industry has evolved towards a greater atomization of its customer base because of the right of consumers with demands of 500kV to 5MW to contract their power supply directly from generators instead of from power distribution companies. As a result of this elimination of intermediaries, the company signed PPAs with smaller commercial industrial customers who might entail a greater credit risk. To mitigate this risk, the company has implemented a commercial counterparty risk policy that requires, among other things, a review of the credit risk before signing power purchase agreements. At this date, agreements with small and mid-sized commercial and industrial customers represent a small percentage of our PPA portfolio and the company has stopped selling energy to that segment because of its contractual position and present market conditions.

Our investment policy stipulates investing our cash resources in the short term with investment-grade institutions. We also consider the financial risk of our counterparties when contracting exchange rate or interest rate derivative hedges and we set maximum limits on investments with each counterparty in order to manage and diversify our credit risk.

TRADE RECEIVABLES RISK

Credit risk is managed by each business unit subject to the policy, procedures and controls established by the Company. ENGIE Energia Chile sets credit limits for all its customers based on internal policies, which require assigning risk ratings to each customer. Credit limits, risk ratings and policies are reviewed regularly. Trade receivables are monitored periodically for performance in consideration of the different risk factors to which they are exposed. Impairment is analyzed on each reporting date individually for all material customers and provisions are made according to IFRS 9 in which each receivable is assigned a probability of default and a percentage loss in the event of default. The maximum exposure to credit risk on the reporting date is the current value of trade receivables. The Company has evaluated the concentration of risk in trade receivables as acceptable because customers are mainly highly solvent large mining companies, power generating companies and power distribution companies.

Given its contractual position, the company is usually one of the main net payers in the chain of payments in the electricity sector. It is exposed to delinquency or failure by operators in the electricity sector to make payment, but these amounts account for a relatively small percentage of monthly collections. Default by other operators in the electricity system might expose the company to an increase in the volume of sales to regulated customers at the rates under the existing agreements.

FINANCIAL ASSETS AND DERIVATIVES

The credit risk to which the Company is exposed in transactions with banks and financial institutions in current accounts, time deposits, mutual funds and financial derivatives is managed by the Corporate Finance Division according to the Company's policy. Investments can only be made with authorized counterparties and within the credit limits assigned to each. The Company also has set limits by period and risk diversification by financial counterparty. The credit limits for each counterparty are set according to the national or international risk rating and liquidity and insolvency indicators of each institution, and they are reviewed from time to time by management. Limits are set to minimize risk concentration and thus mitigate losses in a potential counterparty default.

LIQUIDITY

Liquidity risk relates to the need for funding to pay obligations when due. The goal of the Company is to maintain a balance between fund availability and financial flexibility through regular operating flows, loans, short-term investments and credit facilities. The Company recurrently evaluates risk concentration in respect of debt refinancing.

In 2022, the company took out several short-term loans with local banks to finance working capital needs that rose significantly because of the rise in the prices of fuel and the marginal costs of the system and because of the effects of the regulated customer price stabilization law. All these loans are documented with promissory notes, have no financial restrictions or positive or negative covenants, and allow prepayment at no cost to the company. As of December 31, 2022, short-term financial debt included bank loans for a total of US$355 million, together with interest accrued, the current portion of financial leases and US$4.3 million corresponding to the current portion of the project financing of Energías de Abtao S.A. at the time of its acquisition by the company on December 15, 2022. As of that same date, the Company had no other significant debt maturities until 2025.

The Company's liquidity has been impacted by the regulated customer price stabilization law because that law limits complete collection stipulated in power purchase agreements with distribution companies,so balances accumulate that were estimated to a total approximately US$329 million as of December 31, 2022. The cash balances are currently at levels below those reported in previous fiscal years, but nonetheless, the company has open access to financial markets so that it can face the short-term financial and commercial commitments.

On December 23, 2020, the company signed a loan agreement with IDB Invest for a total of US$125 million to finance renewable energy projects to replace coal-fired generation that would stop being produced because the power plant closing schedule was brought forward. The company drew down all of that loan on August 27, 2021. On July 26, 2022, the Company signed a green loan with Scotiabank for an aggregate of US$250 million, USD 150 million of which were disbursed on July 28th and USD 100 million on September 7, 2022. This loan is payable in one single principal installment on July 26, 2027. On November 16, 2022, the company took out a green loan with BCI for US$35 million, to expire May 22, 2024, of the same contractual characteristics as the company's other short-term loans. On December 15, 2022, the company signed a five-year loan agreement for a total committed amount of US$170 million with Banco Santander. The first US$77 million of that loan were disbursed on that date to pay for the purchase of shares in the San Pedro Wind Farm in Chiloé. The remaining US$93 million were disbursed on February 15, 2023. On December 15, 2022, the company assumed the US$79.4 million long-term project financing of Energías de Abtao S.A. (owner of the San Pedro 2 Wind Farm) with Banco Itaú, Consorcio Seguros de Vida and Banco Consorcio. US$4.3 million of that loan will expire in 2023. When it took over this debt, EECL agreed to prepay all of the principal owed prior to October 15, 2024. The Company prepaid this entire loan with money from the second disbursement of the Banco Santander loan described above.

7.1.4 REPUTATION RISKS

REPUTATION AND IMAGE

In addition to environmental and electricity industry regulations, our business must comply with a significant number of laws, standards and regulations, including in relation to competition and anti-trust, anti-bribery and anti-corruption, health, safety and the environment, employees and employment, and taxation. We could be the subject of investigations or proceedings by the authorities because of alleged infringements of these laws. The outcome of these processes could result in fines or other forms of liability that might have a materially adverse effect on our reputation, business, financial condition and operating results.

To mitigate this risk, we have implanted compliance procedures and internal control systems to prevent and detect inappropriate practices, fraud or violations of the law by our subsidiaries, directors, officers, employees, contractors and other persons who act on our behalf.

SUSTAINABILITY

In the framework of sustainability management, in 2019 we created a social-environmental indicator that measures the handling of undesired incidents that may cause social unrest with an effect on the company's reputation, regardless of whether they cause environmental damage. That indicator considers the operating containment of the event and timely management with stakeholders.

7.1.5 REGULATORY RISKS

The Company is subject to regulations governing in Chile that may encompass diverse aspects of the business. Its operations must abide by broad regulations on rates and other aspects regulating its business in Chile. Accordingly, any new laws or regulations or amendments to existing ones could impact its activities, economic situation and the results of its operations. The Company's activities are also required to abide permanently by broad environmental regulations. Eventual changes in these regulations 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; that licenses, permits and other regulatory authorizations be received; and that all requirements in such licenses, permits and standards be met. Like what occurs with any regulated company, the Company cannot guarantee that the government authorities will approve the environmental impact studies; that public opposition will not result in delays or changes to a proposed project; that laws or regulations will not be amended or interpreted in a way that increases expenses or affects operations, plants or plans of the Company **(further information on page 36/Regulatory Framework).**

CHANGES TO, AND COMPLIANCE WITH, ENVIRONMENTAL REGULATIONS.

Our operations are subject to a wide range of environmental requirements. We have defrayed expenses and made investments, which we will continue to do, in order to stay in compliance 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 damage lawsuits, reparation obligations, the revocation of environmental authorizations or the temporary or permanent closing of facilities. Many of our PPAs include clauses on the transfer of capital costs, operating costs or the cost of complying with certain changes in law, in particular environmental laws.

It may be that new environmental requirements or changes in the enforcement, interpretation or implementation of existing requirements result in a substantial increase in capital, operating and compliance costs, and conditions may be imposed that restrict or limit our operations. Moreover, changes in environmental regulations may restrict even further the use of coal or increase the cost of using it as a source fuel, which may adversely impact our income and, consequently, our financial situation and operating results. These changes in environmental regulations could limit the availability of our funding for other purposes, which might have a negative impact on our business, operating results and financial situation.

LAW 21,185 AND TEMPORARY ELECTRICITY PRICE STABILIZATION

On March 11, 2020, the National Energy Commission published Exempt Resolution 72 that contained the rules and provisions required to implement the temporary electricity price stabilization method for rate-regulated customers established in Law 21,185 of November 2, 2019. This method considered freezing electricity rates at levels existing in the first half of 2019 until the end of 2027, subject to certain adjustments stipulated in the law, while prices that generating companies would charge distribution companies would remain the same according to the contracts existing between them. The method produces a differential between the rates that generating companies are authorized to charge according to their contracts and the rates applied in the collection from end customers subject to price regulation. As a result of the rate differential, generating companies are reporting accounts receivable from distribution companies that combined, create the so-called stabilization fund. Under Law 21,185, this fund may grow through July 2023 or until a total of US$1.35 billion has been accumulated, whichever occurs first. It is expected that once the power purchase agreements awarded in the most recent tenders enter into effect at lower prices, the average prices of PPAs between generating companies and distribution companies will begin to drop gradually as from 2024 and fall below the stabilized price that will continue in force with the adjustments stipulated by law through December 31, 2027. As of the moment when the average contractual rates fall below the stabilized price, distribution companies may begin to pay the receivables forming part of the stabilization fund. The stabilization fund reached its limit of US$1.35 billion in January 2022. On July 13, 2022, the Customer Protection Mechanism (MPC in Spanish) bill of law was sent by the House of Representatives after ratifying the changes made by the Senate. This law will stabilize energy prices for regulated customers supplied by distribution concessionaires regulated by the General Electricity Law. The purpose of the MPC will be to pay the differentials arising between the invoices of distribution companies to end customers for the energy and capacity component and the amount payable for power supply to power generators according to their respective power purchase agreements or the respective decree, in the case of mid-sized systems. The resources recorded in the MPC transaction may not exceed 1.8 billion dollars and it will remain in force until the balances arising from enforcement of this law are extinguished. As of 2023, the National Energy Commission must forecast semi-annually the total payment of the Remaining Final Balance for a date that may be no later than December 31, 2032. To that end, it will determine the charges to be able to collect the amount required for total repayment of the resources necessary for the MPC to work properly. The CNE published an Exempt Resolution in March 2023 containing the rules for a proper implementation of the MPC law. As of December 31, 2022, non-current receivables of EECL for this reason totaled approximately US$329 million after US$222 million in trade receivables were sold between January 2021 and July 2022 at a total financial cost of US$64 million.

To confront this risk and mitigate its effects on cash flow, on February 8, 2021, ENGIE Energía Chile S.A. and its subsidiary Eólica Monte Redondo SpA sold the first set of balances in their favor under the temporary electricity price stabilization method to Chile Electricity PEC SpA, a special-purpose company. ENGIE Energia Chile S.A. closed the sale of the second set of balances on March 31, 2021 while Eolica Monte Redondo SpA sold its second set of balances on April 1, 2021. These sales, made according to the terms and conditions of agreements signed with Goldman Sachs and IDB Invest and disclosed as material events on January 20 and 30, 2021, included receivables for a total nominal amount of US$141.9 million. On June 30, 2021, ENGIE Energia Chile S.A. sold Chile Electricity PEC SpA the third group of balances in Engie's favor under the electricity price stabilization method while Eolica Monte Redondo SpA sold its balances on July 5, 2021. The nominal total of balances sold was US$28.8 million,

and US$20.8 million in cash was received. The difference between the nominal amount of balances sold and the purchase price was recorded as a financial expense in the 2021 fiscal year (US$40.9 million in the first quarter, US$0.9 million in April 2021 and US$8 million in the third quarter of 2021). Chile Electricity PEC SpA received funding to purchase the balances included in the first two decrees from an international 144A/Reg S bond issue for US$489 million that was used to purchase the receivables of seven generators, including EECL and EMR, under the January and July 2020 Average Node Price decrees. Chile Electricity PEC later received funding to purchase the balances under the January 2021 decree from an international private issue, with deferred drawdowns, under the 4a2 format in which the Allianz, IDB Invest and Goldman Sachs investment funds participated. On March 4, 2022, ENGIE Energía Chile S.A. and its subsidiary Eólica Monte Redondo SpA sold the fourth group of balances in their favor under the temporary electricity price stabilization mechanism to Chile Electricity PEC SpA. On July 14, 2022, ENGIE Energía Chile S.A., and on July 18, 2022, Eólica Monte Redondo SpA sold the fifth group of balances in their favor under the temporary electricity price stabilization mechanism to Chile Electricity PEC SpA.

The sales were made according to the terms and conditions of agreements signed with Goldman Sachs, IDB Invest and Allianz and included accounts receivables for a total nominal value of US$222.1 million in 2021 and 2022, leaving a remainder of US$50 million that may be sold after the publication of the July 2022 Average Node Price decree. The total financial expense recognized after the sale of balances under the five decrees in 2021 and 2022 was US$64.1 million. Since the sales were in dollars, at a discount and without recourse to power generators, EECL and EMR were able to reduce their exchange rate exposure and associated trade receivables risk and to improve their liquidity at the cost of a discount had impacts on the 2021 and 2022 financial statements.

REGULATORY INITIATIVES IN PROCESS

As a result of the ongoing technological, political, social and environmental evolution taking place in the energy industry, there are a variety of congressional and authority initiatives that are in different stages of development on the date of this report. If they materialize, they could have material effects on our operations, results and the course of our businesses. The main initiatives that might have an impact on our operations include (1) the Electricity Portability Law that is centered on three main thrusts: (i) enabling marketing; (ii) modernizing supply tenders; and (iii) creating an Information Manager; (2) the congressional Accelerated Decarbonization initiative; (3) an amendment to the Technical Standard for the Scheduling and Coordination of Operational Units using regasified natural gas (LNG Technical Standard or NT GNL, as abbreviated in Spanish); and (4) the Ministry of Energy's Flexibility Strategy that involves 12 measures and thus far has focused on: (i) perfecting the method to remunerate sufficiency in order to determine the contribution of different generating units to the reliability and sufficiency of the power grid and (ii) incorporating flexibility requirements to the capacity payment method.

7.2 LEGAL INFORMATION

7.2.1 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, as abbreviated in Spanish). 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..

7.2.2 MAIN MODIFICATIONS

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.

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

MAIN MODIFICATIONS

Date of public deed	Modification	Notarial Office	Registration	Register	Publication in the Official Gazette
30/Sep/1983	The company (then Edelnor) was converted into a continuing open corporation traded on the country's stock exchanges.	Enrique Morgan Torres, Santiago.	Page 467, N° 244.	1983 Commercial Register of the Antofagasta Real Estate Registrar	03/Nov/1983
09/Nov/1988	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.).	Vicente Castillo Fernández, Antofagasta.	Page 1,141, N° 437.	1988 Register of the Antofagasta Real Estate Registrar.	03/Jan/1989
13/Mar/2002	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	María Soledad Santos Muñoz, Antofagasta.	Page 8,180, N° 6,673.	2002 Commercial Register of the Santiago Real Estate Registrar	23/Mar/2002

Date of public deed	Modification	Notarial Office	Registration	Register	Publication in the Official Gazette
02/Jun/2004	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	Fernando Opazo Larraín, Santiago.	Page 17,684, N° 13,314.	2004 Commercial Register of the Santiago Real Estate Registrar	18/Jun/2004
29/Dec/2009	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 terms, to increase the capital by US$705,404,607.11 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.	Iván Torrealba Acevedo, Santiago.	Page 3,581, N° 23.	2010 Commercial Register of the Santiago Real Estate Registrar	22/Jan/2010
04/May/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."	Iván Torrealba Acevedo, Santiago.	Page 22,767, N° 15,578.	2010 Commercial Register of the Santiago Real Estate Registrar	11/May/2010
30/Mar/2011	An ipso jure decrease in capital was declared.	Iván Torrealba Acevedo, Santiago.			
09/May/2016	A Special Shareholders Meeting held April 26, 2016, amended the company's bylaws to change its name to "ENGIE Energía Chile S.A."	Iván Torrealba Acevedo, Santiago	Page 34,238, N° 18,964.	2016 Commercial Register of the Santiago Real Estate Registrar.	19/May/2016

7.2.3 SHARE TRANSACTIONS BY RELATED PARTIES

The management of ENGIE Energía Chile S.A. received no information in 2022 that its chairperson, directors, chief executive officer or senior executives purchased shares in the company.

7.2.4 OWNERSHIP

12 Largest Shareholders as of December 31, 2022:

Name	Number of Shares	Interest
ENGIE Austral S.A.	631,924,219	59.99%
Banco Santander for account of foreign investors	37,360,006	3.55%
Larrain Vial S.A. Corredora de Bolsa	30,157,543	2.86%
Banco de Chile for account of State Street	29,943,552	2.84%
AFP Provida S.A. Type C Fund	18,509,708	1.76%
AFP Habitat S.A. Type A Fund	15,574,764	1.48%
AFP Capital S.A. Type A Fund	18,367,789	1.74%
AFP Provida S.A. Type B Fund	13,711,965	1.30%
BCI Corredores de Bolsa S.A.	13,659,637	1.30%
Electronic Exchange of Chile	13,040,062	1.24%
AFP Provida S.A. Type A Fund	12,883,096	1.22%
Moneda S.A. AFI for Pionero Investment Fund	12,700,000	1.21%
Banchile Corredores de Bolsa S.A.	12,447,046	1.18%
Other shareholders	211,398,178	20.07%
Total	**1,053,309,776**	**100.00%**

TYPES OF SHAREHOLDER

Types of shareholder	Number of shareholders	Percentage by type of shareholder	Number of paid-in shares
Individual	1,393	0.40%	4,178,491
Legal Entity	376	99.60%	1,049,131,285
Total	1,053,309,776	100%	1,053,309,776

ENGIE ENERGÍA CHILE STOCK TRADING IN 2022

The Santiago Stock Exchange has certified that shares in the company indicated below were traded in the months indicated:

	Month	Number	Amount (CLP$)	Prices (CLP$)			
				Highest	Lowest	Mean	Closing
1st Quarter	01.2022	30,731,024	18,292,003,134	650.00	506.20	594.65	650.00
	02.2022	13,520,100	7,495,269,378	654.99	451.00	553.23	485.00
	03.2022	78,154,099	35,136,597,651	498.90	399.00	449.87	479.00
2nd Quarter	04.2022	38,175,779	16,956,661,073	487.95	370.50	446.12	387.86
	05.2022	33,940,498	12,935,513,927	402.00	350.90	381.28	395.45
	06.2022	17,437,591	6,900,264,743	430.01	350.91	396.49	357.00
3rd Quarter	07.2022	25,300,471	9,394,125,363	415.00	330.10	372.01	408.00
	08.2022	44,039,423	19,935,109,557	505.00	388.35	452.85	495.00
	09.2022	33,830,427	17,537,215,541	590.00	451.00	518.98	455.00
4th Quarter	10.2022	14,391,606	7,191,813,923	557. 00	435.00	500.98	554.01
	11.2022	18,525,007	9,367,801,947	554.00	453.55	505.07	453.55
	12.2022	13,212,882	6,389,998,357	505.00	458.00	483.84	490.00

(*) Price(s) and amount(s) are expressed in pesos for the month(s) indicated.
(**) The average price(s) exclude(s) transactions below UF 20 and inter-exchange transactions (OIB in Spanish).

7.2.5 DIVIDEND POLICY

The EECL dividend policy, approved at the Ordinary Shareholders Meeting held Tuesday, April 26, 2022, is to distribute at least the mandatory minimum dividend during the course of each fiscal year according to the law and bylaws. To the extent the business situation allows, always taking into consideration the projects and development plans of the company, interim or final dividend distributions may be approved above the mandatory minimum dividend. Subject to Board approval and, if relevant, to approval by a Shareholders Meeting, efforts will be made to distribute the profits from each fiscal year in the form of interim dividends based on the results of the financial statements for the second and third quarters, plus a final dividend payable in May of each year.

The Ordinary Shareholders Meeting held April 26, 2022, shareholders decided not to distribute new dividends against the 2021 fiscal year and to allocate the balance of profits from that fiscal year to the company's retained earnings fund considering that the amount of the interim dividends paid in 2021 was equal to approximately 88% of the net profits for the 2021 fiscal year. That distribution amply complied with the minimum distribution policy of 30% of fiscal year profits stipulated in the law and in the Company's Dividend Policy.

No interim dividends were distributed in 2022 against 2021 fiscal year profits.

DIVIDENDS PAID BY ENGIE ENERGÍA CHILE S.A.

Payment Date	Type of Dividend	Amount (MUS$)	US$ per share
May 22, 2018	Interim (against net profits for 2017)	30.4	0.02888
October 25, 2018	Interim (against profits for 2018)	26.0	0.02468
May 24, 2019	Final (against net profits for 2018)	22.1	0.02102
June 21, 2019	Interim (against profits for 2019)	50.0	0.04747
December 13, 2019	Interim (against profits for 2019)	40.0	0.03798
November 30, 2020	Interim (against profits for 2020)	66.6	0.06323
May 20, 2021	Final (against net profits for 2020)	51.1	0.04847
August 26, 2021	Interim (against profits for 2021)	41.5	0.03940

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

Holder	Country of Registration	Denomination	Type	Form
Central Termoeléctrica Andina S.A.	Chile	CENTRAL TERMOELECTRICA ANDINA	Denominative	Services
Central Termoeléctrica Andina S.A.	Chile	CTA	Denominative	Services
Central Termoeléctrica Andina S.A.	Chile	PUERTO ANDINO	Denominative	Services
Central Termoeléctrica Andina S.A.	Chile	PUERTO ANDINO	Denominative	Services
Central Termoeléctrica Andina S.A.	Chile	PUERTO ANDINO	Denominative	Services
Central Termoeléctrica Andina S.A.	Chile	PUERTO ANDINO	Denominative	Services
E.CL S.A.	Chile	E·CL GREEN	Mixed	Services
Engie Energía Chile S.A.	Chile	E.CL	Mixed	Products
Engie Energía Chile S.A.	Chile	EDELNOR	Denominative	Services
Engie Energía Chile S.A.	Chile		Labeled	Services
Engie Energía Chile S.A.	Chile	T	Mixed	Services
Engie Energía Chile S.A.	Chile	E.CL	Mixed	Services
Engie Energía Chile S.A.	Chile		Labeled	Services
Engie Energía Chile S.A.	Chile	EDELNOR	Denominative	Services
Engie Energía Chile S.A.	Chile	GNE GAS NATURAL ESENCIAL	Mixed	Products and Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Products
Engie Energía Chile S.A.	Chile	IMA	Denominative	Products
Engie Energía Chile S.A.	Chile	IMA	Denominative	Products
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	IMA	Denominative	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Products
Engie Energía Chile S.A.	Chile	ima	Mixed	Products
Engie Energía Chile S.A.	Chile	ima	Mixed	Products
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Engie Energía Chile S.A.	Chile	ima	Mixed	Services
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Products

Class(es)	Application Nº	Application Date	Registration No.	Registration Date	Expiration Date	Status
37 39 40 42	848563	17-Dec-08	873762	25-Jan-10	25-Jan-30	Registered
37 39 40 42	848564	17-Dec-08	1027608	02-Aug-13	02-Aug-33	Registered
36	1249504	06-Apr-17	1259247	14-Sept-17	14-Sept-27	Registered
37	1249505	06-Apr-17	1269674	15-Feb-18	15-Feb-28	Registered
39	1249507	06-Apr-17	1265467	13-Dec-17	13-Dec-27	Registered
42	1249508	06-Apr-17	1261415	18-Oct-17	18-Oct-27	Registered
37 39 40 42	1164325	30-Jul-15	1218377	26-Aug-16	26-Aug-26	Registered
04 09 16	329044	28-Feb-20	896784	10-Sept-20	10-Sept-30	Registered
42	1037224	10-Dec-12	1012123	18-Feb-13	18-Feb-23	Under renewal
35 36 37 38 39 40 42	1081618	06-Nov-13	1066231	27-Nov-13	27-Nov-23	Registered
39 40	811926	18-Mar-08	828494	29-May-08	29-May-28	Registered
35 36 37 39 40 42	891537	13-Jan-10	942347	17-Jan-12	17-Jan-32	Registered
35 36 37 38 39 40 42	1081624	06-Nov-13	1069793	04-Dec-13	04-Dec-23	Registered
35 37 39 40	329045	28-Feb-20	905136	16-Dec-20	16-Dec-30	Registered
04 16 35 39 40	1027237	28-Sept-12	1131771	09-Oct-14	09-Oct-24	Registered
07	1309692	17-Dec-18	1303829	14-Aug-19	14-Aug-29	Registered
09	1309694	17-Dec-18	1298455	05-Jun-19	05-Jun-29	Registered
11	1309699	17-Dec-18	1305934	12-Sept-19	12-Sept-29	Registered
35	1309703	17-Dec-18	1311557	05-Dec-19	05-Dec-29	Registered
36	1309704	17-Dec-18	1300274	28-Jun-19	28-Jun-29	Registered
37	1309706	17-Dec-18	1375630	30-Jun-22	30-Jun-32	Registered
39	1309708	17-Dec-18	1314736	17-Jan-20	17-Jan-30	Registered
40	1309712	17-Dec-18	1317093	25-Feb-20	25-Feb-30	Registered
41	1309713	17-Dec-18	1320764	23-Apr-20	23-Apr-30	Registered
07	1309722	17-Dec-18	1303830	14-Aug-19	14-Aug-29	Registered
09	1309728	17-Dec-18	1300275	28-Jun-19	28-Jun-29	Registered
11	1309729	17-Dec-18	1305935	12-Sept-19	12-Sept-29	Registered
35	1309731	17-Dec-18	1309642	12-Nov-19	12-Nov-29	Registered
36	1309732	17-Dec-18	1300276	28-Jun-19	28-Jun-29	Registered
37	1309734	17-Dec-18	1381847	24-Oct-22	24-Oct-32	Registered
39	1309736	17-Dec-18	1314737	17-Jan-20	17-Jan-30	Registered
40	1309741	17-Dec-18	1317094	25-Feb-20	25-Feb-30	Registered
41	1309739	17-Dec-18	1320765	23-Apr-20	23-Apr-30	Registered
04	976945	28-Nov-11	1146147	17-Dec-14	17-Dec-24	Registered
07	976946	28-Nov-11	1143838	02-Dec-14	02-Dec-24	Registered

Holder	Country of Registration	Denomination	Type	Form
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	EÓLICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Products
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Products
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Products
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Services
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Services
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Services
Eólica Monte Redondo SpA	Chile	EMR	Denominative	Services
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Products
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Services
Eólica Monte Redondo SpA	Chile	ELÉCTRICA MONTE REDONDO	Denominative	Services
Gasoducto Nor Andino S.A.	Chile		Labeled	Products
Gasoducto Nor Andino S.A.	Chile	GASODUCTO NOR ANDINO	Denominative	Services
Gasoducto Nor Andino S.A.	Chile	GASODUCTO NOR ANDINO	Denominative	Products
Gasoducto Nor Andino S.A.	Chile		Labeled	Services
Inversiones Hornitos S.A.	Chile	CTH	Denominative	Services
Inversiones Hornitos S.A.	Chile	HORNITOS	Denominative	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Denominative	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Mixed	Services

Class(es)	Application Nº	Application Date	Registration No.	Registration Date	Expiration Date	Status
09	976947	28-Nov-11	1126791	17-Sept-14	17-Sept-24	Registered
35	976948	28-Nov-11	1146148	17-Dec-14	17-Dec-24	Registered
37	976949	28-Nov-11	987761	18-Jan-13	18-Jan-33	Registered
40	976950	28-Nov-11	1146149	17-Dec-14	17-Dec-24	Registered
42	976951	28-Nov-11	1143839	02-Dec-14	02-Dec-24	Registered
04	976952	28-Nov-11	987763	18-Jan-13	18-Jan-33	Registered
07	976953	28-Nov-11	1056309	12-Nov-13	12-Nov-23	Registered
09	976954	28-Nov-11	1181338	05-Oct-15	05-Oct-25	Registered
35	976956	28-Nov-11	987765	18-Jan-13	18-Jan-33	Registered
37	976957	28-Nov-11	987767	18-Jan-13	18-Jan-33	Registered
40	976958	28-Nov-11	987769	18-Jan-13	18-Jan-33	Registered
42	976959	28-Nov-11	988397	22-Jan-13	22-Jan-33	Registered
04	976960	28-Nov-11	1116816	04-Aug-14	04-Aug-24	Registered
07	976961	28-Nov-11	1164853	05-May-15	05-May-25	Registered
09	976962	28-Nov-11	1162238	10-Apr-15	10-Apr-25	Registered
35	976963	28-Nov-11	1116818	04-Aug-14	04-Aug-24	Registered
37	976964	28-Nov-11	987771	18-Jan-13	18-Jan-33	Registered
40	976965	28-Nov-11	1033723	23-Aug-13	23-Aug-23	Under renewal
42	976966	28-Nov-11	1116820	04-Aug-14	04-Aug-24	Registered
04	1044242	31-Jan-13	1146160	17-Dec-14	17-Dec-24	Registered
07	1044204	31-Jan-13	1146157	17-Dec-14	17-Dec-24	Registered
09	1044205	31-Jan-13	1078843	12-Feb-14	12-Feb-24	Registered
35	1044206	31-Jan-13	1146158	17-Dec-14	17-Dec-24	Registered
37	1044207	31-Jan-13	1082035	26-Feb-14	26-Feb-24	Registered
40	1044209	31-Jan-13	1154131	03-Feb-15	03-Feb-25	Registered
42	1044211	31-Jan-13	1146159	17-Dec-14	17-Dec-24	Registered
04	809737	29-Feb-08	847321	27-Feb-18	27-Feb-28	Registered
39	942751	01-Mar-11	917542	22-Jun-21	22-Jun-31	Registered
04	943489	08-Mar-11	917823	30-May-21	30-May-31	Registered
39	809736	29-Feb-08	838560	09-Jan-09	27-Feb-28	Registered
37 39 40 42	848565	17-Dec-08	872006	07-Jan-10	07-Jan-30	Registered
37 39 40 42	848566	17-Dec-08	872007	07-Jan-10	07-Jan-30	Registered
37 39 40 42	1162942	20-Jul-15	1232831	05-Jan-17	05-Jan-27	Registered
37 39 40 42	1162940	20-Jul-15	1211970	07-Jul-16	07-Jul-26	Registered
37	1375329	23-Sept-20	1357976	28-Oct-21	28-Oct-31	Registered
39	1375330	23-Sept-20	1344535	11-May-21	11-May-31	Registered
40	1375354	23-Sept-20	1359543	25-Nov-21	25-Nov-31	Registered

Holder	Country of Registration	Denomination	Type	Form
Transmisora Eléctrica del Norte S.A.	Chile	TEN	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN UNA EMPRESA RED ELÉCTRICA INTERNACIONAL	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN UNA EMPRESA RED ELÉCTRICA INTERNACIONAL	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN UNA EMPRESA RED ELÉCTRICA INTERNACIONAL	Mixed	Services
Transmisora Eléctrica del Norte S.A.	Chile	TEN UNA EMPRESA RED ELÉCTRICA INTERNACIONAL	Mixed	Services

7.2.7 MAIN SUPPLIERS

The main suppliers of ENGIE Energía Chile were, as of December 31, 2022:

Category	Main Suppliers
OEM, Thermal Generation Units	General Electric - Ansaldo Energía SPA - Doosan Skoda Power SRO
Industrial Cleaning of Plants	Soc. por acciones LSV SPA - ISS Chile SA
Equipment and Services for High-Voltage Transmission Line and Substation Projects	Siemens S.A. - Grid Solutions - Hyosung Heavy Industries Corporation - CHINT ELECTRIC CO LIMITED
BOP, Renewable Energy and Transmission Projects	STRABAG SPA, KALPATARU POWER CHILE SPA - GLOBALTEC SERVICIOS Y CONSTRUCCION - B.BOSCH S.A, Cruz y Dávila Ingenieros
OEM, Renewable Energy	Siemens Gamesa Renewables Energy (SGRE). - Vestas Chile Turb. Eolicas Limitada - GOLDWIND Chile SPA - GOLDWIND INTERNATIONAL RENEWABLE ENERGY
Equipment of Solar Farms and Batteries	Trina Solar Chile SPA - SUNGROW POWER SUPPLY CO., LIMITED
Outsourcing of Projects and Operations	Inneria Chile SPA
Infrastructure	Flesan Minería
Submarine Services	SOLMATEK Servicios Industriales
Industrial Protection Services	Sociedad de Mantención, Conservación y Reparación S.A. (SOMACOR)
Digital Solutions	Importaciones y Servicios Advanced Computing Technologies (ACT)
Industrial operation, Thermal Plants and Ports	Soc. Marítimo y Comercial SOMARCO Ltda. - Servicios Industriales Limitada (Axxintus) - IMA Industrial SPA (Equans) - Adecco Recursos Humanos.
Gas Pipeline Services	Comgas Andina
Fuel and Lubricant Supply	COPEC
IEM Ammonia Supply	NITTRA S.A.
Transportation Logistics	DSV AIR & SEA S.A. (international) - TANDEM SA (national)

Class(es)	Application Nº	Application Date	Registration No.	Registration Date	Expiration Date	Status
42	1375355	23-Sept-20	1341825	06-Apr-21	06-Apr-31	Registered
37	1375356	23-Sept-20	1357977	28-Oct-21	28-Oct-31	Registered
39	1375331	23-Sept-20	1344536	11-May-21	11-May-31	Registered
40	1375332	23-Sept-20	1380805	30-Sept-22	30-Sept-32	Registered
42	1375333	23-Sept-20	1341824	06-Apr-21	06-Apr-31	Registered

7.3 DIRECTORS COMMITTEE REPORT

In compliance with article 50-bis of Law 18,046, the Company's Board of Directors agreed, at its meeting #624 held April 26, 2022, to appoint Mauro Valdés Raczynski, Cristián Eyzaguirre Johnston and Claudio Iglesis Guillard as members of the Directors Committee, all of whom are independent directors. Claudio Iglesis Guillard was elected chairman at the Committee Meeting held on that same date.

The Directors Committee met regularly during 2022 and accomplished the following:

1. It examined and adopted a decision on the quarterly financial statements of the company in 2022.
2. It met with the company's external auditing firm. The Internal Auditor and the Crime Prevention Officer.
3. It examined the compensation plans and systems of the company's managers, senior executives and employees.
4. It examined the information on the tenders of services held by the company and decided in each case on whether related companies could participate in them and if they did, the Directors Committee received the commercial proposals of the participants and expressed its opinion on the award of the contracts under the tender.
5. It examined the information on work orders issued by the Company under master agreements with related companies.
6. It examined the information on related-party transactions described in the next point.

In accordance with article 50-bis of Law 18,046, in 2022 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. A four-month extension of the master agreement with ENGIE Services for maintenance services at the Mejillones and Tocopilla sites **(Committee Meeting held January 25, 2022).**
2. Signature of a contract with ENGIE Impact for a study of the size of the desalinated water market **(Committee Meeting held January 25, 2022).**
3. Signature of a service contract with European Maintenance Support to evaluate the condition of structural parts, fixed and mobile blades of the gas turbine in Unit 16 **(Committee Meeting held January 25, 2022).**
4. Signature of a contract with GNL Mejillones S.A. to purchase retention gas surplus that it makes available in 2022 **(Committee Meeting held January 25, 2022).**
5. Extension of the master agreement with Sunplicity to December 31, 2022 for the joint development and implementation of photovoltaic projects in the facilities of EECL customers **(Committee Meeting held March 1, 2022).**
6. Signature of a contract with Global Energy Management for the sale and assignment of 650,000 Emissions Reduction Certificates (carbon credits) issued by the Clean Development Mechanism according to the Kyoto Protocol rules, resulting from the Monte Redondo Wind Farm and the Laja Hydroelectric Power Plant **(Committee Meeting held March 1, 2022).**

7. Signature of a contract with Inti-Tech for the dry-cleaning of solar panels in the Tamaya Photovoltaic Farm, which includes using six robots to complete the cleaning of 298,980 solar panels, plus supplemental manual cleaning **(Committee Meeting held March 1, 2022).**
8. A 3-year renewal of the master agreement with EQUANS, formerly ENGIE Services, effective March 2022, for recurrent electrical, mechanical, instrumentation and control maintenance services at the Mejillones and Tocopilla sites **(Committee Meeting held March 29, 2022).**
9. Signature of a contract with ENGIE Information et Technologies for the renewal of the DocuSign e-signature platform licenses for a period of 3 years **(Committee Meeting held March 29, 2022).**
10. Signature of contract with ENGIE Information et Technologies for the annual renewal of Darwin licenses in 2022, which covers the Darwin Web, Darwin API, Darwin Cube and Darwin Data solutions for the supervision and remote control of operation of renewable power plants in operation and sites under construction **(Committee Meeting held March 29, 2002).**
11. Signature of a contract with ENGIE Information et Technologies for corporate networking and cybersecurity licenses and support for a period of 3 years **(Committee Meeting held March 29, 2022).**
12. Signature of a service contract with Inti-Tech for the robotic dry-cleaning of 3 solar panels in the Pampa Camarones Photovoltaic Farm **(Committee Meeting held March 29, 2022).**
13. Participation in a tender for a CEMS maintenance and calibration service contract for Units CTM1, CTM2, CTA and CTH to which EQUANS (formerly ENGIE Services) would be invited **(Committee Meeting held April 26, 2022).**
14. A three-month extension of the contract with EQUANS, effective July 1, 2022, for services of operation, maintenance and calibration of the continuous emissions monitoring systems (CEMS) of Units CTM1, CTM2, CTA and CTH **(Committee Meeting held April 26, 2022).**
15. Amendment of the maintenance contract with EQUANS for the Laja Hydroelectric Power Plant to July 31, 2022 in order to (a) extend its term for three months, (b) reduce its scope since part of the inspection, testing and other activities will be performed by EECL's staff, and (c) consequently reduce its price **(Committee Meeting held April 26, 2022).**
16. Termination of the administrative services contract in effect with Accenture **(Committee Meeting held May 31, 2022).**
17. An amendment to the contract with GBS to incorporate in that contract the new method of joint administrative services for companies in the ENGIE Group in America and to include in particular the provision of services by GBS **(Committee Meeting held May 31, 2022).**
18. Extension of the operation and maintenance agreement with EQUANS to include in its purpose the Coya Photovoltaic Plant **(Committee Meeting held June 28, 2022).**
19. Extension of the contract in effect with EQUANS through September 30, 2022 (for a period of 3 months) for the operation, maintenance, calibration, and preparation of reports on the CEMS of unit 15 **(Committee Meeting held July 26, 2022).**

20. Addition of a task to the contract in effect with EQUANS for the provision of mechanical, electrical, instrumentation and control services at the hydroelectric power plant **(Committee Meeting held July 26, 2022).**
21. Participation in the tender for solar panel washing service for a period of 12 months (or 10 washes) for the Tamaya, Capricornio and Los Loros Photovoltaic Farms. Inti-Tech would be invited to this tender together with other companies **(Committee Meeting held July 26, 2022).**
22. Participation in a tender for the service of support and help in operation of the Mejillones and Tocopilla Power Plants, including operation of the coal laboratory, chemical laboratories, scales, logistics and warehouses, water plant and generating units, for a period of 12 or 24 months as of March 2023. IMA Industrial would be invited to this tender, a member of the EQUANS group, formerly ENGIE Services, together with other companies on the market **(Committee Meeting held August 31, 2022).**
23. Renewal of the Microsoft Office 365 and other licenses under the corporate agreement in effect between ENGIE S.A. and Microsoft for the period from October 2022 to September 2023, renewable annually subject to evaluation by the management control area **(Committee Meeting held August 31, 2022).**
24. Adaptation of, and payment for additional work under, the solar panel washing contract for the Tamaya Photovoltaic Park in effect with Inti-Tech **(Committee Meeting held August 31, 2022).**
25. Participation in a tender for the overhaul of the Capricornio-Altonorte 110 kV transmission line to which EQUANS, formerly ENGIE Services, would be invited together with other companies on the market **(Committee Meeting held September 27, 2022).**
26. Signature of a contract with EQUANS, formerly ENGIE Services S.A., for the provision of an additional service under the Tamaya Photovoltaic Farm operation and maintenance agreement, consisting of activities and operating work required to complete construction of the farm **(Committee Meeting held October 25, 2022)**.
27. Signature of an agreement with Electrabel Corporate HQ Benelux to replace the actual IP21 historian solution by the Electrabel cloud platform (PI System) for a period of three years effective January 2023, renewable annually automatically **(Committee Meeting held October 25, 2022).**
28. Signature of an agreement with Consultora y Asesorías Plataforma Dinámica SpA for the provision of territorial partner consulting services for project activation for a period of 12 months **(Committee Meeting held October 25, 2022).**
29. Participation in a tender to award emergency repair services for medium- and high-voltage transmission lines for a period of 36 months starting in May 2023 to which IMA Industrial would be invited, a member of the EQUANS group, formerly ENGIE Services, together with other companies on the market **(Committee Meeting held November 29, 2022).**
30. Signature of an agreement with Electrabel NV/SA for the inclusion of the "Lorin Inspect" app at four of the Company's sites (Mejillones, Tocopilla and Laja Power Plant and substations) to be able to connect and manage data on the operational rounds and site inspections in one single supervisory and analytical platform **(Committee Meeting held December 13, 2022).**

Compensation and Use of Expense Budget

The compensation of members of the Directors Committee set by the Ordinary Shareholders meeting held April 26, 2022, totals 55 UF in each calendar month. The committee was also assigned a budget of 5,000 UF annually. The Committee made no disbursements against that budget in the 2022 fiscal year.

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 above-mentioned services 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. 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 the expenses involved, any deviation from the scope or any 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 costs, 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.

7.4 MATERIAL DISCLOSURES

Day and Time	Entity	Subject
29/Mar/2022 8:50:14 p.m.	Engie Energía Chile S.A.	Ordinary shareholders meeting, notices, resolutions and motions.
26/Apr/2022 4:45:30 p.m.	Engie Energía Chile S.A.	Changes in management, ordinary shareholders meeting, notices, resolutions and motions.
26/Apr/2022 5:03:35 p.m.	Engie Energía Chile S.A.	Changes in management.
18/Jul/2022 8:56:39 a.m.	Engie Energía Chile S.A.	Changes in management.
30/Sept/2022 8:42:29 a.m.	Engie Energía Chile S.A.	Assets or stock packages, purchase or sale.
16/Dec/2022 9:51:41 a.m.	Engie Energía Chile S.A.	Assets or stock packages, purchase or sale.
23/Dec/2022 8:49:43 a.m.	Engie Energía Chile S.A.	Miscellaneous.
23/12/2022 3:14:26 p.m.	Engie Energía Chile S.A.	Miscellaneous.

Summary

On March 29, 2022, the company made a Material Disclosure that at a meeting held that same day, the EECCL Board of Directors convened an Ordinary Shareholders Meeting to be held at 10:00 a.m. on April 26, 2022, to be attended and voted at by shareholders remotely. The meeting purpose was to discuss and decide, among other matters, on the use of profits from the fiscal year ending December 31, 2021. The Board proposed that no new dividends be distributed against that fiscal year.

On April 26, 2022, the Company made a Material Disclosure of the following resolutions adopted by its Board at its meeting held that same date: a) to appoint Frank Demaille as Chairman of the Board; and (b) to appoint Cristián Eyzaguirre Johnston, Mauro Valdés Raczynski and Claudio Iglesis Guillard as members of the Directors Committee set up according to article 50-bis of Law 18,046, who were independent directors. There were no impacts other than those reported in this respect on that date.

On April 26, 2022, the Company made a Material Disclosure on the following decisions by its Ordinary Shareholders Meeting held on that same date: (a) no distribution of final dividends against the 2021 fiscal year and ratification of the interim dividends paid during that fiscal year; (b) appointment of Frank Demaille, Hendrik De Buyserie, Pascal Renaud, Mireille Van Staeyen, Cristián Eyzaguirre Johnston, Mauro Valdés Raczynski and Claudio Iglesis Guillard as regular directors and Aníbal Prieto Larraín, André Canguçú, Guilherme Ferrari, Bernard Esselinckx, Ricardo Fischer Abeliuk, Enrique Allard Serrano and Victoria Vásquez García as their respective alternates; and (c) appointment of Ernst & Young Servicios Profesionales de Auditoría y Asesoría SpA (EY) as the external auditing firm. There were no impacts other than those reported in this respect on that date.

On July 18, 2022, the Company made a material disclosure that on that same date, the Board had learned of the resignation submitted by Axel Levêque from the position of Chief Executive Officer of the Company, to take effect September 30, 2022. There were no impacts other than those reported in this respect on that date.

On September 30, 2022, the Company made the Material Disclosure that on September 29, 2022, it had signed a stock purchase promise with Trans Antartic Energía S.A., Trans Antartic Energía III S.A., Bosques de Chiloé S.A., Beltaine Renewable Energy S.L. and Inversiones Butalcura S.A., the only shareholders at the time in Alba S.A., Alba Andes S.A., Alba Pacífica S.A., Energia de Abtao S.A and Rio Alta S.A., for the acquisition of all shares in those companies. The companies to be acquired were owners of (i) the San Pedro I Wind Farm that had 18 wind turbine generators with an installed capacity of 36 MW; (ii) San Pedro II Wind Farm that had 13 wind turbine generators with an installed capacity of 65MW; and (iii) a wind power project currently under development with an approximate installed capacity of 151 MW, all located in the municipality of Dalcahue, Chiloé, Lake Region. The transaction price would be USD 77,000,000, to be paid at the transaction closing.

On December 16, 2022, the Company made a Material Disclosure that on December 15, 2022, it had signed a share purchase agreement with Trans Antartic Energía S.A., Trans Antartic Energía III S.A., Bosques de Chiloé S.A., Beltaine Renewable Energy S.L. and Inversiones Butalcura S.A., the only shareholders in Alba S.A., Alba Andes S.A., Alba Pacífica S.A., Energia de Abtao S.A and Rio Alta S.A. for the purchase of 100% of the shares in those companies. The agreed price was USD 77,000,000, which included payments to companies related to the Sellers and the price was paid upon signature of the SPA. On December 1, 2022, the National Office of the Economic Prosecutor approved the transaction unconditionally, in accordance with Decree Law 211 of 1973.

On December 22, 2022, the company made a Material Disclosure that in line with the energy transition plan towards renewable means of generation being implemented by the company, the company had signed the following agreements: (a) on December 21, 2022, ENGIE signed an agreement with companies in the Goldwind group for the supply and acquisition of the wind turbine generators needed to build a wind farm in the municipality of Taltal, Antofagasta Region; (b) on December 2, 2022, ENGIE signed an agreement with Sungrow for the supply and acquisition of a Battery Energy Storage System ("BESS") with a capacity of 638 MWh, in order to proceed with construction of the Coya BESS project.

On December 23, 2022, the company made the Material Disclosure that at the Extraordinary Board Meeting held December 22, 2022, it had learned of the status of conversations with Total Energies Gas & Power Limited ("Total"), its liquefied natural gas ("LNG") supplier, because of the shortage on the international fuel market and the impacts that this was causing on the National Grid ("SEN").

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

There were no comments or proposals by shareholders during the 2022 fiscal year.

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

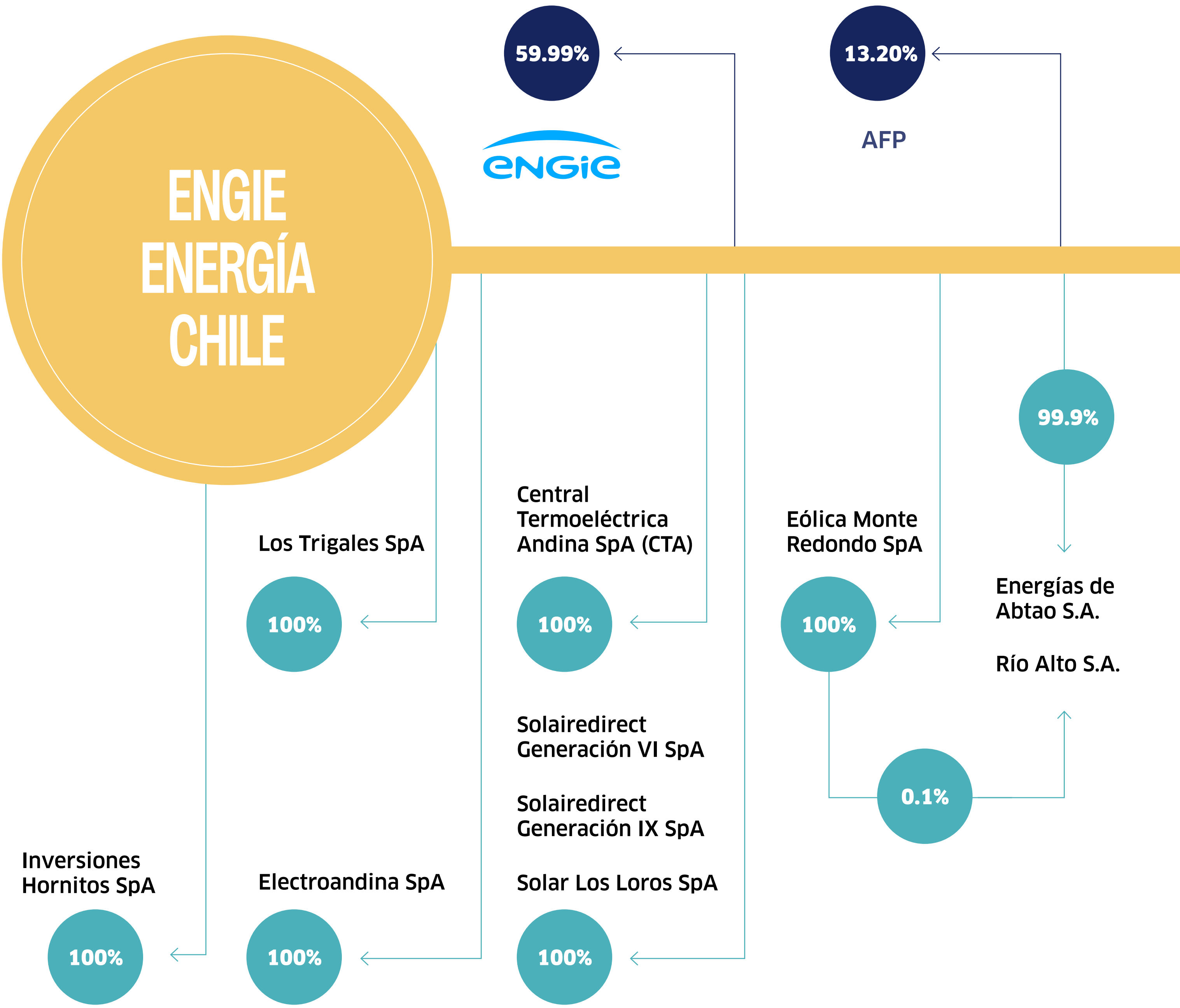
(1) Approval of the annual report for the fiscal year ending December 31, 2021, of the balance sheet, other financial statements, and external auditing opinion on the company for that fiscal year.

(2) Appointment of Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada as the external auditing firm for the 2022 fiscal year and Deloitte Auditores y Consultores Limitada as the second alternative, stating that the Committee preferred the first of such firms.

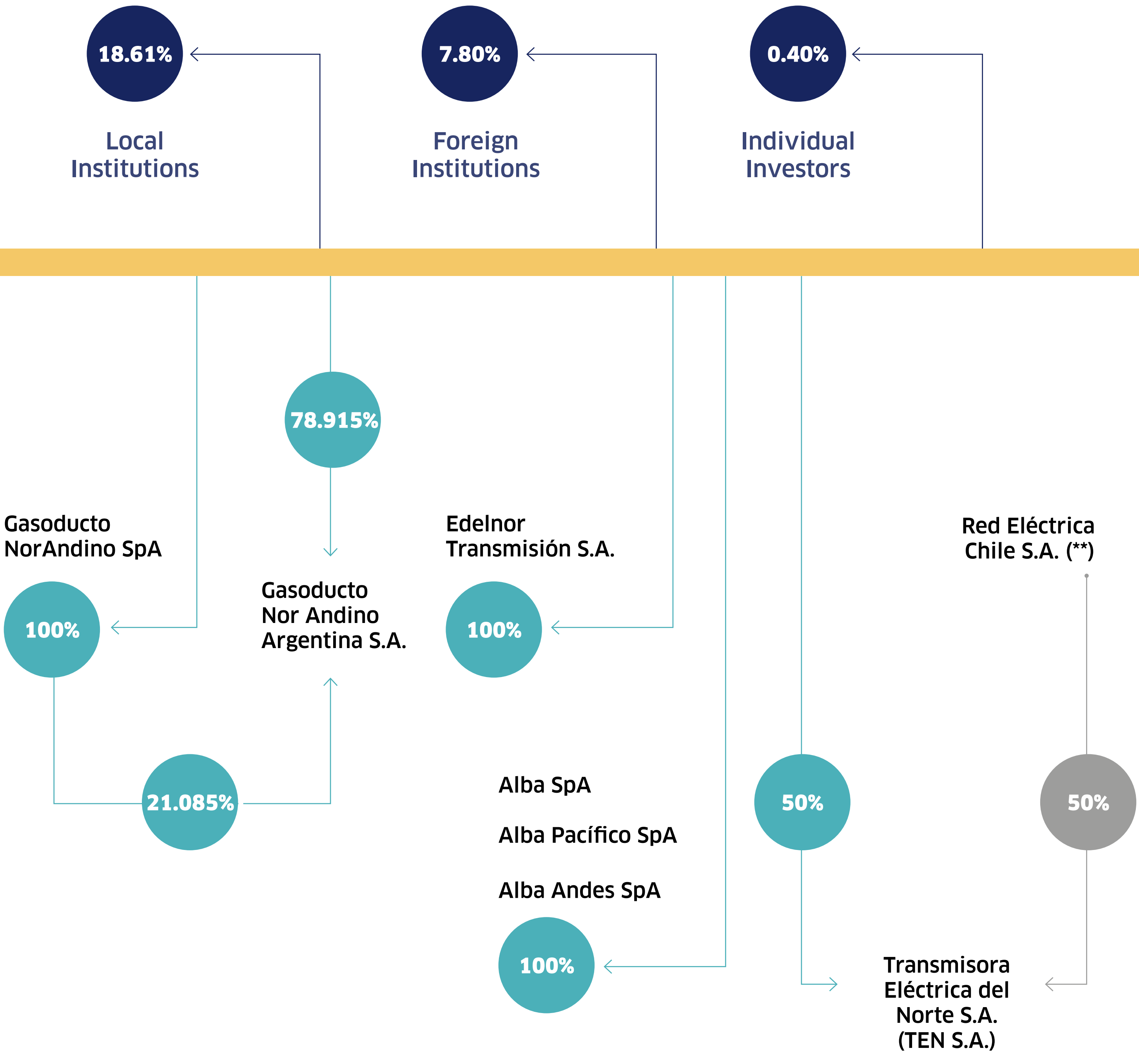
(3) Appointment of Feller Rate Clasificadora de Riesgo Ltda. and Fitch Chile Clasificadora de Riesgo Ltda. as the private risk rating agencies for the 2022 fiscal year.

7.6 CORPORATE ORGANIZATION CHART

(as of December 31, 2022)



(**) Red Eléctrica Chile S.A. is owned by Red Eléctrica of Spain.


18.61%
Local Institutions
7.80%
Foreign Institutions
0.40%
Individual Investors
78.915%
Gasoducto NorAndino SpA
100%
Gasoducto Nor Andino Argentina S.A.
21.085%
Edelnor Transmisión S.A.
100%
Red Eléctrica Chile S.A. (**)
Alba SpA
Alba Pacífico SpA
Alba Andes SpA
100%
50%
50%
Transmisora Eléctrica del Norte S.A. (TEN S.A.)

7.7 SUBSIDIARIES AND ASSOCIATES

ELECTROANDINA SPA.

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 SpA
Tax I.D.: 96.731.500-1
Type of Company: Joint Stock Company
Paid-In Capital: kUS$50,445
Held by: ENGIE Energía Chile S.A., 100%
Management: ENGIE Energía Chile S.A.
Business Purpose: Generation, transmission, sale of energy and other services.

CENTRAL TERMOELÉCTRICA ANDINA SPA.

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 SpA
Tax I.D.: 76.708.710-1
Type of Company: Joint Stock Company Paid-In Capital: kUS$30,000
Capital Pagado: MUS$ 30.000
Held by: ENGIE Energía Chile S.A., 100%
Management: ENGIE Energía Chile S.A. .
Business Purpose: Generation, transmission and distribution of electricity.

INVERSIONES HORNITOS SpA.

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 SpA.
Tax I.D.: 76.009.698-9
Type of Company: Joint Stock Company
Paid-In Capital: kUS$180,000
Held by: ENGIE Energía Chile S.A., 100%
Management: ENGIE Energía Chile S.A.

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 I.D.: 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: Rosaline Corinthien (Chairwoman), Demián Talavera, André Cangucu, Carlos Puente Pérez, Juan Majada Tortosa and Laura de Rivera
Chief Executive Officer: David Montero
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 I.D.: 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$1,972
Held by: ENGIE Energía Chile S.A., 100%
Board of Directors: Eduardo Milligan Wenzel, Fernando Valdés Urrutia, Carlos Arias, Gabriel Marcuz, Enzo Quezada Zapata and Demián Talavera
Chief Executive Officer: Rosaline Corinthien
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 Gasoducto Nor Andino S.A. "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.

Razón Social: Gasoducto Nor Andino SpA.
Tax I.D.: 78.974.730-K
Type of Company: Joint Stock Company
Paid-In Capital: kUS$12,516
Held by: ENGIE Energía Chile S.A., 100%
Management: ENGIE Energía Chile S.A.
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.

EÓLICA MONTE REDONDO SPA.

This subsidiary was incorporated by public deed dated November 12, 2007, executed in the Santiago Notarial Office of Antonieta Mendoza Escalas. An abstract of that deed was registered on page 52,557, No. 37,149, of the 2007 Santiago Commercial Register and it was published in the Official Gazette on December 10, 2007.

Company Name: Eólica Monte Redondo SpA.
Tax I.D.: 76.019.239-2
Type of Company: Joint Stock Company
Paid-In Capital: kUS$396,101
Held by: ENGIE Energía Chile S.A., 100%
Management: ENGIE Energía Chile S.A.
Business Purpose: Generation, transmission, sale, commercialization and distribution of electricity.

GASODUCTO NORANDINO 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., 78.9%; and Gasoducto NorAndino SpA, 21.1%
Board of Directors: Gustavo Schettini (Chairman), Lorena Aimó and Ricardo Iglesias
Chief Executive Officer: Rodolfo Reale
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 I.D.: 76.122.974-5
Type of Company: Closed Corporation
Approved Capital: CLP$2,038,093
Held by: ENGIE Energía Chile S.A., 44.5%
Board of Directors: Beatriz Monreal Haase, Lorenzo Gazmuri Schleyer, Gloria Lederman Enríquez, Anselmo Palma Pfotzer, Fernando Delfau Vernet, María Loreto Massanés Vogel and Lodewijk Verdeyen
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 Eólico Los Trigales SpA.

Tax I.D.: 76.379.625-K

Capital: CLP$973,235,052

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

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 Generación VI SpA.

Tax I.D.: 59.169.880-K

Capital: CLP$100,000

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

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 Generación IX SpA.

Tax I.D.: 76.267.537-4

Capital: CLP$100,000.

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

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

SOLAR LOS LOROS SpA.

Incorporation: 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.

Company Name: Solar Los Loros SpA.

Tax I.D.: 76.247.976-1

Paid-In Capital: US$86,158,790.33

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

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

ALBA SpA

Incorporation: The Company was incorporated on September 3, 2010, in the Puerto Montt Notarial Office of Hernan Tike Carrasco and it was registered on page 47,216, number 32,778, of the 2010 Santiago Commercial Register.

Company Name: Alba SpA.

Tax I.D.: 76.114.239-9

Capital: USD 14,496,830

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

Purpose: The management, development, investment, exploitation and operation of wind energy projects and the management, development, investment, exploitation and operation of any type of renewable energy project in Chile, either for its own account or for third parties, especially wind power farms and any other activity related directly or indirectly to the foregoing.

ALBA ANDES SpA

Incorporation: The Company was incorporated on September 3, 2010, in the Puerto Montt Notarial Office of Hernan Tike Carrasco and it was registered on page 47,247, number 32,812, of the 2010 Santiago Commercial Register.

Company Name: Alba Andes SpA.

Tax I.D.: 76.114.229-1

Capital: USD 2,315,300

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

Purpose: The management, development, investment, exploitation and operation of wind energy projects and the management, development, investment, exploitation and operation of any type of renewable energy project in Chile, either for its own account or for third parties, especially wind power farms and any other activity related directly or indirectly to the foregoing.

ALBA PACÍFICO SpA

Incorporation: The Company was incorporated on September 3, 2010, in the Puerto Montt Notarial Office of Hernan Tike Carrasco and it was registered on page 47,217, number 32,779, of the 2010 Santiago Commercial Register.

Company Name: Alba Pacifico SpA.

Tax I.D.: 76.114.213-5

Capital: USD 2,315,300

Type of Company: Joint Stock Company

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

Management: ENGIE Energía Chile S.A.

Purpose: The management, development, investment, exploitation and operation of wind energy projects and the management, development, investment, exploitation and operation of any type of renewable energy project in Chile, either for its own account or for third parties, especially wind power farms and any other activity related directly or indirectly to the foregoing.

ENERGÍAS DE ABTAO S.A.

Incorporation: The Company was incorporated on April 1, 2014, in the Santiago Notarial Office of Olimpia Schneider Moenne-Loccoz and it was registered on page 26,013, number 16,342, of the 2014 Santiago Commercial Register.

Company Name: Energías de Abtao S.A.

Tax I.D.: 76.376.043-K

Capital: CLP$8,678,871,582.

Type of Company: Corporation

Held by: ENGIE Energía Chile S.A., 99.99%; and Eolica Monte Redondo SpA, 0.01%

Management: Board of Directors (Anibal Prieto Larraín, Fernando Valdés Urrutia, Manuel Hinojosa Pérez, María Bernardita Reyes Larraín)

Purpose: The generation, transmission, transportation, acquisition, supply, sale of electricity of any nature, or the elements and inputs needed to produce it; investment in any type of chattel and real estate, the exploitation thereof, for its own account or for others; the planning, development, operation and exploitation of any type of activity and business related to the electricity business and energy in general in all forms and modes.

RÍO ALTO S.A.

Incorporation: The Company was incorporated on December 5, 2011, in the Santiago Notarial Office of Fernando Celis Urrutia, and it was registered on page 74,071, number 54,231, of the 2011 Santiago Commercial Register.

Company Name: Rio Alto S.A.

Tax I.D.: 76.213.834-4

Paid-In Capital: CLP$5,973,264,828

Type of Company: Corporation

Held by: ENGIE Energía Chile S.A., 99.99%; and Eolica Monte Redondo SpA, 0.01%

Management: Board of Directors (Anibal Prieto Larraín, Fernando Valdés Urrutia, Manuel Hinojosa Pérez, María Bernardita Reyes Larraín)

Business Purpose: The generation, transmission, transportation, acquisition, supply, sale of electricity of any nature, or the elements and inputs needed to produce it; investment in any type of chattel and real estate, the exploitation thereof, for its own account or for others; the planning, development, operation and exploitation of any type of activity and business related to the electricity business and energy in general in all forms and modes.

7.8 PERFORMANCE INDICATORS

Legal and regulatory compliance

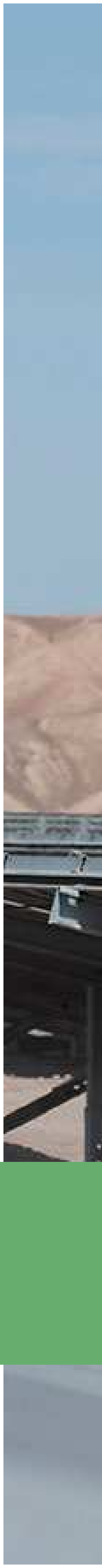
7.8.1 IN RELATION TO CUSTOMERS	ANSWER
The report must indicate whether the entity has procedures in place to prevent and detect regulatory violations of customer rights, especially Consumer Protection Law 19,496 or any equivalent laws when the entity does business in foreign jurisdictions. It must also report on the number of penalties enforced in this respect and the amount of those penalties in pesos.	Not applicable to ENGIE Energía Chile

7.8.2 IN RELATION TO EMPLOYEES	ANSWER
The entity must report its procedures in place to prevent and detect regulatory violations of workers' rights. It must also inform the number of penalties in force in this respect and the amount of those penalties in pesos. It must discuss in particular whether it has been sued for a violation of workers' rights.	The company makes a complaint channel available to the entire employee community for all situations that people believe involve unethical conduct or a violation of workers' rights (work harassment, sexual harassment). The Regulations on Order, Hygiene and Safety (abbreviated as RIOHS in Spanish) stipulate workers' rights and obligations that also form a part of their employment contract. The Labor Relations Subdivision is responsible operationally for providing oversight, taking actions and proceeding when there are violations (both in regard to own employes and those of contractors).
Number of Penalties Enforced	None in 2022
Amount of penalties	0
Has the company been sued for a violation of workers' rights?	Yes

7.8.3 COMPETITION	ANSWER
The entity must report whether it has procedures in place to prevent and detect regulatory violations that may affect competition. It must also report the number of penalties enforced in this respect and the amount of those penalties in pesos.	**Competition.** ENGIE Energía Chile has several means to ensure that our actions are in line with our directives in this respect and in compliance with the law. Those guidelines are contained in the Competition Compliance Manual and are supervised by the Competition Officer of the Company. We give an annual talk that must be attended by everyone working in the organization. Additionally,
Number of Penalties Enforced	None in 2022
Amount of penalties	0

7.8.4 IN RELATION TO THE ENVIRONMENT	ANSWER
The report must discuss the compliance models or compliance plans containing information on the definition of its environmental obligations, the decided form of compliance, the period for implementation of compliance conduct, unit responsible, environmental risk matrix and any relevant information to understand that obligation and its compliance. If those models or plans do not exist, that fact must be clearly specified and the reasons indicated. The entity must also report the number of penalties enforced in the Public Penalties Register of the Environmental Commission or any equivalent agency in a foreign jurisdiction, the total amount of fines and the number of approved compliance plans, compliance plans satisfactorily implemented, environmental reparation plans submitted and environmental reparation plans satisfactorily implemented.	ENGIE Energía Chile follows the ISO 14001 environmental management model that stipulates the identification and management of the legal aspects applicable to the organization, an ongoing tracking of all obligations through checklists, digital platforms and permanent outside consulting regarding new environmental obligations. We have a team of experts in the Environmental and Permitting Subdivision (more information in the Planet Chapter).
Number of Penalties Enforced	0
Total amount of fines	0
Number of compliance plans approved	2
Number of compliance plans satisfactorily implemented	2
Number of environmental reparation plans presented	0
Number of environmental reparation plans satisfactorily implemented	0

7.8.5 CRIMINAL LIABILITY	ANSWER
The entity must report whether it has procedures in place to prevent and detect regulatory violations of Law 20,393 on the Criminal Liability of Legal Entities. It must also report the number of penalties in force in this respect and the amount of those penalties in pesos.	We have a certified Crime Prevention Model to protect the organization, which has been certified by an external agency. That model enables us to identify and prevent the potential risks of the crimes of corruption and other crimes in Law 20,393 on the Criminal Liability of Legal Entities. We have a Crime Prevention Officer and a Whistleblowing Channel hosted on the website and on the Intranet. We give annual talks in the organization to keep people abreast of legal changes. Additionally, all our contracts with third parties contain a criminal liability clause.
Number of Penalties Enforced	0
Amount of penalties	0



CHAPTER 8
SUSTAINABILITY INDEXES

engie

8.1 NCG 461 INDEX

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7. Supplier Management	**7.1 Payment to suppliers**	People	
	The supplier payment policy, promotion of timely payment and maximum term-of-payment goals	People	114 to 117
	7.2 Supplier evaluation	People	
	Policies on evaluating the quality of corporate governance, risk management and sustainability of suppliers	People	116
	The number of suppliers analyzed in the year according to sustainability standards, the percentage they represent of all suppliers evaluated, the percentage of annual purchases they represent, considering both national and foreign suppliers	People	116

TOPIC	SUB-TOPIC	CHAPTER	PAGE
8.Compliance Indicators	**8.1 Legal and regulatory compliance**		
	In relation to customers	Risk Factors, Legal Information and Compliance Indicators.	140, 184
	In relation to employees	Risk Factors, Legal Information and Compliance Indicators.	184
	In relation to the environment	Risk Factors, Legal Information and Compliance Indicators.	185
	In relation to competition	Risk Factors, Legal Information and Compliance Indicators.	184
	Procedures in place to detect and prevent violations of Law 20,393; number of penalties enforced and amount in pesos	Risk Factors, Legal Information and Compliance Indicators/Corporate Governance	23, 185
	8.2 Sustainability indicators by type of industry		
	Report on the entity's material sustainability metrics set by the SASB for its industrial sector and according to the Sustainable Industry Classification System (SICS).	Sustainability Indicators	192 to 193
9. Material Disclosures	Summary of material disclosures in the year and important events disclosed in previous periods that have had, or may have in the future, a major impact on the business, financial statements, securities or supply.	Risk Factors, Legal Information and Compliance Indicators.	172 to 173
10. Comments by shareholders and the Directors Committee	Summary of comments on the course of business according to article 74 of Law 18,046.	Risk Factors, Legal Information and Compliance Indicators.	168 to 173
11. Financial Reports	The entity's financial statements are available on the website of the Financial Market Commission (https://www. cmfchile.cl/institucional/mercados/entidad.php?mercado=V&rut=88006900&grupo=&tipoentidad=RVEMI&row=AAAwy2ACTAAABy2AAa&vig=VI&control=svs&pestania=3) and on the website of ENGIE Energía Chile (https://engie-energia.cl/wp-content/uploads/2023/02/Estados_financieros_1222.pdf)	Financial Statements	204 to 319

8.2 SASB STANDARDS INDEX

DISCLOSURE TOPICS AND ACCOUNTING METRICS

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	PAGE
Greenhouse gas emissions and energy resource planning	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations and (3) emissions reporting regulations.	Quantitative	Metric tons (t) of CO_2-e, percentage (%)	IF-EU-110a.1	3.6 million tons of CO2eq.	121
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Metric tons (t) of CO_2-e	IF-EU-110a.2	3.6 million tons of CO2eq.	121, 122
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and analysis of performance against those targets	Discussion and Analysis	n/a	IF-EU-110a.3	ENGIE Energía Chile is driving the energy transition in the country. We began decarbonizing our energy matrix that entailed replacing closing to 1.5 GW of installed coal-fired capacity by 2 GW of renewable energy. In a period of 4 years, we have added 0.8 GW of renewable energy. The impact of withdrawing our coal-fired units is already being seen in a pronounced reduction in our carbon footprint, in the intensity of emissions, and in the volume of our local emissions. So, as our decarbonization plan progresses, we are getting closer to our main goal of becoming carbon neutral by 2045. In 2022, our CO2eq emissions fell 34% compared to 2021. Compared to 2018, when we announced that we would stop using coal, the reduction was 25%. Emissions intensity is calculated using the CO2eq emissions per MW produced. By way of reference, one old coal-fired unit can emit around 1.2 to 1.4 tons of CO2eq/MWh produced. In the last five years, we have recorded a progressive decrease in this indicator, bringing us close to the levels recorded on the National Grid (SEN). At the close of 2022, it was 0.59 tons of CO2eq/MWh, 9.2% below the levels recorded in 2021, when it was 0.65 tons of CO2eq/MWh. This drop is due to the disconnection of Tocopilla Unit 14 (in March) and Tocopilla Unit 15 (in September), the entry into operation of the Calama Wind Farm into operation (in January) and of the Monte Redondo Wind Farm, Laja Hydroelectric Power Plant (both acquired in 2019), the Tamaya and Capricornio PV Solar Farms.	42, 121, 122, 123
	1) Number of customers served in markets subject to renewable portfolio standards (RPS) and 2) percentage fulfilment of RPS target by market.	Quantitative	Number, percentage (%)	IF-EU-110a.4	Not applicable	

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	PAGE
Air Quality	Air emissions of the following pollutants: 1) NOx (excluding N2O), 2) SOx, 3) particulate matter (PM10), 4) lead (Pb) and 5) mercury (Hg); percentage of each in or near areas of dense population.	Quantitative	Metric tons (t), percentage (%)	IF-EU-120a.1		123
			NOx		4,372 (tons/year)	
			SOx		4,962 (tons/year)	
			PM 10		101.4 (tons/year)	
Gestión del agua	(1) Total water withdrawn.	Quantitative	Thousand cubic meters (m3), percentage (%)	IF-EU-140a.1	977,223,054 (m3) withdrawn	131
	(2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress.				36,250,115 m3 of water consumed	
	Water stress consumption				(should be 0%)	
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards and regulations.	Quantitative	Number	IF-EU-140a.2	Zero	127
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	IF-EU-140a.3	We use mainly seawater in our production processes that is later returned to the ocean. We have a monitoring system to ensure that the water is returned at a temperature of 30ºC or less, according to the law. We use freshwater for human consumption and it is supplied by water companies. According to the source discharge regulations, water discharged into the ocean cannot have a temperature above 30°C. ENGIE Energía Chile uses a weekly water temperature measurement system at the discharge wells that is reported to the environmental authorities. All our units are within the limits set in ED 90/2000. A flowmeter was installed in 2022 at the discharge from the combined cycle unit in the Tocopilla power plant and we plan to install a second flowmeter in that unit. Preventive maintenance was also performed on all flowmeters at the Mejillones Power Plant. In comparison to 2021, seawater withdrawal in 2022 fell because of the retirement of Units 14 and 15 from operation and the decline in the dispatching of the other units.	124

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	PAGE
Coal ash management	Amount of coal combustion residuals (CCR) generated.	Quantitative	Metric tons (t), percentage (%)	IF-EU-150a.1	284,628 Tons	124
	Percentage recycled				9% recycled	
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Number	IF-EU-150a.2	Two authorized dumps with a low risk potential and satisfactory structural integrity. They receive ash from our Tocopilla and Mejillones thermal complexes. The Tocopilla dump received its last ash disposal in 2022 after the closing of our coal-fired units in Tocopilla.	120, 121
Energy affordability	Average electric rate for (1) residential, (2) commercial, and (3) industrial customers.	Quantitative	Rate	IF-EU-240a.1	Power purchase agreements with unregulated customers are confidential.	6, 7, 44, 60
	Typical monthly electric bill for residential customers for (1) 500	Quantitative	Reporting currency	IF-EU-240a.2	Not applicable. ENGIE Energìa Chile has no residential customers.	
	kWh and (2) 1,000 kWh of electricity delivered per month.	Quantitative	Number, percentage (%)	IF-EU-240a.3	Not applicable. ENGIE Energìa Chile has no residential customers.	
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Discussion and Analysis	n/a	IF-EU-240a.4	The National Grid is on the road to decarbonization of the energy matrix and to incorporating renewable energy from an environmental and social perspective. As we move in that direction, in recent years power supply in Chile has been heavily compromised by external factors: • The drought in the country. • The delay of new renewable energy projects beginning operation in Chile because of the impact. • The limitations occurring in the expansion of the transmission system, a key aspect to renewable energy transmission. • The increase in the international prices of fuels because of the war between Russia and the Ukraine. These prices have varied more than 100% on average in 2021 and 2022. • An increase in the price of LNG, added to the need to assure supply. • Unavailability and breakdown of efficient coal-fired power plants in the system. Despite this more complex scenario, ENGIE Energía Chile has been meeting its commitments and fulfilling power purchase agreement with its customers. We also implemented an asset management plan by which we have attained historic levels of availability of our generating units. We have also been accelerating investments in renewable energy and we are incorporating battery-based energy storage systems to create a greater flexibility in injecting energy to the grid.	
Workforce health and safety	(1) Total recordable incident rate (TRIR)	Quantitative	Rate	IF-EU-320a.1	We do not track this indicator	91
	(2) Fatality rate				Zero	
	(3) Near-miss frequency rate (NMFR)				Frequency Rate of 1.38	

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	PAGE
End-use efficiency and demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a loss revenue adjustment mechanism (LRAM)	Quantitative	Percentage (%)	IF-EU-420a.1	Not applicable	
	Percentage of electric load served by smart grid technology	Quantitative	Percentage (%) by megawatt hours (MWh)	IF-EU-420a.2	N/A. ENGIE Energía Chile has no smart networks.	
	Customer electricity savings from efficiency measures, by market.	Quantitative	Megawatt hours (MWh)	IF-EU-420a.3	N/A. ENGIE Energía Chile is not currently developing any energy efficiency services.	
Nuclear safety and emergency management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column.	Quantitative	N/A	IF-EU-540a.1	ENGIE Energia Chile has no sources of nuclear energy in its energy matrix.	
	Description of efforts to manage nuclear safety and emergency preparedness	Discussion and Analysis	n/a	IF-EU-540a.2	ENGIE Energia Chile has no sources of nuclear energy in its energy matrix.	
	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Number	IF-EU-540a.1	Not applicable.	
Grid resiliency	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days.	Quantitative	Minutes, number	IF-EU-540a.2	N/A. As a generator, we do not have any residential customers.	

ACTIVITY METRICS

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	PAGE
Number of: (1) residential, (2) commercial and (3) industrial customers served	Quantitative	Number	IF-EU-000.A	180	
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers and (5) wholesale customers	Quantitative	Megawatt hours (MWh)	IF-EU-000.B	12,047,000 MWh, mining and industrial customers.	64
Length of transmission and distribution lines	Quantitative	Kilometers (Km)	IF-EU-000.C	2,413 KM of transmission lines	14
Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	Megawatt hours (MWh)/ Percentage (%)	IF-EU-000.D	6,100,000 MWh: 57% coal; 22% gas; 18% renewable energy; 3% diesel.	64
Total wholesale electricity purchased	Quantitative	Megawatt hours (MWh)	IF-EU-000.E	4,735,000 MWh + 2,300,000	64

8.3 GRI SCOPE AND MATERIALITY

ENGIE Energía Chile reviews its material topics annually, so our Integrated Annual Report meets its objective of informing our stakeholders of the primary events occurring in the fiscal year and the work that we did.

As we have been doing voluntarily since 2017, we are continuing to use the directives of the GRI Standards for our 2022 Integrated Annual Report. Effective this year, GRI published new indicators and a new definition of material topics, understood as: real and potential negative and positive material impacts that our organization may have economically, socially and environmentally and on human rights.

Among the changes, the GRI also published sectoral standards to guide organizations in identifying their potential impacts. We used the recently published GRI 11 Oil and Gas Sector as a guide since we also engage in gas transportation through our NorAndino gas pipeline.

In our review of the material topics, we also took the following steps:

Stage 1: Understand the context of the organization

A review of the characteristics of the organization and the sustainability context, including mainly: a review of corporate documents, surveys, policies, statements, publications, manuals, regulations and codes.

Stage 2: Identify the real and potential negative and positive material impacts

In this stage, internal and external sources were reviewed, such as sustainability standards (OECD, SASB) and press coverage (websites and social networks), sustainability reports and integrated reports of other companies in the industry.

Stage 3: Evaluate the importance of the impacts

This stage involved applying the GRI standards and a consultation with stakeholders.

- **Step 1.** The impacts identified were submitted to a preliminary selection following GRI standards.
- **Step 2.** The pre-selected list was presented to stakeholders through an online survey to ensure ample dissemination. Close to 284 people participated.
- **Step 3.** The result was a list of material topics.

Stage 4: Prioritization and validation

- The list of material topics was presented to the senior executives and members of the Board, who must approve this report.
- We created our own indicators for some of our material topics in order to be able to track them.

8.4 GRI INDEX

Statement of use	ENGIE Energía Chile has prepared this report according to GRI Standards for the period from January 1 to December 31 of the same year.
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standards Applicable	GRI 11: Oil and Gas

GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE	OMITTED
GENERAL CONTENT			
GRI 2: General disclosures 2021	**2-1** Organizational details	2, 4	
	2-2 Entities included in the organization's sustainability report	3	
	2-3 Reporting period, frequency and contact point	Year: 2022 2	
	2-4 Restatements of information	Annually	
	2-5 External assurance	None	
	2-6 Activities, value chain and other business relationships	12, 16, 52	
	2-7 Employees	12, 96	
	2-8 Workers who are not employees		Not public
	2-9 Governance structure and composition	22 to 28	
	2-10 Nomination and selection of the highest governance body	30	
	2-11 Chair of the highest governance body	30	
	2-12 Role of the highest governance body in overseeing the management of impacts	34, 35	
	2-13 Delegation of responsibility for managing impacts	35	
	2-14 Role of the highest governance body in sustainability reporting	35	
	2-15 Conflicts of interest	39	
	2-16 Communication of critical concerns		
	2-17 Collective knowledge of the highest governance body	31	
	2-18 Evaluation of the performance of highest governance body	33	
	2-19 Remuneration policies	31	
	2-20 Process to determine remuneration	31	
	2-21 Annual total compensation ratio	31	
	2-22 Statement on sustainable development strategy	25, 44	
	2-23 Policy commitments	22, 23	
	2-24 Embedding policy commitments		
	2-25 Processes to remediate negative impacts	45	
	2-26 Mechanisms for seeking advice and raising concerns	35	
	2-27 Compliance with laws and regulations	22	
	2-28 Membership associations	61	
	2-29 Approach to stakeholder engagement	40, 47	
	2-30 Collective bargaining agreements		We do not disclose them

GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE	OMITTED
TEMAS MATERIALES			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	193	
	3.2 GRI Oil and Gas Sector		
	3-3 Lista de los temas materiales	**11.1** GHG emissions **11.2** Climate adaptation, resilience, and transition **11.3** Air emissions **11.4** Biodiversity **11.5** Waste **11.6** Water and effluents **11.7** Closure and rehabilitation **11.8** Asset integrity and critical incident management **11.9** Occupational health and safety **11.10** Employment practices **11.11** Non-discrimination and equal opportunity **11.12** Forced labor and modern slavery. **11.13 F**reedom of association and collective bargaining **11.14** Economic impacts **11.15** Local communities **11.16** Land and resource rights **11.17** Rights of Indigenous peoples **11.18** Conflict and security **11.19** Anti-competitive behavior **11.20** Anti-corruption **11.21** Payments to governments **11.22** Public policy	

GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE
11.1 GHG EMISSIONS		
GRI 3: Material topics 2021	**3-3** Management of material topics	120
GRI 305: Emissions 2016	**305-1** Direct (Scope 1) GHG emissions	120, 121
	305-2 Energy indirect (Scope 2) GHG emissions	120 to 122
	305-3 Other indirect (Scope 3) emissions	120 to 122
	305-4 GHG emissions intensity	122
11.2 CLIMATE ADAPTATION, RESILIENCE AND TRANSITION		
GRI 3: Material topics 2021	**3-3** Management of material topics	120
GRI 201: Economic performance 2016	**201-2** Financial implications and other risks and opportunities due to climate change	44, 48, 64 to 69, 136
GRI 305 Emissions	**305-5** Reduction of GHG emissions	120
11.3 AIR EMISSIONS		
GRI 3: Material topics 2021	**3-3** Management of material topics	120
GRI 305: Emissions 2016	**305.7** Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	121
11.4 BIODIVERSITY		
GRI 3: Material topics 2021	**3-3** Management of material topics	128/Partial information
GRI 304 Biodiversity 2016	**304-1** Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	128, 129
	304-2 Significant impacts of activities, products and services on biodiversity.	
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	
11.5 WASTE		
GRI 3: Material topics 2021	**3-3** Management of material topics	125/Partial information
GRI 306 Waste 2020	**306-1** Waste generation and significant waste-related impacts	125, 127
	306-2 Management of significant waste-related impacts	125, 127
	306-3 Waste generated	125, 126
	306-4 Waste diverted from disposal	126
	306-5 Waste directed to disposal	126
11.6 WATER AND EFFLUENTS		
GRI 3: Material topics 2021	**3-3** Management of material topics	125/Partial information
GRI 306: Effluents and waste 2016	**306-3** Significant spills	There were no spills in 2022
GRI 303 Water and Effluents 2018	**303-1** Interactions with water as a shared resource	Not public
	303-2 Management of water discharge-related impacts	130
	303-3 Water withdrawal	130, 131
	303-4 Water discharge	130, 131
	303-5 Water consumption	130, 131

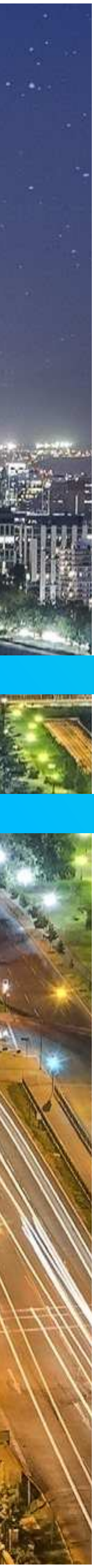
GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE
11.7 CLOSURE AND REHABILITATION		
GRI 3: Material topics 2021	**3-3** Management of material topics	76
GRI 402 Labor / management relations 2016	**402-1** Minimum notice periods regarding operational changes	76, 80
GRI 404 Training and education 2016	**404-2** Programs for upgrading employee skills and transition assistance programs	76 to 78
ENGIE INDICATOR	**EE 3** Promotion of local employment and entrepreneurship	83 to 85
	EE 4 Access of neighboring communities to energy	86
11.8 ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT		
GRI 306: Effluents and waste 2016	**306-3** Significant spills	There were none in 2022
11.9 OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: Material topics 2021	**3-3** Management of material topics	89
GRI 403: Occupational health and safety 2018	**403-1** Occupational health safety management system	90
	403-2 Hazard identification, risk assessment and incident investigation	90
	403-3 Occupational health services	89
	403-4 Worker participation, consultation and communication on occupational health and safety	90, 91
	403-5 Worker training on occupational health and safety	90, 91
	403-6 Promotion of worker health	89 to 93
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not public
	403-8 Workers covered by occupational health and safety management system	100% of employees
	403-9 Work-related injuries	93
	403-10 Work-related ill health	93
11.10 EMPLOYMENT PRACTICES		
GRI 3: Asuntos materiales 2021	**3-3** Management of material topics	96, 114
GRI 401 Empleo	**401-1** New employee hires and employee turnover	106
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	100% of employees are hired full time under a continuing contract
	401-3 Parental leave	97, 110
GRI 404:Formación y enseñanza 2016	**404-1** Average hours of training per year per employee	101
GRI 414: Evaluación social de los proveedores 2016	**414-1** New suppliers that were screened using social criteria	115
	414-2 Negative social impacts in the supply chain and actions taken	114 to 117

GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE
11.11 NON-DISCRIMINATION AND EQUAL OPPORTUNITY		
GRI 3: Material topics 2021	**3-3** Management of material topics	104
GRI 202: Market presence 2016	**202-2** Proportion of senior management hired from the local community	Not public
GRI 401: Employment 2016	**401-3** Parental leave	97, 110
GRI 405: Diversity and equal opportunity 2016	**405-1** Diversity of governance bodies and employees	105 to 108
	405-2 Ratio of basic salary and remuneration of women to men	107
GRI 406: Non-discrimination 2016	**406-1** Incidents of discrimination and corrective actions taken	We had no cases of discrimination
11.12 FORCED LABOR AND MODERN SLAVERY		
GRI 3: Material topics 2021	**3-3** Management of material topics	114
GRI 414: Supplier social assessment 2016	**414-1** New suppliers that were screened usual social criteria	115
	414-2 Negative social impacts in the supply chain and actions taken	114 to 117
11.13 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 3: Material topics 2021	**3-3** Management of material topics	114
GRI 414: Supplier social assessment 2016	**414-1** New suppliers that were screened usual social criteria	115
	414-2 Negative social impacts in the supply chain and actions taken	114 to 117
11.14 ECONOMIC IMPACTS		
GRI 3: Material topics 2021	**3-3** Management of material topics	44
GRI 201 Economic performance 2016	**201-2** Financial implications and other risks and opportunities due to climate change	44, 48, 64 to 69, 136
ENGIE indicator of progress in decarbonization plan	**EE 1** Incorporation of new renewable energy projects	12, 16, 46
	EE 2 Closing of units	12, 16, 44
11.15 LOCAL COMMUNITIES		
GRI 3: Material topics 2021	**3-3** Management of material topics	82
GRI 413: Local communities 2016	**413-1** Operations with local community engagement, impact assessments, and development programs	82 to 88
	413-2 Operations with significant actual and potential negative impacts on local communities	82 to 88

GRI STANDARDS / OTHER SOURCE	CONTENT	LOCATION/PAGE
11.16 LAND AND RESOURCE RIGHTS		
GRI 3: Material topics 2021	**3-3** Management of material topics	47 to 48, 82 to 88
	Our business units need to build and operate infrastructure to generate energy (thermal units, solar and wind farms, storage systems) and deliver transmission services (substations and transmission lines). In both cases, this deployment entails impacts on the communities where our projects are located. In this setting, our goal is to become a neighbor who contributes to local development while managing the impacts that it is causing. In each of the zones where we operate, we have a territorial team in charge of maintaining permanent relationships. Under our associativity policy, we are boosting local employment, strengthening local SMEs, and providing access in public spaces to renewable energy.	48, 82
11.17 RIGHTS OF INDIGENOUS PEOPLES		
GRI 3: Material topics 2021	**3-3** Management of material topics	Not public
GRI 411: Rights of Indigenous peoples 2016	**411-1** Incidents of violations involving rights of Indigenous peoples	There were no cases of violations or complaints.
11.18 CONFLICT AND SECURITY		
GRI 3: Material topics 2021	**3-3** Management of material topics	Not public
11.19 ANTI-COMPETITIVE BEHAIVOR		
GRI 3: Material topics 2021	**3-3** Management of material topics	23, 24
GRI 206 Anti-competitive behavior 2016	**206-1** Legal actions for anti-competitive behavior, anti-trust and monopoly practices.	184
11.20 ANTI-CORRUPTION		
GRI 3: Material topics 2021	**3-3** Management of material topics	23, 24
GRI 205 Anti-corruption 2016	**205-1** Operations assessed for risks related to corruption	23, 116, 184
	205-2 Communication and training about anti-corruption policies and procedures.	23, 116, 184
	205-3 Confirmed incidents of corruptions and actions taken	23, 116, 184
11.21 PAYMENTS TO GOVERNMENTS		
GRI 3: Material topics 2021	**3-3** Management of material topics	Not public
11.22 PUBLIC POLICY		
GRI 3: Material topics 2021	**3-3** Management of material topics	
GRI 415: Public policy 2016		Partial information

8.4 GLOBAL COMPACT PRINCIPLES

PRINCIPLE	PROGRESS IN 2022
PRINCIPLE 1 **Businesses should support and respect the protection of internationally proclaimed human rights in their sphere of influence.**	In its Human Rights Policy entitled "Group Human Rights Commitments," ENGIE Energía Chile publicly reaffirms its support of a respect for human rights according to the principles and directives of the United Nations (Code of Conduct and Ethics in Business, page 28, available at www.engie-energia.cl). In 2022, we deepened our commitment by creating a Vigilance Committee comprised of different divisions and subdivisions and we also reinforced our due diligence process in this respect. **Pages 114 to 117.**
PRINCIPLE 2 **Businesses must make sure that their partners and employees are not complicit in human rights abuses.**	ENGIE Energía Chile includes a provision in contracts with its suppliers, contractors and partners stipulating that these stakeholders must respect the Human Rights commitment to which the Company ascribes (Code of Conduct and Ethics in Business, page 28, available at www.engie-energia.cl). As part of its commitment to Human Rights, the Company conducts training annually on these subjects. **Pages 114 to 117**
PRINCIPLE 3 **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**	In Commitment 2 of its Human Rights Policy, ENGIE Energía Chile states that it will ensure that the human rights of its employees are respected according to the conventions of the International Labour Organization. This means, among other aspects, its "Recognition of the Freedom of Association and the Right to Collective Bargaining" (Code of Conduct and Ethics in Business, page 28, available at www.engie-energia.cl). **Pages 24 to 26 and 114 to 117.**
PRINCIPLE 4 **The elimination of all forms of forced and compulsory labor.**	In Commitment 2 of its Human Rights Policy, ENGIE Energía Chile states that it will ensure respect for the human rights of its employees according to the conventions of the International Labour Organization. This means, among other aspects, its "Rejection of any Form of Forced or Mandatory Labor" (Code of Conduct and Ethics in Business, page 28, available at www.engie-energia.cl). **Pages 24 to 26 and 114 to 117.**
PRINCIPLE 5 **The effective abolition of child labor.**	In Commitment 2 of its Human Rights Policy, ENGIE Energía Chile states that it will ensure respect for the human rights of its employees according to the conventions of the International Labour Organization. This means, among other aspects, its "Rejection of Child Labor" (Code of Conduct and Ethics in Business, page 28, available at www.engie-energia.cl). **Pages 24 to 26 and 114 to 117.**
PRINCIPLE 6 **The elimination of discrimination in respect of employment and occupation.**	Pages 98 to 110
PRINCIPLE 7 **Businesses should support a precautionary approach to environmental challenges.**	Pages 25, 44 , 120 to 131
PRINCIPLE 8 **Undertake initiatives to promote greater environmental responsibility.**	Pages 25, 120 to 131
PRINCIPLE 9 **Encourage the development and diffusion of environmentally friendly technologies.**	Page 25
PRINCIPLE 10 **Businesses should work against corruption in all its forms, including extorsion and bribery.**	Pages 24 and 25



CHAPTER 9
FINANCIAL STATEMENTS

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CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2022 and 2021, in thousands of U.S. dollars

ASSETS	Note	12-31-2022 kUSD	12-31-2021 kUSD
Current Assets			
Cash and cash equivalents	6	132,365	215,689
Other financial assets, current	7-21	17,865	
Other non-financial assets, current	8	160,280	46,882
Trade receivables and other accounts receivable, current	9	220,567	165,012
Related-entity receivables, current	10	5,532	6,429
Current inventories	11	264,055	158,319
Current tax assets	12	35,179	23,901
Total Current Assets		**835,843**	**616,232**
Non-Current Assets			
Other non-current financial assets	7-21	5,055	25,748
Other non-current non-financial assets	13	17,080	
Trade receivables and other accounts receivable, non-current	9	325,798	85,601
Related-entity receivables, non-current	10	14,787	14,161
Investments accounted for using the equity method	14	124,313	108,906
Intangible assets other than goodwill	15	172,239	188,532
Goodwill	16	15,913	25,099
Property, plant and equipment	17	2,576,582	2,746,143
Right-of-use assets	18	161,490	168,175
Deferred tax assets	19	79,161	20,265
Total Non-Current Assets		**3,492,418**	**3,382,630**
Total Assets		**4,328,261**	**3,998,862**

The accompanying notes form an integral part of these Consolidated Financial statements.

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2022 and 2021, in thousands of U.S. dollars

EQUITY AND LIABILITIES	Note	12-31-2022 kUSD	12-31-2021 kUSD
Current Liabilities			
Other financial liabilities, current	20-21	383,061	99,745
Current lease liabilities	22	6,416	6,305
Trade payables and other accounts payable	24	229,766	262,763
Related-entity payables, current	10	7,766	8,065
Current tax liabilities	12	12,560	3,672
Current provisions for employee benefits	25	15,173	11,753
Other non-financial liabilities, current	26	5,477	5,086
Total Current Liabilities		**660,219**	**397,389**
Non-Current Liabilities			
Other non-current financial liabilities	20-21	1,392,613	958,043
Non-current lease liabilities	22	135,165	140,951
Related-entity payables, non-current	10	51,738	53,420
Other non-current provisions	27	149,863	58,546
Deferred tax liabilities	19	124,621	218,374
Non-current provisions for employee benefits	28	46	47
Other non-current non-financial liabilities	26	81	81
Total Non-Current Liabilities		**1,854,127**	**1,429,462**
Total Liabilities		**2,514,346**	**1,826,851**
Equity			
Issued capital		1,043,728	1,043,728
Retained earnings		364,144	752,913
Other reserves	29	406,043	375,370
Net equity attributable to the owners of the controller		**1,813,915**	**2,172,011**
Total Equity		**1,813,915**	**2,172,011**
Total Equity and Liabilities		**4,328,261**	**3,998,862**

The accompanying notes form an integral part of these Consolidated Financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION

as of December 31, 2022 and 2021, in thousands of U.S. dollars

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION	Note	12-31-2022 kUSD	12-31-2021 kUSD
Revenue	30	1,920,266	1,478,614
Cost of sales	31	(1,900,963)	(1,311,571)
Gross Earnings		**19,303**	**167,043**
Other income	32	13,322	10,328
Administrative expenses	33	(37,905)	(37,955)
Other income or expenses by function	35	(448,255)	(12,077)
Profit (loss) from operating activities		**(453,535)**	**127,339**
Financial income	36	16,782	1,607
Financial expenses	37	(75,485)	(88,807)
Share in earnings (losses) of associates and joint ventures accounted for using the equity method	14	5,513	(1,934)
Exchange differentials	38	(14,702)	22,592
Pre-tax profit (loss)		**(521,427)**	**60,797**
Tax expense in continuing operations	19	132,658	(13,423)
Earnings (loss) from continuing operations		**(388,769)**	**47,374**
Earnings (loss) attributable to			
the owners of the controller		-388,769	47,374
Earnings per Share			
Profit (loss)		-388,769	47,374
Basic earnings (loss) per share in continuing operations	38	(USD 0.369)	USD 0.045

The accompanying notes form an integral part of these Consolidated Financial statements.

OTHER CONSOLIDATED COMPREHENSIVE INCOME

as of December 31, 2022 and 2021, in thousands of U.S. dollars

OTHER COMPREHENSIVE INCOME	12-31-2022 kUSD	12-31-2021 kUSD
Gain	**-388,769**	**47,374**
Cash flow hedges		
Earnings (losses) on cash flow hedges, before taxes	38,358	23,689
Income tax related to cash flow hedges in other comprehensive income		
Income tax related to cash flow hedges in other comprehensive income	(7,685)	1,497
Other comprehensive income	**30,673**	**25,186**
Comprehensive income	**-358,096**	**72,560**
Comprehensive Income attributable to:		
the owners of the controller	-358,096	72,560
non-controlling interests	0	0
Total Comprehensive Income	**-358,096**	**72,560**

The accompanying notes form an integral part of these Consolidated Financial statements.

STATEMENTS OF CASH FLOWS – DIRECT METHOD,

as of December 31, 2022 and 2021, in thousands of U.S. dollars

CONSOLIDATED STATEMENT OF CASH FLOW - DIRECT	Note	12-31-2022 kUSD	12-31-2021 kUSD
Cash flow from (used in) operating activities			
Types of collections in operating activities			
Collection of the sales of goods and provision of services		2,057,935	1,729,101
Collection of annual premiums and consideration and other policy benefits		6,532	5,341
Other collections in operating activities		74	4
Types of cash payments in operating activities			
Payments to suppliers for the supply of goods and services		(2,278,926)	(1,361,431)
Payments to and for account of employees		(60,267)	(60,265)
Payments for premiums and benefits, annuities and other obligations under policies		(35,173)	(27,376)
Other payments in operating activities		(2,538)	(9,639)
Cash flow from (used in) operating activities			
Interest paid, classified as operating activity		(55,827)	(75,920)
Income tax paid (refunded), classified as operating activity		(11,436)	(453)
Other cash inflows (outflows) classified as operating activities		(49,079)	(67,396)
Cash flow from (used in) operating activities		**(428,705)**	**131,966**

The accompanying notes form an integral part of these Consolidated Financial statements.

STATEMENTS OF CASH FLOWS – DIRECT METHOD,

as of December 31, 2022 and 2021, in thousands of U.S. dollars

CONSOLIDATED STATEMENT OF CASH FLOW - DIRECT	Note	12-31-2022 kUSD	12-31-2021 kUSD
Cash flow from (used in) investing activities			
Cash flow used to obtain control of subsidiaries and other businesses		(116,330)	-
Other collections from the sale of equity or debt instruments of other entities, classified as investing activities		58	-
Other payments to acquire equity or debt instruments of other entities, classified as investing activities		(59)	-
Purchases of property, plant and equipment, classified as investing activities		(197,408)	(208,594)
Collections from related entities		-	8,000
Interest received		848	359
Payments under futures, term, option and swap contracts		(112,883)	(42,000)
Collections under futures, term, option and swap contracts		107,687	39,509
Cash flow from (used in) investing activities		**(318,087)**	**(202,726)**
Cash flow from (used in) financing activities			
Proceeds from stock issues		-	60,000
Payments to acquire or redeem shares in an entity		-	(36,000)
Proceeds from short-term loans		305,000	50,000
Proceeds from long-term loans		362,000	125,000
Loan payments		-	(50,000)
Payment of financial lease liabilities		(4,185)	(6,475)
Dividends paid		-	(90,565)
Cash flow from (used in) financing activities		**662,815**	**51,960**
Increase (decrease) in cash and cash equivalents before the effect of variations in the exchange rate		(83,977)	(18,800)
Effects of the variation in the exchange rate on cash and cash equivalents		653	(761)
Increase (decrease) in cash and cash equivalents		**(83,324)**	**(19,561)**
Cash and cash equivalents at the start of the period	6	215,689	235,250
Cash and cash equivalents at the end of the period	**6**	**132,365**	**215,689**

The accompanying notes form an integral part of these Consolidated Financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

as of as of December 31, 2022, in thousands of U.S. dollars

Statement of Changes in Net Equity as of December 31, 2022	Changes in Issued Capital Common Shares	Changes in Other 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
		Other Sundry Reserves	Translation Reserves				
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Equity at 1/1/2022	1,043,728	375,370	-	752,913	2,172,011	-	2,172,011
Profit	0	0	0	(388,769)	(388,769)	-	(388,769)
Other Comprehensive Income	0	30,673	0	-	30,673	-	30,673
Total Comprehensive Income	**-**	**30,673**	**-**	**(388,769)**	**(358,096)**	**-**	**(358,096)**
Dividends	-	-	-	-	-	-	-
Increases (decreases) due to other changes in equity	-	-	-	-	-	-	-
Changes in Equity	**-**	**30,673**	**-**	**(388,769)**	**(358,096)**	**-**	**(358,096)**
Final Balance as of 12/31/2022	**1,043,728**	**406,043**	**-**	**364,144**	**1,813,915**	**-**	**1,813,915**

The accompanying notes form an integral part of these Consolidated Financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

as of as of December 31, 2021, in thousands of U.S. dollars

Statement of Changes in Net Equity as of December 31, 2021	Changes in Issued Capital Common Shares	Changes in Other 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
		Other Sundry Reserves	Translation Reserves				
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Equity at 1/1/2021	1,043,728	326,184	-	798,096	2,168,008	-	2,168,008
Profit	0	0	0	47,374	47,374	-	47,374
Other Comprehensive Income	0	25,186	0	-	25,186	-	25,186
Total Comprehensive Income	**-**	**25,186**	**-**	**47,374**	**72,560**	**-**	**72,560**
Dividends	-	-	-	(92,557)	(92,557)	-	(92,557)
Increases (decreases) due to other changes in equity	-	24,000	-	-	24,000	-	24,000
Changes in Equity	**-**	**49,186**	**-**	**(45,183)**	**4,003**	**-**	**4,003**
Final Balance as of 12/31/2021	**1,043,728**	**375,370**	**-**	**752,913**	**2,172,011**	**-**	**2,172,011**

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 Register, 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 Isidora Goyenechea 2800, Suites 1601,1701 and 1801, Las Condes, Santiago, Chile, and its phone number is (56-2) 2353-3200.

The company is controlled directly by the Engie Group through Engie AUSTRAL S.A., which owns 631,924,219 shares with no par value in one single series, equal to an interest of 59.99%. The remaining 40.01% is traded on the Chilean stock exchanges.

The Company´s Board approved the Consolidated Financial Statements of Engie Energia Chile S.A. as of December 31, 2022 on January 31, 2023. The Company's Board approved the Consolidated Financial Statements of Engie Energia Chile S.A. as of December 31, 2021 on January 25, 2022.

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

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, 2022 and 2021, and the results of its operations, changes in net equity and cash flows for the fiscal years 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, Interpretations and Amendments of the IFRS Interpretations Committee

The Company applied certain standards, interpretations and amendments for the first time that entered into effect for the fiscal years beginning January 1, 2022 or later. The Company has not adopted any standard, interpretation or amendment early that was issued but had not yet entered into effect.

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

Amendments	Date of mandatory application
IFRS 3 Reference to the Conceptual Framework	January 1, 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IFRS 1, IFRS 9, IFRS 16, IAS 41 - Annual Improvements to IFRS Standards 2018–2022	January 1, 2022

IFRS 3 Reference to the Conceptual Framework

The IASB issued amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework in May 2020. These amendments are intended to replace the reference to a previous version of the IASB's Conceptual Framework (1989 Framework) by a reference to the present version issued in March 2018, but without significantly changing the requirements.

The amendments add an exception to the IFRS 3 recognition principle to avoid the issue of potential gains or losses on "day 2" arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires that entities apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework in order to determine whether there is an obligation present on the acquisition date.

The amendments also add a new paragraph to IFRS 3 to explain that contingent assets do not qualify for recognition on the acquisition date.

The amendments must be applied prospectively.

The amendment became applicable for the first time in 2022, and it has no impact on the entity's consolidated financial statements.

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The amendment forbids entities to deduct any proceeds from the sale of products while the asset is being taken to the location and put in the condition needed to be operated as intended by management from the cost of an element of property, plant and equipment (PP&E). Instead, entities must recognize the proceeds from the sale of, and the costs of producing, those elements in the income for the fiscal year.

The amendment must be applied retroactively only to the elements of PP&E available for use on or after the start of the first period in which entities apply the amendment for the first time.

The Company applied this amendment early, starting in the 2021 fiscal year.

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets in May 2020 to specify the costs that entities must include when evaluating whether a contract is onerous or is causing losses.

The amendments are intended to provide clarity and help guarantee that the standard is applied consistently. Entities that previously applied the incremental cost approach will see provisions rise to reflect the inclusion of the costs directly related to the contract's activities, while entities that previously recognized provisions for contractual losses using the guide for the previous standard, IAS 11 Construction Contracts, must exclude the indirect cost allocations from their provisions. Judgment will have to be used in determining which costs are "directly related to the contract's activities," but we believe that the guidance in IFRS 15 will be relevant.

The amendments must be applied prospectively to contracts that the entity has not completely fulfilled at the start of the fiscal year being reported in which the amendments are applied for the first time (initial application date). Early application is allowed and must be disclosed.

The amendment became applicable for the first time in 2022, and it has no impact on the entity's consolidated financial statements.

IFRS 1, IFRS 9, IFRS 16, IAS 41 - Annual Improvements to IFRS Standards 2018–2020

The IASB issued "Annual Improvements to IFRS Standards 2018-2020." The pronouncement contained amendments to four IFRS as a result of the IASB annual improvements project.

IFRS 1: **Subsidiary as a first-time adopter.** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS, provided no consolidation adjustments were made, and for the business combination in which the controller acquired the subsidiary. This amendment also applies to an associate or joint venture that chooses to apply paragraph D16(a) of IFRS 1.

IFRS 9: **Fees in the "10 per cent" test for derecognition of financial liabilities**. The amendment clarifies which fees an entity should include when it applies the "10 per cent" test in assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees only include fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. No similar amendment is proposed for IAS 39.

Entities must apply the amendment to the financial liabilities modified or exchanged as of the start of the fiscal year being reported in which the entities apply the amendment for the first time.

Illustrative examples accompanied to IFRS 16: **Lease incentives.** The amendment eliminates the example of lessor payments for improvements to the leased property contained in Illustrative Example 13 accompanied to IFRS 16. This eliminates the potential confusion regarding how to treat lease incentives when applying IFRS 16.

IAS 41: **Taxation in fair value measurements.** The amendment eliminates the requirement in paragraph 22 of IAS 41 that required entities to exclude cash flows from taxes when measuring the fair value of assets within the scope of IAS 41.

The amendment became applicable for the first time in 2022, and it has no impact on the entity's consolidated financial statements.

b) The standards, interpretations and amendments to IFRS that had been issued, but had not yet entered into effect on the date of these financial statements, are explained below:

Standards and Interpretations	Date of mandatory application
IFRS 17, Insurance Contracts	January 1, 2023

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard specifically 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, as well as to certain guarantees and financial instruments with certain discretionary participation features.

Some exceptions may be applied within the scope.

The IASB amended IFRS 17 in December 2021 to add a transition option for a “classification overlay” to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

Entities choosing to use the classification overlay can only do so for comparative periods to which they apply IFRS 17 (that is, from the transition date to the date of initial application of IFRS 17).

IFRS 17 will take effect for fiscal years beginning on or after January 1, 2023, and comparative figures will be required. Early application is allowed provided the entity is applying IFRS 9 Financial Instruments on or before the date when IFRS 17 is applied for the first time.

The Company will assess the impact of the amendment after it enters into effect.

Amendments	Date of mandatory application
IAS 8 Definition of Accounting Estimates	January 1, 2023
IAS 1 Disclosure of Accounting Policies	January 1, 2023
IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IAS 1 Classification of Liabilities as Current or Non-Current	January 1, 2024
IFRS 16 Lease Liability in a Sale and Leaseback	January 1, 2024
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

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of “accounting estimates.” The amendments explain the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities should use the measurement techniques and inputs to account for estimates.

The amended standard clarifies that the effects of a change in an input or a change in a measuring technique on an accounting estimate are changes in accounting estimates, provided the estimates are not the result of correcting errors in previous periods. This definition of a change in accounting estimates specified that changes in accounting estimates can result in added information or new developments. Therefore, these changes are not error corrections.

The amendment will take effect for years beginning January 1, 2023.

The Company will evaluate the impact of the amendment once it enters into effect.

IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 – Making Materiality Judgments in which it provides guidance and examples to help entities apply materiality judgments in relation to the disclosure of accounting policies.

The purpose of the amendments is to help entities make more useful disclosures of accounting policies by:

- replacing the requirement that entities disclose their "significant" accounting policies by the requirement of disclosing their "material" accounting policies;
- including guidance on how entities should apply the concept of materiality in making decisions on accounting policy disclosures.

In evaluating the relative importance of accounting policy information, entities should consider the size of transactions, other events and conditions, and their nature.

The amendment will take effect for years beginning January 1, 2023. Early application of the amendments to IAS 1 is allowed provided that early application is disclosed.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 that reduced the scope of the exception in initial recognition according to IAS 12 so that it no longer applies to transactions that create temporary tax differences and equal deductibles.

The amendments explain that when the payments settling a liability are tax deductible, it is a matter of judgment (in consideration of governing tax laws) whether those deductions are attributable, for tax purposes, to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether there are temporary differences in the initial recognition of the asset and liability.

Moreover, based on these amendments, the exception in the initial recognition does not apply to transactions that create temporary tax differences and equal deductibles in the initial recognition. It only applies if the recognition of a lease asset and a lease liability (or a dismantling liability and a dismantling asset component) create unequal temporary tax differences and deductibles. However, it is possible for the resulting deferred tax assets and liabilities not to be equal (for example, if the entity cannot benefit from the tax deductions or different tax rates are applicable to the temporary tax differences and deductibles). In those cases, entities must record the difference between the deferred tax asset and liability in income.

The amendment will take effect for years beginning January 1, 2023.

The Company will evaluate the impact of the amendment once it enters into effect.

IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

In 2020 and 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

1. what the right to defer settlement means;
2. that a right must exist to defer to the end of the period being reported;
3. that the classification is not affected by the probability that an entity will exercise its right of deferral;
4. that the terms of a liability will not affect its classification only if a derivative implicit in a convertible liability is also an equity instrument.

The amendments will enter into effect for periods beginning on or after January 1, 2024, and they must be applied prospectively. Early application is allowed and must be disclosed. However, entities applying the 2020 amendments early are required to apply the 2022 amendments, and vice versa.

The Company will evaluate the impact of the amendment once it enters into effect.

IFRS 16 Lease Liability in a Sale and Leaseback

This amendment addresses the requirements used by a seller-lessee in measuring a lease liability arising from a sale and leaseback transaction.

The amendment stipulates that the seller-lessee must apply paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback after the effective date of a sale and leaseback transaction. When applying paragraphs 36 to 46 of IFRS 16, the seller-lessee must determine the "lease payments" or "revised lease payments" so that the seller-lessee will not recognize any gain or loss from the right of use that it retains. The application of these requirements does not preclude the seller-lessee from recognizing in income any gain or loss related to the partial or total cessation of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not stipulate specific measuring requirements for lease liabilities arising from a leaseback. The initial measurement of a lease liability arising from a leaseback may cause the seller-lessee to determine "lease payments" that differ from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee must develop and apply an accounting policy that will yield information that is relevant and reliable according to IAS 8.

Sellers-lessees must apply the amendment to annual reports starting January 1, 2024. Early application is allowed and must be disclosed. According to IAS 8, sellers-lessees must apply the amendment retroactively to sale and leaseback transactions made after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions made before the date of initial application). The date of initial application is the year being reported in which the entity first applied IFRS 16.

The Company will evaluate the impact of the amendment once it enters into effect.

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.

The Company will evaluate the impact of the amendment once it enters into effect.

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, 2022.

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 SpA, Central Termoeléctrica Andina SpA, Gasoducto Nor Andino SpA, Gasoducto Nor Andino Argentina S.A., Inversiones Hornitos SpA, Edelnor Transmisión S.A., Solairedirect Generación VI SpA, Solairedirect Generación IX SpA, Parque Eolico Los Trigales SpA, Solar Los Loros SpA, Eolica Monte Redondo SpA, Alba SpA, Alba Andes SpA, Alba Pacífico SpA, Río Alto S.A. and Energías de Abtao S.A. 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 considerable 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 considerable 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, 2022. 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 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 2022 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, 2022 and 2021.
- Statements of Changes in Equity for the fiscal years ending December 31, 2022 and 2021.
- Consolidated Statements of Comprehensive Income for the fiscal years ending December 31, 2022 and 2021.
- Statements of Direct Cash Flows for the fiscal years ending December 31, 2022 and 2021.

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 Differentials in the consolidated statement of income.

Assets and liabilities in a foreign currency were translated using the following closing exchange rates:

Currency	12-31-2022 USD 1	12-31-2021 USD 1
Chilean peso	855.8600	844.6900
Euro	0.9344	0.8839
Yen	131.3200	115.1800
Argentine peso	177.1210	102.7572
Pound sterling	0.8278	0.7414
Unidad de Fomento	41.0242	36.6901

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 accumulated 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
Wind farm	Years of useful life	25	45
Photovoltaic power plants	Years of useful life	25	35
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 accumulated 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 SpA and Inversiones Hornitos SpA, 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 since 2012.

Intangibles		Useful Life of Intangibles	
		Minimum	Maximum
Rights and concessions	20 years	30 years	30 años
Contracts with customers	10 years	30 years	30 años

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 worth and 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.

According to accounting standards, if there is an impairment to a Cash-Generating Unit (CGU), all impairment losses must be allocated to reducing the carrying value of the assets in a specific order: first, to reduce any existing goodwill; and second, proportionally to the other assets. Entities may not reduce the carrying value of an asset below the higher of its fair value less disposal costs, its value in use and zero. Lastly, when it is infeasible to estimate the recoverable amount of each individual asset in a CGU, IFRS require an arbitrary allocation of the impairment loss among the assets in that CGU.

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 meant 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

Lessees will apply the depreciation requirements in IAS 16, Property, Plant and Equipment, when depreciating (amortizing) a right-of-use asset.

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 the 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 on 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 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 plus, in the case of a financial asset not at fair value through profit or loss, 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

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (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 may include items such as trade receivables and loans to related parties, and they are included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

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 include investments in listed debt instruments shown under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI provided 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 has 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 EECL 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, 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.

<u>Financial liabilities at amortized cost (loans and borrowings)</u>

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, 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:

Fair value hedges

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 the corresponding gain or loss recognized in profit or loss.

Cash flow hedges

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 against its exposure to foreign currency risk in forecasted transactions and firm commitments, as well as forward commodity contracts for its exposure to the volatility of 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 to 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 27).

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 as of 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, 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 taxes

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 as of 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 book 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 book 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 on 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 on 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 substantially enacted on 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 is recognized when there is a gross entry of economic benefits originating in the normal course of the Company's business in the period, provided that entry causes an increase in total equity unrelated to contributions from the owners of that equity and those benefits can be reliably appraised. Revenue is appraised at the fair value of the counter-entry received or receivable as a result.

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 is 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. Revenue is shown net of taxes, refunds, rebates and discounts and it 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 earnings per share are 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 an Ordinary 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 Ordinary Shareholders Meeting to distribute, as a final dividend, the profits not distributed as a 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 negligible 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, unregulated 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, 2022, Engie Energia Chile S.A. had an installed capacity of 2,364 MW on the National Grid, thus giving it an approximate 7% share of the system's total gross capacity. The Company's transmission lines are operated over a distance of 2,413 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 unregulated 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) Unregulated 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 mainly of combined-cycle thermal and coal-fired power plants that combined supply 2,364 MW to the National Grid, 7% of the total gross generation supplied to that grid.

It has 7 coal-fired and combined-cycle power plants in the Region of Antofagasta, 6 located in Mejillones and 1 in Tocopilla, with a total capacity of 1,670 MW, and other renewable power plants that, taken together, generate a total of 692 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.

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.

On July 1, 2020, the Company acquired "Eolica Monte Redondo SpA" that added to its renewable generation assets the Monte Redondo Wind Farm, with an installed capacity of 48 MW, and the Laja Hydroelectric Power Plant, with an installed capacity of 34.4 MW.

The Calama Wind Farm began commercial operation on October 29, 2021 and has an installed capacity of 152.6 MW.

The Tamaya Solar Farm began operation on January 14, 2022 and it has an installed capacity of 114 MWp.

The Capricornio Solar Farm began commercial operation on November 21, 2022. It has an installed capacity of 87.9 MWp.

On December 15, 2022, the Company acquired subsidiaries Alba SpA, Alba Andes SpA, Alba Pacifico SpA, Rio Alto S.A. and Energias de Abtao S.A. Those acquisitions included the renewable generation assets called the San Pedro I Wind Farm, with an installed capacity of 36 MW, and the San Pedro II Wind Farm, with an installed capacity of 65 MW.

The Company purchases unconventional renewable energy (UCRE) on the market in order to comply with governing regulations.

NOTA 5 – CORPORATE REORGANIZATIONS

5.1 Acquisition of subsidiaries

5.1.1 PV Coya SpA was merged with Engie Energia Chile S.A. on September 1, 2021.

5.1.2 On September 19, 2022, ENGIE Energia Chile S.A. presented a binding offer to Trans Antartic Energia Chile S.A., Trans Antartic Energia II S.A., Bosques de Chiloe S.A., Beltaine Renewable Energy S.L. and Inversiones Butalcura S.A., at that time the only shareholders in Alba SpA, Alba Andes SpA, Alba Pacifico SpA, Rio Alto S.A. and Energias de Abtao S.A. The offer was to purchase all shares in these latter companies.

These companies own: (i) the San Pedro I Wind Farm, located in the municipality of Dalcahue, Chiloe, Lake Region, where 18 small-scale wind turbines are in operation that have an installed capacity of 36 MW; (ii) the San Pedro II Wind Farm Enlargement Project, located in the municipality of Dalcahue, Chiloe, Lake Region, which consists of a wind generation project where 13 small-scale wind turbines are in operation that have an installed capacity of 65 MW; and (iii) a wind farm project currently under development, located in the municipality of Dalcahue, Chiloe, Lake Region, that will have an installed capacity of approximately 151 MW.

The transaction closing took place on December 15, 2022.

Details are provided in Appendix 1.a).

NOTE 6 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022 and 2021, classified by type of cash, are shown below:

Types of Cash and Cash Equivalents (Presentation)	12-31-2022 kUSD	12-31-2021 kUSD
Cash	31	34
Bank balances	47,322	65,979
Short-term deposits classified as cash equivalents	85,012	149,676
Total Cash and Cash Equivalent	**132,365**	**215,689**

The balances of cash and cash equivalents shown 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.

Cash and cash equivalents are itemized below:

6.1 Cash Available

Cash available is comprised of cash held in tills and in bank current 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	12-31-2022 kUSD	Rate%	Expiration	12-31-2021 kUSD
Banco BBVA	USD	4.35%	5-Jan-2023	250	0.09%	6-Jan-2022	250
Banco BCI	USD	4.75%	6-Jan-2023	15,707	0.30%	5-Jan-2022	5,001
Banco BCI	USD		-	0	0.18%	10-Jan-2022	4,500
Banco BCI	USD		-	0	0.27%	12-Jan-2022	6,900
Banco BCI	USD		-	0	0.30%	13-Jan-2022	3,001
Banco BCI	USD		-	0	0.28%	19-Jan-2022	4,800
Banco Consorcio	USD	5.05%	9-Jan-2023	16,032	0.45%	3-Jan-2022	5,002
Banco Consorcio	USD		-	0	0.50%	3-Jan-2022	18,013
Banco Estado	USD	4.00%	5-Jan-2023	8,002	0.01%	6-Jan-2022	8,000
Banco Itaú Corpbanca	USD	4.45%	6-Jan-2023	15,006	0.30%	3-Jan-2022	10,001
Banco Itaú Corpbanca	USD		-	0	0.40%	3-Jan-2022	13,006
Banco Itaú Corpbanca	USD		-	0	0.20%	5-Jan-2022	2,400
Banco Itaú Corpbanca	USD		-	0	0.30%	12-Jan-2022	5,000
Banco Santander	USD	5.00%	6-Jan-2023	15,006	0.34%	3-Jan-2022	17,501
Banco Santander	USD		-	0	0.30%	12-Jan-2022	8,000
Banco Santander	USD		-	0	0.30%	13-Jan-2022	3,501
Banco Santander	USD		-	0	0.30%	19-Jan-2022	4,000
Scotiabank	USD	5.18%	6-Jan-2023	15,009	0.30%	4-Jan-2022	17,000
Scotiabank	USD		-	0	0.20%	5-Jan-2022	13,800
Consolidated Total				**85,012**			**149,676**

6.3 Cash and Cash Equivalents

Liabilities originating in financing activities	Balance at 1/1/2022 (1)	Financing cash flows			Changes not representing cash flows						Balance at 12/31/2022 (1)
		From	Used	Total	Acquisition of subsidiaries	Sale of subsidiaries	Changes in fair value	Exchange differentials	New financial leases	Other changes (2)	
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Unsecured bonds (Note 20)	847,773	0	(32,750)	(32,750)	0	0	0	0	0	31,319	846,342
Interest-bearing loans (Note 20)	174,604	667,000	(446)	666,554	77,021	0	0	0	0	13,500	931,679
Intercompany loans (Notes 10.5)	8,065	98,665	(98,964)	(299)	0	0	0	0	0	0	7,766
Total	**1,030,442**	**765,665**	**(132,160)**	**633,505**	**77,021**	**0**	**0**	**0**	**0**	**44,819**	**1,785,787**

(1) The balance includes the current and non-current portions.

(2) Interest accrued.

Liabilities originating in financing activities	Balance at 1/1/2022 (1)	Financing cash flows			Changes not representing cash flows						Balance at 12/31/2022 (1)
		From	Used	Total	Acquisition of subsidiaries	Sale of subsidiaries	Changes in fair value	Exchange differentials	New financial leases	Other changes (2)	
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Unsecured bonds (Note 20)	844,782	0	(32,750)	(32,750)	0	0	0	0	0	35,741	847,773
Interest-bearing loans (Note 20)	50,496	175,000	(51,579)	123,421	0	0	0	0	0	687	174,604
Intercompany loans (Notes 10.5)	9,732	115,996	(117,663)	(1,667)	0	0	0	0	0	0	8,065
Total	**905,010**	**290,996**	**(201,992)**	**89,004**	**0**	**0**	**0**	**0**	**0**	**36,428**	**1,030,442**

NOTE 7 – OTHER FINANCIAL ASSETS

Current

Description of Instruments	12-31-2022 kUSD	12-31-2021 kUSD
Forward (1)	17,865	0
Total, Other Financial Assets	**17,865**	**0**

(1) See further details in Note 21 – Derivative and Hedge Transactions

Non-Current

Description of Instruments	Moneda	12-31-2022 kUSD	12-31-2021 kUSD
Forward (1)	5,055	0	54
Total, Other Financial Assets	**5,055**	**0**	**54**

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	12-31-2022 kUSD	12-31-2021 kUSD
Prepaid insurance (1)	12,863	10,958
VAT credit (2)	121,690	33,633
Supplier advances	23,831	1,718
Other	1,896	573
Total	**160,280**	**46,882**

(1) Damage, business interruption, civil liability and other insurance policies for EECL and associates.

(2) The VAT credit remaining and accumulated on the purchases of inputs used in generation, mainly coal and gas, and, to a lesser extent, the VAT credit related to the construction of renewable energy projects according to the company's investment plan.

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 22 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	12-31-2022 kUSD	12-31-2021 kUSD
Invoices and accounts receivable	213,985	156,351
Sundry receivables, current	153	175
Other accounts receivable, current	6,429	8,486
Total	**220,567**	**165,012**

9.2 Non-Current Trade Receivables and Other Accounts Receivable

Non-current trade receivable and other accounts receivable	12-31-2022 kUSD	12-31-2021 kUSD
Accounts receivable (*)	325,778	85,581
Sundry receivables	20	20
Total	**325,798**	**85,601**

(*) These are the accounts receivable impacted by the regulated customer rate stabilization fund under Electricity Price Stabilization Law 21,185. During 2021 and 2022, the Company sold accounts receivable for a nominal total of USD 220.1 million to Chile Electricity PEC SpA under the agreement signed with Goldman Sachs and IDB Invest, and later with Allianz. This sum includes the balances reported in the January 2020, July 2020, January 2021, July 2021, and January 2022 average node price decrees. The non-current receivables totaled USD 325.8 million as of December 31, 2022 and they include the balances in the technical report on the July 2022 average node price decree that is in process and is expected to be approved. USD 42.9 million of these balances correspond to the remainder to be sold under Law 21,185 ("PEC-1"), and approximately USD 286.2 million accrued after the end of the stabilization fund accumulation period. This latter amount can be monetized pursuant to the new "MPC" law described in the next paragraph.

On July 13, 2022, the Customer Protection Mechanism or "MPC" bill of law was passed into a law by the House of Representatives after ratifying the changes made by the Senate. This law will stabilize power prices for price-regulated customers being supplied by public service distribution concessionaires regulated by the General Electricity Law. The purpose of the MPC is to pay the differences arising between the energy and capacity component invoiced by distribution companies to end customers and the amount payable to generators for power supply, based on the respective contractual terms or the respective decree, in the case of mid-sized systems. The resources accounted for in the MPC operation may not exceed US$1.8 billion, and the law will continue in force until the balances created by its enforcement are extinguished. Effective in 2023, the National Energy Commission must forecast semi-annually the total payment of the Final Remaining Balance for a date that may not go beyond December 31, 2032. To that end, it will determine the charges to collect the amounts needed to fully reimburse the resources needed for the MPC to work properly. The National Energy Commission is drafting an Exempt Resolution containing the rules applicable so that the MPC Law is correctly implemented.

Under the MPC Law and the exempt resolution to be issued by the National Energy Commission, generators are expected to receive Certificates of Payment from time to time from the Treasury General of the Republic of Chile (the "Treasury") equivalent to the difference between the prices in the power purchase agreements with distributors and the rates applicable pursuant to the MPC Law, for an aggregate of US$1.8 billion. The Government asked IDB Invest to structure a financing mechanism for generators after the MPC Law enters into force. Under this mechanism, IDB Invest will buy the certificates of payment issued by the Treasury to generators, resell part of them to a special-purpose company that will then issue 144-A/Reg S and 4(a)2 promissory notes. IDB Invest appointed Goldman Sachs to lead the transaction structuring and JP Morgan and Itaú to lead the note placement together with Goldman Sachs. The certificates of payment will include interest and financial expenses so that generators receive the total nominal amount of the invoices under their respective power purchase agreements with distribution companies. The certificates of payment must be paid in full by regulated users no later than December 31, 2032. The full reimbursement of the Certificates of Payment is guaranteed by the Republic of Chile.

The aged balances of the Company´s gross receivables were as follows as of December 31, 2022:

		Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears		
	Compliant Portfolio	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 250 days	Total Current	Total Non-Current
Receivables	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Current receivables for credit transactions	200,291	9,446	3,551	935	414	330	134	137	108	5,082	220,428	329,023
Estimated uncollectibles	(238)	0	0	0	(414)	(330)	(134)	(137)	(108)	(5,082)	(6,443)	(3,245)
Current sundry receivables	153	0	0	0	0	0	0	0	0	0	153	20
Estimated uncollectibles	0	0	0	0	0	0	0	0	0	0	0	0
Other current accounts receivable	6,429	0	0	0	0	0	0	0	0	0	6,429	0
Total	**206,635**	**9,446**	**3,551**	**935**	**0**	**0**	**0**	**0**	**0**	**0**	**220,567**	**325,798**

The aged balances of the Company´s gross receivables were as follows as of December 31, 2021:

		Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears	Payment Arrears		
	Compliant Portfolio	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 250 days	Total Current	Total Non-Current
Receivables	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Current receivables for credit transactions	147,235	8,358	775	251	303	25	13	10	0	4,761	161,731	90,085
Estimated uncollectibles	(268)	0	0	0	(303)	(25)	(13)	(10)	0	(4,761)	(5,380)	(4,504)
Current sundry receivables	175	0	0	0	0	0	0	0	0	0	175	20
Estimated uncollectibles	0	0	0	0	0	0	0	0	0	0	0	0
Other current accounts receivable	8,486	0	0	0	0	0	0	0	0	0	8,486	0
Total	**155,628**	**8,358**	**775**	**251**	**0**	**0**	**0**	**0**	**0**	**0**	**165,012**	**85,601**

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 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, 2022	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	1,174	206,873	1,174	206,873
From 1 to 30 days	-	0	465	9,446	465	9,446
From 31 to 60 days	-	0	75	3,551	75	3,551
From 61 to 90 days	-	0	65	935	65	935
From 91 to 120 days	-	0	26	414	26	414
From 121 to 150 days	-	0	13	330	13	330
From 151 to 180 days	-	0	12	134	12	134
From 181 to 210 days	-	0	25	137	25	137
From 211 to 250 days	-	0	11	108	11	108
More than 251 days	1	2,288	371	2,794	372	5,082
Total		**2,288**		**224,722**		**227,010**

Segments of Payment Arrears as of December 31, 2021	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	1,142	155,896	1,142	155,896
From 1 to 30 days	-	0	339	8,358	339	8,358
From 31 to 60 days	-	0	53	775	53	775
From 61 to 90 days	-	0	22	251	22	251
From 91 to 120 days	-	0	19	303	19	303
From 121 to 150 days	-	0	7	25	7	25
From 151 to 180 days	-	0	11	13	11	13
From 181 to 210 days	-	0	2	10	2	10
From 211 to 250 days	-	0	2	0	2	0
More than 251 days	1	2,288	353	2,473	354	4,761
Total		**2,288**		**168,104**		**170,392**

Provisions and write-offs	12-31-2022 kUSD	12-31-2021 kUSD
Starting balance	9,884	7,470
Provision for portfolio not rescheduled	439	4,458
Recoveries in the period	(514)	(1,569)
Other	(121)	(475)
Ending balance	**9,688**	**9,884**

NOTE 10 – ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND TRANSACTIONS WITH RELATED ENTITIES

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 Ordinary Shareholders Meeting held on April 26, 2022. The Company has identified key personnel to be the Chief Executive Officer and Corporate Managers.

The Ordinary Shareholders Meeting approved compensation of UF 160 per meeting per director for the 2022 fiscal year, payable until the next Ordinary 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 Ordinary 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 2022.

Board Compensation	12-31-2022 kUSD	12-31-2021 kUSD
Cristian Eyzaguirre, Director	98	102
Mauro Valdes, Director	98	102
Claudio Iglesis, Director	98	102
Total Board Compensation	**294**	**306**

Engie Energia Chile S.A. did not pay any member of the Company's Board of Directors for any additional consulting in the 2022 fiscal year, and it recorded general expenses of kUSD 108 for the Board in the same period.

Key Manager Compensation	12-31-2022 kUSD	12-31-2021 kUSD
Compensation	2,832	2,158
Short-term benefits	236	398
Total	**3,068**	**2,556**

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

Managers and Senior Executives

Name	Position
Rosaline Corinthein*	Chief Executive Officer
Axel Levêque*	Chief Executive Officer
Fernando Valdes	Corporate Chief Legal Affairs Officer
Eduardo Milligan	Corporate Chief Financial and Shared Services Officer
Lucy Oporto	Corporate Chief Human Resources Officer
Gabriel Marcuz	Corporate GBU Thermal and Supply Officer
Pablo Villarino	Corporate Chief Institutional Relations Officer
Enzo Quezada	Corporate Business Officer
Mathieu Ablard	Corporate GBU Renewables Officer
Demian Talavera	GBU Network Operations Officer
Isak De Eskinazis	Global Energy Management Officer

**Axel Levêque left his position of Chief Executive Officer of the Company effective September 30, 2022, which he had held since September 2014. Rosaline Corinthien, formerly CEO of ENGIE France Renewables, replaced Mr. Levêque on October 1, 2022. In the last three years, Ms. Corinthien led the development, construction, operation and maintenance of ENGIE's renewable assets in France, overseeing 2,500 employees. Those assets have an installed capacity of 3.9 GW of hydroelectricity, 2.7 GW of wind energy and 1.4 GW of solar energy. This change in chief executive officer was disclosed as a material event on July 18th.*

10.3 Current Related-Entity Accounts Receivable

Accounts receivable from and payable to, and transactions with, related entities 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.

Related-entity accounts receivable were as follows:

Tax I.D.	Company	Country	Relationship	Currency	12-31-2022 kUSD	12-31-2021 kUSD
76.134.397-1	ENGIE Gas Chile SpA	Chile	Common Parent	USD	5,195	5,931
76.134.397-1	ENGIE Gas Chile SpA	Chile	Common Parent	UF	0	0
76.134.397-1	ENGIE Gas Chile SpA	Chile	Common Parent	CLP	7	2
96.885.200-0	ENGIE Austral S.A.	Chile	Parent	CLP	51	33
96.885.200-0	ENGIE Austral S.A.	Chile	Parent	USD	0	18
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	3	2
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	121	0
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	USD	0	7
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	CLP	10	13
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	78	66
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	UF	0	9
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	CLP	24	12
Foreign	Sustainability Solutions Latam SpA	Chile	Common Parent	USD	17	17
Foreign	Engie Energía Peru S.A.	Peru	Common Parent	USD	26	5
76.242.762-1	IMA SpA (*)	Chile	Common Parent	USD	0	314
Related-Entity Receivables, Current					**5,532**	**6,429**

(*) The balances and transactions with these companies were from January 1 to September 30, 2022. These companies ceased to form a part of the ENGIE Group effective October 1, 2022.

10.4 Non-Current Related-Entity Accounts Receivable

Tax I.D.	Company	Country	Relationship	Currency	12-31-2022 kUSD	12-31-2021 kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A. (1)	Chile	Joint Control	USD	14,787	14,161
Related-Entity Payables, Non-Current					**14,787**	**14,161**

(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 Related-Entity Accounts Payable

Tax I.D.	Company	Country	Relationship	Currency	12-31-2022 kUSD	12-31-2021 kUSD
Foreign	Electrabel Corporate HQ Benelux	Belgium	Common Parent	USD	0	2
Foreign	Engie Digital	France	Common Parent	EUR	6	0
Foreign	Engie EBL SA - EMS	Belgium	Common Parent	EUR	0	31
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	19	28
Foreign	Engie GBS Latam SA de CV	Mexico	Common Parent	USD	0	30
Foreign	Engie Information et Technologies	France	Common Parent	EUR	33	106
Foreign	Engie Solar S.A.S.	France	Common Parent	EUR	0	7
59.281.960-0	Laborelec Latin America	Chile	Common Parent	EUR	130	433
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	4,075	3,823
96.902.900-6	Térmika Ingeniería y Montaje SpA	Chile	Common Parent	UF	0	10
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	UF	48	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	1,774	1,445
76.787.690-4	Transmisora Eléctrica del Norte S.A.(1)	Chile	Joint Control	USD	1,681	1,528
76.787.690-4	CAM Chile SpA (*)	Chile	Common Parent	UF	0	2
76.108.126-8	IMA Automaticación Ltda. (*)	Chile	Common Parent	UF	0	51
86.689.100-8	IMA Industrial Ltda. (*)	Chile	Common Parent	CLP	0	569
Related-Entity Payables, Current					**7,766**	**8,065**

(*) The balances and transactions with these companies were from January 1 to September 30, 2022. These companies ceased to form a part of the ENGIE Group effective October 1, 2022.

(1) The short-term portion of the lease payable for transmission facilities, in monthly installments over a period of 20 years..

10.6 Non-Current Related-Entity Accounts Payable

Tax I.D.	Company	Country	Relationship	Currency	12-31-2022 kUSD	12-31-2021 kUSD
76.787.690-4	Transmisora Eléctrica del Norte S.A. (1)	Chile	Joint Control	USD	51,738	53,420
Related-Entity Payables, Non-Current					**51,738**	**53,420**

(1) The long-term portion of the lease payable for transmission facilities, in monthly installments over a period of 20 years..

10.7 Related-Entity Transactions

Entity						12-31-2022		12-31-2021	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount kUSD	Impact on Income kUSD	Amount kUSD	Impact on Income kUSD
Foreign	CEF Services S.A.	Luxembourg	Common Parent	EUR	Services Received	59	(59)	0	0
Foreign	Electrabel Corporate HQ Benelux	Belgium	Common Parent	USD	Services	0	0	21	(21)
Foreign	Energy Consulting Services S.A.	Argentina	Associate of Shareholder	Argentine Peso	Services Provided	0	0	1	1
Foreign	Energy Consulting Services S.A.	Argentina	Associate of Shareholder	Argentine Peso	Services Received	0	0	221	(221)
Foreign	Engie (China) Energy Technology Co Ltd	China	Common Parent	USD	Services	0	0	8	(8)
96.885.200-0	Engie Austral S.A.	Chile	Parent	USD	Dividend	0	0	55,528	0
96.885.200-0	Engie Austral S.A.	Chile	Parent	UF	Leases	214	214	246	246
96.885.200-0	Engie Austral S.A.	Chile	Parent	USD	Expense Recovery	84	84	0	0
96.885.200-0	Engie Austral S.A.	Chile	Parent	CLP	Expense Recovery	133	133	85	85
96.885.200-0	Engie Austral S.A.	Chile	Parent	USD	Services Received	0	0	23	(23)
96.885.200-0	Engie Austral S.A.	Chile	Parent	USD	Services Provided	211	211	425	425
Foreign	Engie EBL SA - EMS	Belgium	Common Parent	EUR	Services Received	42	(42)	31	(31)
Foreign	Engie Energy Marketing Singapore Pte Ltd	Singapore	Common Parent	USD	LNG Purchase	0	0	39,850	0
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	UF	Leases	34	34	36	36
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Services Provided	140	140	140	140
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Services Received	166	(166)	149	(149)
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Sale of Gas	35,765	35,765	29,470	29,470
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	USD	Gas Transport	1,127	1,127	1,122	1,122
76.134.397-1	Engie Gas Chile SpA	Chile	Common Parent	CLP	Expense Recovery	11	11	6	6
Foreign	Engie GBS Latam S.A. de CV	Mexico	Common Parent	USD	Services Received	774	(774)	460	(460)
Foreign	Engie Information et Technologies	France	Common Parent	EUR	Services Received	304	(288)	128	(119)
76.143.206-0	Engie Movilidad SpA	Chile	Common Parent	UF	Services Received	0	0	11	(11)
76.143.206-0	Engie Movilidad SpA	Chile	Common Parent	CLP	Services Received	0	0	15	(15)

Entity						12-31-2022		12-31-2021	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
Foreign	Engie Energía Perú S.A.	Peru	Common Parent	USD	Services Provided	314	314	319	319
Foreign	Engie S.A.	France	Common Parent	EUR	Services Received	301	(301)	365	(365)
Foreign	Engie Services Perú S.A.	Peru	Common Parent	USD	Services Received	29	(29)	23	(23)
Foreign	Engie Solar S.A.S	France	Common Parent	USD	Services Received	42	0	182	0
Foreign	Engie Solar S.A.S	France	Common Parent	EUR	Services Received	0	0	7	(7)
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	CLP	Expense Recovery	20	20	10	10
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	UF	Leases	61	61	63	63
76.215.533-8	Engie Stream Solutions Chile SpA	Chile	Common Parent	USD	Services Provided	131	131	118	118
59.281.960-0	Laborelec Latin America	Chile	Common Parent	EUR	Services Received	1,072	(863)	1,108	(762)
59.281.960-0	Laborelec Latin America	Chile	Common Parent	UF	Services Received	0	0	98	0
59.281.960-0	Laborelec Latin America	Chile	Common Parent	CLP	Services Received	0	0	4	0
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Sale of Energy, Capacity and Services	977	977	1,069	1,069
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Gas regasification service	48,477	(48,477)	45,061	(45,061)
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	CLP	Expense Recovery	34	34	35	35
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	UF	Leases	116	116	98	98
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Toll	1,169	1,169	632	632
76.775.710-7	Sociedad GNL Mejillones S.A.	Chile	Common Parent	USD	Services Provided	277	277	279	279
Foreign	SSINERGIE blu.e	France	Common Parent	EUR	Services Received	31	(31)	26	(26)
77.209.127-3	Sustainability Solutions LATAM SpA	Chile	Common Parent	USD	Leases	116	116	125	125
77.209.127-3	Sustainability Solutions LATAM SpA	Chile	Common Parent	UF	Leases	0	0	3	3
77.209.127-3	Sustainability Solutions LATAM SpA	Chile	Common Parent	USD	Services Provided	7	7	56	56
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	USD	Services Received	0	0	2,883	(2,883)
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	UF	Services Received	550	(10)	324	(10)
76.058.076-7	Tractebel Engineering S.A.	Chile	Matriz Común	EUR	Servicios Recibidos	77	(77)	0	0

(*) The balances and transactions with these companies were from January 1 to September 30, 2022. These companies ceased to form a part of the ENGIE Group effective October 1, 2022.

Entity						12-31-2022		12-31-2021	
Tax I.D.	Company	Country	Relationship	Currency	Transaction Description	Amount	Impact on Income	Amount	Impact on Income
						kUSD	kUSD	kUSD	kUSD
76.058.076-7	Tractebel Engineering S.A.	Chile	Common Parent	EUR	Services Received	77	(77)	0	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Loans (interest)	626	626	434	434
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Payment of loan	0	0	8,000	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Services Provided	640	640	676	676
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Expense Recovery	0	0	0	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	UF	Lease of facilities	240	240	251	251
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	UF	Leases	57	57	42	42
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	Expense Recovery	2	2	10	10
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	Tolls	5,988	(5,988)	7,515	(7,515)
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	CLP	Sale of energy and capacity	853	853	148	148
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Lease-Purchase Amortization (Principal)	1,528	1,528	1,389	0
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Lease-Purchase Amortization (Interest)	6,347	(6,347)	6,024	(6,024)
76.787.690-4	Transmisora Eléctrica del Norte S.A.	Chile	Joint Control	USD	Purchase of materials	0	0	8	0
96.543.670-7	CAM Chile SpA (*)	Chile	Common Parent	UF	Services Received	0	0	23	(23)
96.543.670-7	CAM Chile SpA (*)	Chile	Common Parent	CLP	Services Provided	0	0	5	5
76.108.126-8	IMA Automatización Ltda. (*)	Chile	Common Parent	UF	Services Received	146	(146)	214	(214)
76.108.126-8	IMA Automatización Ltda. (*)	Chile	Common Parent	USD	Services Received	24	0	34	(34)
88.689.100-8	IMA Industrial Ltda. (*)	Chile	Common Parent	CLP	Services Received	5,524	(5,524)	9,334	(9,151)
88.689.100-8	IMA Industrial Ltda. (*)	Chile	Common Parent	CLP	Services Received	0	0	11	11
76.242.762-1	IMA SpA (*)	Chile	Common Parent	USD	Services Provided	0	0	319	319
76.242.762-1	IMA SpA (*)	Chile	Common Parent	USD	Expense Recovery	38	38	64	64
96.902.900-6	Térmika Ingeniería y Montaje SpA (*)	Chile	Common Parent	USD	Services Provided	0	0	72	0
96.902.900-6	Térmika Ingeniería y Montaje SpA (*)	Chile	Common Parent	UF	Services Received	58	0	222	(19)
96.858.530-4	Térmika Servicios de Mantención S.A. (*)	Chile	Common Parent	UF	Services Received	0	0	41	(41)

Guarantees have been granted or received for transactions with related parties (see Note 40.2).

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 comprised as follows at the close of the 2022 and 2021 fiscal years:

Types of Inventories	12-31-2022 kUSD	12-31-2021 kUSD
Operating materials and inputs	98,260	102,833
Obsolescence provision	(29,619)	(27,612)
Spare parts impairment provision (*)	(36,144)	(40,070)
Coal	196,537	104,802
Bunker oil 6	236	511
Diesel oil	5,178	2,833
Hydrated lime	10,338	2,386
Limestone - Biomass - Silica Sand	2,391	6,990
LNG	16,726	5,493
Lubricants	152	153
Total	**264,055**	**158,319**

(*) The spare parts impairment provision was lowered by kUSD 3,926 because these spare parts were sold.

Details on the inventory costs recorded in expenses in the 2022 and 2021 fiscal years are shown in the next table:

Expenses in the period	12-31-2022 kUSD	12-31-2021 kUSD
Fuel for operations	604,349	377,835
Other operating inputs	15,098	20,540
Materials and spare parts	11,497	1,414
Total	**630,944**	**399,789**

The movements in the obsolescence provision were as follows:

Inventories Obsolescence Provision (1)	12-31-2022 kUSD	12-31-2021 kUSD
Starting balance	27,612	26,265
Reversal of provision for sale of spare parts	-590	0
Increase (decrease) in the provision	2,597	1,347
Ending Balance	**29,619**	**27,612**

(1) See the provision criteria in Note 3.5 (Asset Impairment)

NOTE 12 – CURRENT TAXES

General Information

The balances of income tax recoverable and payable shown in current assets and liabilities, respectively, are comprised of the following:

a) Current Tax Assets

Recoverable Taxes	12-31-2022 kUSD	12-31-2021 kUSD
Provisional monthly tax payments	1,186	18,637
Foreign-sourced tax credit	0	0
Taxes recoverable from previous fiscal years	33,687	4,958
Training credit	306	306
Other recoverable taxes	0	0
Total Recoverable Taxes	**35,179**	**23,901**

b) Current Tax Liabilities

Income Tax	12-31-2022 kUSD	12-31-2021 kUSD
Current tax expense	12,560	3,650
Article 21 Special Tax	0	22
Total Taxes Payable	**12,560**	**3,672**

NOTE 13 – OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other Non-Financial Assets	12-31-2022 kUSD	12-31-2021 kUSD
Rights to other assets	2,161	2,161
Project under development - Solar, Wind and Storage Power Plants (1)	13,909	13,603
Project under development - Los Trigales Wind Farm (1)	0	7,959
Other projects under development (1)	513	1,546
Other	497	479
Total	**17,080**	**25,748**

(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. All projects were analyzed at the close of the 2022 fiscal year and those that were no longer economically feasible and profitable were adjusted in income as Expenses of Projects under Development totaling kUSD 30,096.

The projects that continue to be active are:

- *Solar and wind power plants and storage plants: photovoltaic and wind projects in an early stage of development, located between the Region of Arica and Parinacota and the Lake Region of Chile.*
- *Other projects under development: small transmission and other renewable energy projects.*

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, 2022 were as follows:

Type of Relationship	Company	Number of Shares	Percentage Interest	Balance at 12/31/2021	Profit (Loss) Accrued	Dividend Provision	Variation in the Hedge Derivatives Reserve as of 12/31/2022	Total at 12/31/2022
			%	kUSD	kUSD	kUSD	kUSD	kUSD
Joint Control	Transmisora Eléctrica del Norte S.A.	1,438,448	50.00%	108,906	5,513	0	9,894	124,313
Total				**108,906**	**5,513**	**0**	**9,894**	**124,313**

Profit (Loss) Accrued	12-31-2022 kUSD	12-31-2021 kUSD
Share in earnings (loss) of associates and joint ventures accounted for using the equity method	**5,513**	**(1,934)**

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%	80,026	708,610	788,636	137,819	515,211	653,030	135,606	73,361	25,081	13,415

The details on the company accounted for by the equity method and the movements as of December 31, 2021 were as follows:

Type of Relationship	Company	Number of Shares	Percentage Interest	Balance at 12/31/2020	Profit (Loss) Accrued	Dividend Provision	Variation in the Hedge Derivatives Reserve as of 12/31/2022	Total at 12/31/2021
			%	kUSD	kUSD	kUSD	kUSD	kUSD
Joint Control	Transmisora Eléctrica del Norte S.A.	1,438,448	50.00%	81,608	(1,934)	0	29,232	108,906
Total				**81,608**	**(1,934)**	**0**	**29,232**	**108,906**

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
Transmisora Eléctrica del Norte S.A.	50.00%	61,496	750,345	824,586	37,186	672,250	709,436	102,405	48,556	22,257	(1,479)	(1.479)

NOTE 15 – INTANGIBLE ASSETS OTHER THAN GOODWILL

Below are the movements and reconciliation of intangible assets of the Company as of December 31, 2022 and 2021.

Intangible Assets, Net	12-31-2022 kUSD	12-31-2021 kUSD
Intangibles, Contracts with Customers, net (1)	168,211	184,080
Easements, net	4,028	4,452
Net Total	**172,239**	**188,532**

(1) Intangible assets related to contracts with customers mainly come from power purchase agreements associated with projects of our subsidiaries Central Termoeléctrica Andina SpA and Inversiones Hornitos SpA, which began to be amortized in 2011 over a period of 30 years and 15 years, respectively. See the criteria in Note 3.4.

Intangible Assets, Gross	12-31-2022 kUSD	12-31-2021 kUSD
Intangibles, Contracts with Customers, gross	362,134	362,134
Easements, gross	13,847	13,847
Gross Total	**375,981**	**375,981**

Amortization of Intangible Assets	12-31-2022 kUSD	12-31-2021 kUSD
Amortization of Intangibles, Contracts with Customers	(193,923)	(178,054)
Amortization of Easements	(9,819)	(9,395)
Gross Total	**(203,742)**	**(187,449)**

The movement in intangible assets by type was as follows in the 2022 and 2021 fiscal years:

Intangible Assets, Net	Starting Gross Balance 01-01-2022	Additions (Charge-Offs) in the Period	Ending Gross Balance at 12-31-2022	Cumulative Amortization at 12-31-2021	Amortization in the Period	Cumulative Amortization (Charge-Offs) 12-31-2022	Cumulative Amortization at 12-31-2022	Net Balance at
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Contracts with Customers, Net	362,134	0	362,134	(178,054)	(15,869)	0	(193,923)	168,211
Easements	13,847	0	13,847	(9,395)	(424)	0	(9,819)	4,028
TOTAL	**375,981**	**0**	**375,981**	**(187,449)**	**(16,293)**	**0**	**(203,742)**	**172,239**

Intangible Assets	Starting Gross Balance 01-01-2021	Additions (Charge-Offs) in the Period	Ending Gross Balance at 12-31-2021	Cumulative Amortization at 12-31-2020	Amortization in the Period	Cumulative Amortization (Charge-Offs) 12-31-2021	Cumulative Amortization at 12-31-2021	Net Balance at
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Contracts with Customers (business combinations)	362,134	0	362,134	(162,185)	(15,869)	0	(178,054)	184,080
Easements	13,063	784	13,847	(8,971)	(424)	0	(9,395)	4,452
TOTAL	**375,197**	**784**	**375,981**	**(171,156)**	**(16,293)**	**0**	**(187,449)**	**188,532**

The amortization of intangible assets is recorded under the cost of sales in the statement of income (Note 31).

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 SpA (CTA) and Inversiones Hornitos SpA (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

16.1 Goodwill of the ENGIE Group and Codelco

The 2022 Impairment Test showed that the carrying value of EECL was greater than its value in use, so according to impairment allocation criteria in the standard, 100% of the goodwill existing through the previous fiscal year was adjusted in income.

Goodwill	Balance at 12-31-2022 kUSD	Balance at 12-31-2021 kUSD
Fair purchase value	**0**	**1,221,197**
Identifiable assets acquired and liabilities assumed		
Net assets	0	902,929
Fair value of property, plant and equipment	0	37,466
Intangible assets	0	315,750
Deferred tax liabilities	0	-60,047
Subtotal	**0**	**1,196,098**
Goodwill	**0**	**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 SpA, 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 SpA

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.

16.2 Goodwill in the acquisition of San Pedro I and San Pedro II

Goodwill	Balance at 12-31-2022 kUSD	Balance at 12-31-2021 kUSD
Fair purchase value	**120,330**	**0**
Identifiable assets acquired and liabilities assumed		
Fair value of property, plant and equipment	120,330	0
Deferred tax liabilities	(15,913)	0
Subtotal	**104,417**	**0**
Goodwill	**15,913**	**0**

The transaction was closed on December 15, 2022, very close to the annual accounting closing of EECL. A provisional purchase price was allocated and it was identified that the entire difference between the price paid for the shares and book equity of the special-purpose vehicles acquired should be allocated to Property, Plant and Equipment, with the corresponding effect on deferred taxes. According to paragraph 96 of IAS 36, the Company conducted an impairment test of the goodwill provisionally calculated and assigned and found no impairment.

Pursuant to Paragraph 6 of IFRS 3, the measurement period should not exceed one year from the date of acquisition. Therefore, the final purchase price allocation will be calculated during 2023 and new adjustments will be made, if any.

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

The movements recorded in Property, Plant and Equipment were as follows in the 2022 fiscal year:

Movement in 2022	Construction in progress	Land	Buildings	Plant and Equipment	Information Technology Equipment	Fixed Facilities and Accessories	Motor Vehicles	Other Property, Plant and Equipment	Property, Plant and Equipment
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	**292,473**	**39,262**	**279,524**	**3,988,385**	**43,571**	**488,545**	**12,016**	**294,310**	**5,438,086**
Cumulative Depreciation	**0**	**0**	**(110,439)**	**(1,809,925)**	**(37,019)**	**(281,921)**	**(10,196)**	**(190,245)**	**(2,439,745)**
Impairment	**0**	**0**	**(2,673)**	**(222,190)**	**(530)**	**(14,927)**	**0**	**(11,878)**	**(252,198)**
Starting balance at 1/1/2022	**292,473**	**39,262**	**166,412**	**1,956,270**	**6,022**	**191,697**	**1,820**	**92,187**	**2,746,143**
Additions	153,005	0	0	90,821	3	(85)	50	1,046	244,840
Acquisitions of PPE via business combinations	0	707	40,656	104,045	91	0	22	166	145,687
Derecognitions	0	0	(52)	(975)	0	(26)	0	(2)	(1,055)
Impairment	0	0	0	(391,396)	0	0	0	0	(391,396)
Depreciation expenses	0	0	(7,670)	(127,863)	(2,824)	(10,863)	(568)	(17,849)	(167,637)
Closing of work in progress	(114,617)	0	742	98,631	1,423	2,111	0	11,710	0
Total Changes	**38,388**	**707**	**33,676**	**(226,737)**	**(1,307)**	**(8,863)**	**(496)**	**(4,929)**	**(169,561)**
Ending balance at 12/31/2022	**330,861**	**39,969**	**200,088**	**1,729,533**	**4,715**	**182,834**	**1,324**	**87,258**	**2,576,582**

(*) The 2022 Impairment Test showed that the carrying value of EECL was greater than its value in use, so according to impairment allocation criteria in the standard, an adjustment of kUSD 380,999 was made to income and an impairment of kUSD10,397 in the provision for the dismantling of Mejillones' coal-fired units 1 and 2 and Tocopilla's coal-fired units 14 and 15.

According to accounting standards, if there is an impairment to a CGU, all impairment losses must be allocated to reducing the carrying value of the assets in a specific order: first, to reduce any existing goodwill; and second, proportionally to the other assets. Entities may not reduce the carrying value of an asset below the higher of its fair value less disposal costs, its value in use and zero. Lastly, when it is infeasible to estimate the recoverable amount of each individual asset in a CGU, IFRS require an arbitrary allocation of the impairment loss among the assets in that CGU.

The movements recorded in the dismantling provision within Property, Plant and Equipment were as follows;

Movement in Assets because of Dismantling in 2022	Combined Cycle Thermal Power Plants	Thermal Power Plants	Hydroelectric Power Plants	Photovoltaic Power Plants	Wind Farms	Total Dismantling
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	12,101	88,604	4,590	22,024	25,732	**153,051**
Cumulative Depreciation	0	(7,732)	(246)	(411)	(5,689)	(14,078)
Impairment	0	(28,833)	0	0	0	(28,833)
Total at 12/31/2022	**12,101**	**52,039**	**4,344**	**21,613**	**20,043**	**110,140**

The movements recorded in Property, Plant and Equipment were as follows in the 2021 fiscal year:

Movement in 2021	Construction in progress	Land	Buildings	Plant and Equipment	Information Technology Equipment	Fixed Facilities and Accessories	Motor Vehicles	Other Property, Plant and Equipment	Property, Plant and Equipment
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	**271,900**	**38,284**	**281,111**	**3,824,548**	**41,183**	**445,426**	**12,122**	**289,924**	**5,204,498**
Cumulative Depreciation	**0**	**0**	**(104,464)**	**(1,688,596)**	**(34,732)**	**(270,719)**	**(9,711)**	**(175,181)**	**(2,283,403)**
Impairment	**0**	**0**	**(2,673)**	**(222,190)**	**(530)**	**(14,927)**	**0**	**(11,878)**	**(252,198)**
Starting balance at 1-1-2021	**271,900**	**38,284**	**173,974**	**1,913,762**	**5,921**	**159,780**	**2,411**	**102,865**	**2,668,897**
Additions	254,198	0	0	0	7	0	0	(569)	253,636
Derecognitions	0	0	(1,361)	(9,414)	0	(163)	0	(329)	(11,267)
Impairment	0	0	0	0	0	0	0	0	0
Depreciation expenses	0	0	(7,865)	(127,100)	(2,672)	(11,291)	(620)	(15,575)	(165,123)
Closing of work in progress	(233,625)	978	1,664	179,022	2,766	43,371	29	5,795	0
Total Changes	**20,573**	**978**	**(7,562)**	**42,508**	**101**	**31,917**	**(591)**	**(10,678)**	**77,246**
Ending balance at 12-31-2021	**292,473**	**39,262**	**166,412**	**1,956,270**	**6,022**	**191,697**	**1,820**	**92,187**	**2,746,143**

Property, plant and equipment were comprised as follows as of December 31, 2022 and 2021:

Types of Property, Plant and Equipment, Net (Presentation)	12-31-2022 kUSD	12-31-2021 kUSD
Construction in Progress		
Renewable Energy Plants	251,844	237,981
Transmission Substations	49,687	15,022
Other Projects	29,330	39,470
Land	**39,969**	**39,262**
Buildings	**200,088**	**166,412**
Plant and Equipment		
Combined Cycle Thermal Power Plants	40,202	54,185
Thermal Power Plants	1,110,899	1,462,587
Diesel-Fired Power Plants	820	964
Hydroelectric Power Plants	21,311	21,959
Photovoltaic Power Plants	131,720	34,282
Wind Farm	306,164	195,806
Gas pipelines	**68,844**	**102,380**
Ports	49,573	84,107
Information Technology Equipment	**4,715**	**6,022**
Fixed Facilities and Accessories		
Power lines and substations	182,079	190,542
Other fixed facilities and accessories	755	1,155
Motor Vehicles	1,324	1,820
Other Property, Plant and Equipment		
Leased Buildings	11,126	11,445
Leased Power Lines and Substations	41,903	43,213
Other Leased Property, Plant and Equipment	3,513	3,608
Other Property, Plant and Equipment	30,716	33,921
Total Property, Plant and Equipment	**2,576,582**	**2,746,143**

Types of Property, Plant and Equipment, Gross (Presentation)	12-31-2022 kUSD	12-31-2021 kUSD
Construction in Progress		
Renewable Energy Plants	251,844	237,981
Transmission Substations	49,687	15,022
Other Projects	29,330	39,470
Land	**39,969**	**39,262**
Buildings	**339,074**	**279,524**
Plant and Equipment		
Combined Cycle Thermal Power Plants	329,869	318,386
Thermal Power Plants	2,757,633	2,700,533
Diesel-Fired Power Plants	42,191	42,191
Hydroelectric Power Plants	41,931	41,513
Photovoltaic Power Plants	152,434	50,126
Wind Farm	405,826	257,274
Gas pipelines	**428,325**	**428,325**
Ports	150,082	150,037
Information Technology Equipment	**45,113**	**43,571**
Fixed Facilities and Accessories		
Power lines and substations	428,923	426,938
Other fixed facilities and accessories	61,612	61,607
Motor Vehicles	10,638	12,016
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	238,123	225,218
Total Property, Plant and Equipment	**5,871,696**	**5,438,086**

Types of Cumulative Depreciation, Property Plant and Equipment (Presentation)	12-31-2022 kUSD	12-31-2021 kUSD
Buildings	**(136,313)**	**(110,439)**
Plant and Equipment		
Combined Cycle Thermal Power Plants	(278,845)	(264,201)
Thermal Power Plants	(1,094,090)	(1,016,109)
Diesel-Fired Power Plants	(41,018)	(40,874)
Hydroelectric Power Plants	(20,620)	(19,554)
Photovoltaic Power Plants	(20,714)	(15,844)
Wind Farm	(99,662)	(61,468)
Gas pipelines	(339,167)	(325,945)
Ports	(71,056)	(65,930)
Information Technology Equipment	**(39,868)**	**(37,019)**
Fixed Facilities and Accessories		
Power lines and substations	(231,917)	(221,469)
Other fixed facilities and accessories	**(60,857)**	**(60,452)**
Motor Vehicles	**(9,314)**	**(10,196)**
Other Property, Plant and Equipment		
Leased Buildings	(1,590)	(1,271)
Leased Power Lines and Substations	(10,483)	(9,173)
Other Leased Property, Plant and Equipment	(477)	(382)
Other Property, Plant and Equipment	(195,529)	(179,419)
Total Cumulative Depreciation of Property, Plant and Equipment	**(2,651,520)**	**(2,439,745)**

Types of Impairment, Property Plant and Equipment (Presentation)	12-31-2022 kUSD	12-31-2021 kUSD
Buildings	**(2,673)**	**(2,673)**
Plant and Equipment		
Cumulative Impairment of Diesel-Fired Power Plants	(353)	(353)
Cumulative Impairment of Thermal Power Plants	(552,644)	
Cumulative Impairment of Combined Cycle Thermal Power Plants	(10,822)	
Cumulative Impairment of Ports	(29,453)	
Cumulative Impairment of Gas Pipelines	(20,314)	(221,837)
Information Technology Equipment	**(530)**	**(530)**
Fixed Facilities and Accessories	**(14,927)**	**(14,927)**
Other Property, Plant and Equipment	**(11,878)**	**(11,878)**
Total Impairment of Property, Plant and Equipment	**(643,594)**	**(252,198)**
Total Cumulative Depreciation and Impairment of Property, Plant and Equipment	**(3,295,114)**	**(2,691,943)**

The Company's ownership of property, plant and equipment is unrestricted.

Property, Plant and Equipment are 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	12-31-2022 kUSD	12-31-2021 kUSD
Renewable Energy Projects	3.659%	7,882	9,610
Substation Projects	3.659%	555	470
Total		**8,437**	**10,080**

The rate used is the weighted rate of the Company's loans.

17.2 Reconciliation of minimum payments for leased assets

Reconciliation of minimum financial lease payments by lessee	December 31, 2022		
	Gross Value kUSD	Interest kUSD	Present Value kUSD
Less than one year	7,023	5,342	1,681
From 1 to 5 years	28,093	19,510	8,583
More than 5 years	70,234	27,079	43,155
Total	**105,350**	**51,931**	**53,419**

Reconciliation of minimum financial lease payments by lessee	December 31, 2021		
	Gross Value kUSD	Interest kUSD	Present Value kUSD
Less than one year	7,023	5,495	1,528
From 1 to 5 years	28,093	20,290	7,803
More than 5 years	77,256	31,639	45,617
Total	**112,372**	**57,424**	**54,948**

See Notes 10.5 and 10.6.

NOTE 18 – RIGHT-OF-USE ASSETS

As of December 31, 2022, the balance of right-of-use assets was kUSD 161,490, 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, 2022 and 2021 are shown below:

Movements in 2022	Land kUSD	Motor Vehicles kUSD	Total kUSD
Right-of-Use Assets	**176,687**	**2,763**	**179,450**
Cumulative Amortization	**(10,584)**	**(691)**	**(11,275)**
Starting balance at 1/1/2022	**166,103**	**2,072**	**168,175**
New contracts	0	0	0
Contract amendments	(100)	144	44
Finished contracts	(1,500)	0	(1,500)
Amortization Expense	(2,429)	(716)	(3,145)
Amortizatión (*)	(3,584)	0	(3,584)
Amortization of finished contracts	1,500	0	1,500
Total Changes	**(6,113)**	**(572)**	**(6,685)**
Final Balance as of 12/31/2022	**159,990**	**1,500**	**161,490**

Movements in 2021	Land kUSD	Motor Vehicles kUSD	Total kUSD
81,460	**1,153**	**82,613**	**82.613**
(5,007)	**(1,149)**	**(6,156)**	**(6.156)**
76,453	**4**	**76,457**	**76.457**
95,227	2,763	97,990	97.990
0	(1,153)	(1,153)	(1.153)
(2,344)	(695)	(3,039)	(3.039)
(3,233)	0	(3,233)	(3.233)
0	1,153	1,153	1.153
89,650	2,068	91,718	91.718
166,103	**2,072**	**168,175**	**168.175**

(*) The amortization of some leases (rights of use) has been capitalized in the corresponding construction projects.

18.1 Reconciliation of minimum payments for leased assets

Reconciliation of minimum financial lease payments by lessee	December 31, 2022			
	Gross kUSD	Interest kUSD	Short-Term Present Value kUSD	Long-Term Present Value kUSD
Less than one year	10,796	4,380	6,416	0
From 1 to 3 years	24,767	12,338	0	12,429
From 3 to 5 years	16,066	7,597	0	8,469
More than 5 years	172,248	57,981	0	114,267
Total	**223,877**	**82,296**	**6,416**	**135,165**

Reconciliation of minimum financial lease payments by lessee	December 31, 2021			
	Gross kUSD	Interest kUSD	Short-Term Present Value kUSD	Long-Term Present Value kUSD
Less than one year	10,778	4,473	6,305	0
From 1 to 3 years	25,456	12,712	0	12,744
From 3 to 5 years	16,171	7,867	0	8,304
More than 5 years	181,942	62,039	0	119,903
Total	**234,347**	**87,091**	**6,305**	**140,951**

NOTE 19 – 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 subsidiary Gasoducto Nor Andino Argentina S.A. takes the following into account:

The Tax Reform Law 27,430, amended by Law 27,478 and Law 27,541, stipulates the following regarding the tax adjustment for inflation, effective for the fiscal years starting January 1, 2018:

(a) The adjustment will apply in the fiscal year in which the CPI varies by more than 100% in the thirty-six months prior to the close of the fiscal year being taxed;

(b) This procedure will apply to the first, second and third fiscal years after it takes effect provided the CPI variation, calculated since the start through the close of each of those fiscal years, exceeds 55% for the first year, 30% for the second year and 15% for the third year the adjustment is applicable; and

(c) One-sixth of the tax inflation adjustment, whether positive or negative, for the first and second fiscal years as from January 1, 2019, to be calculated should the assumptions in letters (a) and (b) above hold true, must be allocated in that fiscal year and the remaining five-sixths in equal portions in the next succeeding fiscal years.

The Company determines the impact of the income tax using the deferred income tax method, which consists of recognizing the tax effect of temporary differences between the book value and tax value of assets and liabilities as a credit or debt, at the rate of 30% or 25%, which is then allocated to income in the fiscal years in which they are reversed, also considering the possibility of applying the tax breaks in the future.

The temporary differences result in deferred income tax assets or liabilities provided the future reversal will decrease or increase the taxes calculated. When cumulative tax breaks may reduce future taxable profits or when income tax deferred due to temporary differences becomes an asset, they are recognized in the accounting as credits provided the Company's Management believes they can be used.

The Tax Reform passed December 27, 2017, amended by Law 27,541, introduced a reduction in the tax aliquot of income tax that will be implemented gradually, as follows:

Fiscal year starting	Aliquot	
	Minimum	Maximum
January 1, 2021	25%	35%
January 1, 2022	25%	35%

The impact of the gradual change in the income tax aliquot mentioned above was considered in the measurement of deferred tax assets and liabilities originating in temporary differences that are estimated to be reversed in the periods in which the new aliquots are in effect.

19.1 Deferred tax assets at closing

Deferred Tax Assets	12-31-2022 kUSD	12-31-2021 kUSD
relating to provisions	14,394	12,617
relating to the fair value of property, plant and equipment (not at cost)	181,578	82,703
relating to pre-operating income	4,122	4,356
relating to tax losses	223,248	128,391
relating to intangibles	486	527
relating to deferred income	2,725	4,031
relating to other items	3,128	3,086
Deferred Tax Assets	**429,681**	**235,711**

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.

This item includes the deferred tax asset associated with the impairment of kUSD 102,699 recognized during the 2022 fiscal year and the deferred tax of kUSD 8,126 associated with project development expenses, for a total of kUSD 110,825 (see Note 35).

19.2 Deferred tax liabilities at closing

Deferred tax liabilities	12-31-2022 kUSD	12-31-2021 kUSD
relating to depreciation	233,636	213,830
relating to post-employment benefit obligations	1,154	1,154
relating to intangibles	50,769	56,142
relating to compoundable interest	49,719	48,287
relating to cost differentials for property, plant and equipment of subsidiaries	110,376	87,398
for the historic cost differential of property, plant and equipment of Gasoducto Nor Andino Argentina S.A.	10,976	8,706
relating to other items	18,511	18,303
Deferred Tax Liabilities	**475,141**	**433,820**

Deferred taxes are shown in the balance sheet as explained below:

	12-31-2022 kUSD	12-31-2021 kUSD
Non-current deferred tax assets	79,161	20,265
Non-current deferred tax liabilities	124,621	218,374
Net	**45,460**	**198,109**

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	2017-2022
Argentina	2018-2022

19.3 Reconciliation of Effective Rates

The reconciliation of tax expense was as follows as of December 31, 2022 and 2021:

19.3.1 Consolidated

Item	12/31/2022		12/31/2021	
	27% Tax	Effective Rate	27% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income	**(140,397)**	**27.00**	**18,588**	**27.00**
Present value of permanent differences in subsidiaries	(1,489)	0.29	(1,456)	(2.14)
Other permanent differences	9,228	(1.85)	(3,709)	(5.16)
Total Permanent Differences	**7,739**	**(1.56)**	**(5,165)**	**(7.30)**
Income Tax Expense	**(132,658)**	**25.44**	**13,423**	**19.70**

19.3.2 Domestic Entities

Item	12/31/2022		12/31/2021	
	27% Tax	Effective Rate	27% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income	**(135,535)**	**27.00**	**21,017**	**27.00**
Present value of permanent differences for subsidiaries	(1,489)	0.30	(1,456)	(1.87)
Other permanent differences	9,476	(1.89)	(4,635)	(5.95)
Total Permanent Differences	**7,987**	**(1.59)**	**(6,091)**	**(7.82)**
Income Tax Expense	**(127,548)**	**25.41**	**14,926**	**19.18**

19.3.3 Foreign Entities

Item	12/31/2022		12/31/2021	
	25% Tax	Effective Rate	25% Tax	Effective Rate
	kUSD	%	kUSD	%
Theoretical tax on financial income, Gasoducto Nor Andino Argentina S.A.	**(4,862)**	**25.00**	**(2,429)**	**25.00**
Other permanent differences	(248)	1.28	926	(9.53)
Total Permanent Differences	**(248)**	**1.28**	**926**	**(9.53)**
Income Tax Expense	**(5,110)**	**26.28**	**(1,503)**	**15.47**

19.3.4 Effects of income tax and deferred taxes on income

The debit for income tax against income was as follows:

Item	12-31-2022 kUSD	12-31-2021 kUSD
Current tax expense (tax provision)	5,681	13,765
Article 21 Special Tax	0	22
Tax expense adjustment (previous fiscal year)	254	(15,646)
Impact of deferred tax assets and liabilities in the fiscal year	(66,669)	121,177
Tax benefit for tax losses	(79,220)	(104,204)
Tax differentials for other jurisdictions	(389)	(194)
Income tax on investments in equity instruments in other comprehensive income	7,685	(1,497)
Total	**(132,658)**	**13,423**

19.3.5 Income tax related to other comprehensive income

Item	12-31-2022 kUSD	12-31-2021 kUSD
Income tax on investments in equity instruments in other comprehensive income	(7,685)	1,497
Total	**(7,685)**	**1,497**

19.4 Taxable Income of Domestic Subsidiaries at the end of the period

Taxable income was kUSD 83,383 as of December 31, 2022 and kUSD 40,200 as of December 31, 2021.

NOTE 20 - OTHER FINANCIAL LIABILITIES

As of December 31, 2022 and 2021, other financial liabilities were:

Other Financial Liabilities	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD
Interest-bearing loans	383,061	1,392,613	64,334	958,043
Hedge derivatives (see note 21)	0	0	5,543	0
Other Financial Liabilities(*)	0	0	29,868	0
Total	**383,061**	**1,392,613**	**99,745**	**958,043**

(*) The Company's financial liabilities are described in detail in Notes 20.1 and 20.2. kUSD 29,868 were recorded in other financial liabilities as of December 31, 2021 to account for the duplicate payment of an invoice by a customer on the last business day of the year. Until that money was reimbursed to the customer, which took place on the first business day of 2022, it was recorded in other financial liabilities in the Company's balance sheet.

Interest-bearing loans

Types of interest-bearing loans	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD
Bank loans	369,277	555,640	50,550	124,054
Bonds	13,784	836,973	13,784	833,989
Total	**383,061**	**1,392,613**	**64,334**	**958,043**

20.1 Interest-Bearing Loans

20.1 Interest-Bearing Loans

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	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
											kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (1)	Chile	USD	Bullet	0.880	0.880	0	0	0	50,304	0	50,304
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (2)	USA	USD	Amortizable	4.510	4.510	0	0	237	150	237	150
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (2)	USA	USD	Amortizable	4.510	4.510	0	0	115	74	115	74
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (2)	USA	USD	Bullet	1.000	1.000	0	0	7	22	7	22
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco de Crédito del Perú (3)	Peru	USD	Bullet	0.990	0.990	50,450	0	0	0	50,450	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Santander (4)	Chile	USD	Bullet	1.660	1.660	30,448	0	0	0	30,448	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (5)	Chile	USD	Bullet	2.550	2.550	0	0	50,882	0	50,882	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco de Crédito del Perú (6)	Peru	USD	Bullet	2.700	2.700	0	0	20,362	0	20,362	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Itaú (7)	Chile	USD	Bullet	3.000	3.000	0	0	30,602	0	30,602	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco BCI (8)	Chile	USD	Bullet	3.150	3.150	0	0	50,958	0	50,958	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (9)	Chile	USD	Bullet	3.540	3.540	0	0	51,077	0	51,077	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (10)	Chile	USD	Bullet	3.838	3.838	0	0	2,816	0	2,816	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (11)	Chile	USD	Bullet	3.635	3.635	0	0	1,409	0	1,409	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Chile (12)	Chile	USD	Bullet	6.810	6.810	0	0	50,435	0	50,435	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Santander (13)	Chile	USD	Bullet	6.280	6.280	0	0	25,194	0	25,194	0
76.376.043-k	Energias de Abtao S.A.	Chile	Foreign	Banco Itaú (14)	Chile	USD	Amortizable	8.539	8.539	0	0	4,285	0	4,285	0
Total Interest-Bearing Loans, Current										**80,898**	**0**	**288,379**	**50,550**	**369,277**	**50,550**

(1) The short-term loan for USD 50 million with Scotiabank is accruing interest at a fixed rate and expires April 26, 2022. 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 interest accrued on the IDB Invest loan for USD 125 million described in Note 20.1.2.

(3) The short-term loan for USD 50 million with Banco de Crédito del Peru (BCP) is accruing interest at a fixed rate and expires February 2, 2023. 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.

(4) The short-term loans for USD 30 million with Banco Santander are accruing interest at a fixed rate and expire February 6, 2023. 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.

(5) The short-term loan for USD 50 million with Scotiabank is accruing interest at a fixed rate and expires February 26, 2023. 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.

(6) The short-term loan for USD 20 million with Banco Santander is accruing interest at a fixed rate and expire April 28, 2023. 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.

(7) The short-term loan for USD 30 million with Banco Itaú is accruing interest at a fixed rate and expires April 28, 2023. 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.

(8) The short-term loan for USD 50 million with Banco BCI is accruing interest at a fixed rate and expires May 21, 2023. 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.

(9) The short-term loan for USD 50 million with Scotiabank is accruing interest at a fixed rate and expires May 19, 2023. 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.

(10) and (11) The interest accrued on the Scotiabank loan for USD 250 million described in Note 20.1.2.

(12) The short-term loan for USD 50 million with Banco Chile is accruing interest at a fixed rate and expires November 15, 2023. 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.

(13) The short-term loan for USD 50 million with Banco Santander is accruing interest at a fixed rate and expires May 20, 2023. 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.

(14) This is the current portion of the project financing of Energias de Abtao S.A. (owner of the San Pedro 2 Wind Farm). The project financing totals USD 79.4 million and it is owed to Banco Itaú, Consorcio Seguros de Vida and Banco Consorcio. The short-term portion includes two installments payable April 15, 2023 and October 15, 2023.

20.1.2 Interest-Bearing Loans, Non-Current

Borrower			Lender							1 to 3 years		3 to 5 years		More than 5 years		Total as of	
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
										kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (1)	USA	USD	Amortizable	4.510	4.510	1,801	0	9,126	5,022	62,514	68,417	73,441	73,439
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (1)	USA	USD	Amortizable	4.510	4.510	876	0	4,440	2,443	30,417	33,285	35,733	35,728
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	IDB Invest (1)	USA	USD	Bullet	1.000	1.000	0	0	0	0	14,782	14,887	14,782	14,887
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (2)	Chile	USD	Bullet	4.545	4.545	0	0	147,977	0	0	0	147,977	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Scotiabank (2)	Chile	USD	Bullet	4.816	4.816	0	0	98,652	0	0	0	98,652	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco BCI (3)	Chile	USD	Bullet	7.300	7.300	35,319	0	0	0	0	0	35,319	0
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	Banco Santander (4)	Chile	USD	Bullet	6.280	6.280	0	0	77,000	0	0	0	77,000	0
76.376.043-k	Energias de Abtao S.A.	Chile	Foreign	Banco Itaú (5)	Chile	USD	Amortizable	8.539	8.539	75,083	0	0	0	0	0	75,083	0
Total Interest-Bearing Loans, Non-Current										**113,079**	**0**	**337,195**	**7,465**	**107,713**	**116,589**	**557,987**	**124,054**

(1) On August 27, 2021, the Company drew down the entire US$125 million loan from IDB Invest granted December 23, 2020. The facility is comprised of an IDB Invest senior loan for US$74 million, US$36 million from the China Fund for co-financing in Latin America and the Caribbean and US$15 million of mixed funding from the Clean Technology Fund. The first two tranches, for a total of US$110 million, are at a variable rate and are payable in 16 installments of different amounts starting June 15, 2025 and ending December 15, 2032. The US$15 million CTF loan is accruing interest at a fixed rate of 1% annually and is payable in one single installment on December 15, 2032. The purpose of the loan is to finance the construction, operation and maintenance of the Calama wind farm. The facility uses an innovative financial instrument that encourages the acceleration of decarbonization by monetizing the real reduction in carbon dioxide (CO2) emissions through the early closing of coal-fired power plants whose generation will be substituted by the Calama wind farm. If there is no carbon credit market, the loan structure will set a minimum price for emissions that will be used to lower the cost of the CTF loan.

(2) On July 26, 2022, the Company signed a green loan agreement with Scotiabank for USD 250 million. It drew down the first loan for USD 150 million on July 28th, and the remainder was disbursed on September 7th, both with semi-annual interest payments and principal payable in one single installment in July 2027. The loan is accruing interest at a variable rate, based on the SOFR plus a spread. To hedge against interest rate risk, the Company invested in interest rate swaps with Banco de Chile for a notional amount equivalent to 70% of the loan principal. The SOFR then became fixed at an average rate of 2.872% annually.

(3) On November 16, 2022, the Company signed a green loan agreement with BCI for USD 35 million to finance renewable energy projects. It will expire May 22, 2024. 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 except regarding the use of funds, and the Company can prepay it without being charged any prepayment fee.

(4) On December 15, 2022, the Company signed a five-year loan agreement with Banco Santander for a total committed amount of USD 170 million. It drew down the first USD 77 million on December 15, 2022 to pay for the purchase of shares in the San Pedro Wind Farms in Chiloe. The remaining USD 93 million can be drawn down through February 15, 2023. The principal is payable in one single installment on December 15, 2027. The loan is accruing interest at a variable rate, based on the 6-month SOFR plus a spread. To hedge against interest rate risk, the Company invested in interest rate swaps with Banco Santander for a notional amount equivalent to 70% of the loan principal. The SOFR then became fixed at an average rate of 3.418% annually for that portion of the loan effective March 15, 2023, the effective date of the derivative.

(5) On December 15, 2022, the Company assumed the long-term project financing totaling USD 79.4 million owed by Energias de Abtao S.A. (owner of the San Pedro 2 Wind Farm) to Banco Itaú, Consorcio Seguros de Vida and Banco Consorcio. USD 4.3 million of that loan expires in 2023. In assuming this debt, EECL agreed to prepay all principal owed no later than October 15, 2024. The Company paid interest accrued on, and through, December 27, 2022 (USD 1.3 million) and received a set-off of USD 2.4 million because of the breakage of the interest rate swap held with Banco Itaú. The loan is accruing interest at the 6-month LIBOR, plus 4%, and the usual project financing restrictions are in place, in addition to EECL's guarantee to cover debt servicing.

20.2. Bonds

20.2.1 Bonds, current

Borrower			Lender							Out to 90 days		91 days to 1 year		Total	Total
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
										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	5.228	4.500	6,606	6,606	0	0	6,606	6,606
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	Bullet	3.669	3.400	7,178	7,178	0	0	7,178	7,178
Total for Bonds										**13,784**	**13,784**	**0**	**0**	**13,784**	**13,784**

20.2.2 Bonds, non-current

Borrower			Lender								1 to 3 years		3 to 5 years		More than 5 years		Total as of	
Tax I.D.	Name	Country	Tax I.D.	Name	Country	Currency	Type of Amortization	Effective Rate	Nominal Rate	Face Value	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
											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	5.228	4.500	389,375	345,288	0	0	343,316	0	0	345,288	343,316
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon (2)	USA	USD	Bullet	3.669	3.400	627,500	0	0	0	0	491,685	490,673	491,685	490,673
Total for Bonds											**345,288**	**0**	**0**	**343,316**	**491,685**	**490,673**	**836,973**	**833,989**

(1) *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 and Regulation S of the U.S. Securities Act of 1933. It was listed in the Official List of the Luxembourg Stock Exchange to be traded on the Euro MTF Market of the Luxembourg Stock Exchange. The bonds have a term of 10 years and the coupon 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.*

(2) *On January 23, 2020, EECL made a bond issue on the international market for a total of US$500,000,000. A significant part of the funds from the new issue was allocated to payment of the offer made under the voluntary early redemption of bonds for US$400,000,000 originally expiring in January 2020 ("Any and All Tender Offer"). The Company then made use of the prepayment option contained in the documentation on the bond expiring in January 2021 to be able to retire the bond and pay the balance outstanding to bondholders who did not participate in the voluntary redemption program. In February 2020, the Company was able to pay the US$400M bond in full that was to expire in January 2021. The remainder of the new issue was allocated to debt payment, transaction costs and other general purposes of the company. Premiums paid on the early redemption totaled US$13,618,079.36 that was debited entirely against 2020 fiscal year income. The new US$500M bond is for 10 years at a coupon interest rate of 3.400% annually. Interest will be paid semi-annually starting July 28, 2020, and principal will be amortized in one single installment on January 28, 2030.*

20.2.3 Bonds, face value

2022

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 Rate	Face Value	12-31-2022	12-31-2022	12-31-2022	12-31-2022	
											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	5.228	4.500	334,250	15,750	318,500	0	0	334,250
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	Bullet	3.669	3.400	627,500	17,000	34,000	34,000	542,500	627,500
Total										**961,750**	**32,750**	**352,500**	**34,000**	**542,500**	**961,750**

2021

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 Rate	Face Value	12-31-2022	12-31-2022	12-31-2022	12-31-2022	
											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	6.098	5.625	405,125	15,750	31,500	357,875	0	405,125
88.006.900-4	Engie Energia Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	Bullet	5.228	4.500	644,500	17,000	34,000	34,000	559,500	644,500
Total										**1,049,625**	**32,750**	**65,500**	**391,875**	**559,500**	**1,049,625**

NOTE 21 – DERIVATIVES AND HEDGE TRANSACTIONS

The assets and liabilities in financial derivatives classified as hedge transactions were recognized in the statement of financial position as of December 31, 2022 and 2021, as shown below:

Exchange Rate Hedge	12-31-2022				12-31-2021			
	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	17,865	5,055	0	0	0	0	5,543	0
Total	**17,865**	**5,055**	**0**	**0**	**0**	**0**	**5,543**	**0**

The financial hedge derivatives and underlying asset or liability are shown below:

Hedge Instrument	Description of Hedge Instrument	Description of Hedged Instruments	Fair Value of Hedged Instruments		Nature of the Risks Hedged
			12-31-2022 kUSD	12-31-2021 kUSD	
Forward	Exchange rate	Local currency debt	402,000	102,000	Cash flow

At the close of the fiscal years ending December 31, 2022 and 2021, 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	12-31-2022 Carrying Value kUSD	12-31-2022 Fair Value kUSD	12-31-2021 Carrying Value kUSD	12-31-2021 Fair Value kUSD
Cash and cash equivalents				
Cash on hand	31	31	34	34
Bank balances	47,322	47,322	65,979	65,979
Short-term deposits classified as cash equivalents	85,012	85,012	149,676	149,676
Financial Assets				
Trade receivables and other accounts receivable, current and non-current	546,365	546,365	250,613	250,613
Related-entity receivables	5,532	5,532	6,429	6,429
Financial liabilities				
Other financial liabilities	1,775,674	754,857	1,057,788	879,750
Trade payables and other accounts payable	229,766	229,766	262,763	262,763
Related-entity payables, current and non-current	59,504	59,504	61,485	61,485

Financial Instruments Measured at Fair Value	12-31-2022 kUSD	LEVEL 1 kUSD	LEVEL 2 kUSD	LEVEL 3 kUSD
Financial Assets				
Financial assets at fair value through profit or loss	22,920	22,920	-	-
Total	**22,920**	**22,920**	**-**	**-**
Financial Liabilities				
Financial derivatives used as a cash-flow hedge	0	0	3,154	0
Total	**0**	**0**	**3,154**	**0**

Financial Instruments Measured at Fair Value	12-31-2021 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	5,543	0	5,543	0
Total	**5,543**	**0**	**5,543**	**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 22 – LEASE LIABILITIES

Lease liabilities were as follows as of December 31, 2022 and 2021:

Lease Liabilities	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	kUSD	kUSD	kUSD	kUSD
IFRS 16 Leases	6,416	135,165	6,305	140,951
Total	**6,416**	**135,165**	**6,305**	**140,951**

22.1 Lease Liabilities, current

Lessee			Lessor					Out to 90 days		91 days to 1 year		Total	
Tax I.D.	Name	Country	Name	Currency	Type of Amortization	Effective Rate	Nominal Rate	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
								kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of National Defense	Monthly Tax Unit	Semi-Annual	4.455	4.455	53	53	24	23	77	76
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	122	126	180	175	302	301
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	87	90	128	125	215	215
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	152	157	225	219	377	376
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	30	30	63	62	93	92
88.006.900-4	Engie Energia Chile S.A.	Chile	Deka Inmobiliaria Chile One SpA	UF	Monthly	2.430	2.430	176	176	506	499	682	675
88.006.900-4	Engie Energia Chile S.A.	Chile	Sencorp Rentas Inmobiliarias SpA	UF	Monthly	2.450	2.450	94	94	270	266	364	360
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.940	2.940	240	244	301	299	541	543
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.560	3.560	22	23	29	28	51	51
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.670	2.670	9	6	20	38	29	44
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.870	2.870	28	29	60	59	88	88
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.640	2.640	27	28	83	82	110	110
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.590	2.590	6	7	22	21	28	28
88.006.900-4	Engie Energia Chile S.A.	Chile	Arrendadores de Vehículos S.A.	UF	Mensual	0.800	0.800	141	128	419	383	560	511
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.010	3.010	460	472	381	373	841	845
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.010	3.010	743	758	615	607	1,358	1,365
76.019.239-2	Eólica Monte Redondo SpA	Chile	Monte Redondo S.A.	USD	Quarterly	4.006	4.006	84	84	169	164	253	248
76.019.239-2	Eólica Monte Redondo SpA	Chile	Arrendadores de Vehículos S.A.	UF	Monthly	0.800	0.800	9	9	26	25	35	34
76.247.976-1	Solar Los Loros SpA	Chile	Sociedad Agrícola Río Escondido Ltda.	UF	Annual	4.371	4.371	83	3	0	37	83	40
76.708.710-1	Central Termoeléctrica Andina SpA.	Chile	Ministry of Public Property	CLP	Monthly	2.960	2.960	10	10	30	30	40	40
76.708.710-1	Central Termoeléctrica Andina SpA.	Chile	Ministry of National Defense	Monthly Tax Unit	Semi-Annual	2.500	2.500	133	123	119	109	252	232
78.974.730-K	Gasoducto Nor Andino SpA	Chile	Arrendadores de Vehículos S.A.	UF	Monthly	0.800	0.800	9	8	28	23	37	31
Total Lease Liabilities								**2,718**	**2,658**	**3,698**	**3,647**	**6,416**	**6,305**

22.2 Lease Liabilities, non-current

Lessee			Lessor					1 to 3 years		3 to 5 years		more than 5 years		Total as of	
Tax I.D.	Name	Country	Name	Currency	Type of Amortization	Effective Rate	Nominal Rate	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021	12-31-2022	12-31-2021
								kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of National Defense	Monthly Tax Unit	Semi-Annual	4.455	4.455	153	149	114	110	1,041	1,111	1,308	1,370
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	581	566	425	414	6,562	6,852	7,568	7,832
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	415	404	303	295	4,683	4,891	5,401	5,590
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	727	708	532	518	8,210	8,573	9,469	9,799
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.810	3.810	205	200	150	146	4,313	4,438	4,668	4,784
88.006.900-4	Engie Energia Chile S.A.	Chile	Deka Inmobiliaria Chile One SpA	UF	Monthly	2.430	2.430	2,118	2,089	1,497	1,479	450	1,222	4,065	4,790
88.006.900-4	Engie Energia Chile S.A.	Chile	Sencorp Rentas Inmobiliarias SpA	UF	Monthly	2.450	2.450	1,154	1,122	836	824	250	682	2,240	2,628
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.940	2.940	961	943	688	676	17,793	18,340	19,442	19,959
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.560	3.560	92	90	67	65	744	786	903	941
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.670	2.670	68	122	52	86	858	1,098	978	1,306
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.870	2.870	190	187	136	133	2,003	2,094	2,329	2,414
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.640	2.640	263	259	187	185	1,910	2,026	2,360	2,470
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	2.590	2.590	69	68	49	49	461	491	579	608
88.006.900-4	Engie Energia Chile S.A.	Chile	Arrendadores de Vehículos S.A.	UF	Monthly	0.800	0.800	579	1032	0	0	0	0	579	1,032
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.010	3.010	1,212	1189	870	854	23,914	24,621	25,996	26,664
88.006.900-4	Engie Energia Chile S.A.	Chile	Ministry of Public Property	UF	Annual	3.010	3.010	1,957	1920	1,405	1379	38,617	39,758	41,979	43,057
76.019.239-2	Eólica Monte Redondo SpA	Chile	Monte Redondo S.A.	USD	Quarterly	4.006	4.006	732	704	538	518	1,386	1,660	2,656	2,882
76.019.239-2	Eólica Monte Redondo SpA	Chile	Arrendadores de Vehiculos S.A.	UF	Monthly	0.800	0.800	35	69	0	0	0	0	35	69
76.247.976-1	Solar Los Loros SpA	Chile	Sociedad Agrícola Río Escondido Ltda.	UF	Annual	4.371	4.371	119	122	93	91	706	666	918	879
76.708.710-1	Central Termoeléctrica Andina SpA.	Chile	Ministry of Public Property	CLP	Monthly	2.960	2.960	17	58	0	0	0	0	17	58
76.708.710-1	Central Termoeléctrica Andina SpA.	Chile	Ministry of National Defense	Monthly Tax Unit	Semi-Annual	2.500	2.500	744	680	527	482	366	594	1,637	1,756
78.974.730-K	Gasoducto Nor Andino SpA	Chile	Arrendadores de Vehículos S.A.	UF	Monthly	0.800	0.800	38	63	0	0	0	0	38	63
Total Lease Liabilities								**12,429**	**12,744**	**8,469**	**8,304**	**114,267**	**119,903**	**135,165**	**140,951**

NOTE 23 – 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 senior management, Finance, and Risk and Insurance Areas.

ENGIE Energía Chile 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 quarterly and the progress in action plans is constantly monitored as part of Enterprise Risk Management (ERM).

Risk management is presented to the Company's board quarterly. The Company's financial risk strategy aims to protect ENGIE Energía Chile'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

23.1 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, bank loans, financial leasing transactions, time deposits, and financial derivatives.

23.1.1. 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 exchange rates.

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 significantly after approval of the Electricity Rate Stabilization Law in November 2019. The technical rules on implementation of that law were disclosed in March 2020 in Exempt Resolution 72 of the National Energy Commission. Also causing a rise is the passing of the MPC law in August 2022.

Those rules caused an increase in the accounts receivable from distribution companies and the rate of increase and subsequent payment will largely depend on the trend in exchange rates and fuel prices, among other variables. To confront this risk and mitigate its impacts on cash flow, in early 2021, the Company signed agreements with Goldman Sachs and IDB Invest to sell these receivables, without recourse to the Company, to a special-purpose company called Chile Electricity PEC SpA. On January 29, 2021, Chile Electricity PEC SpA placed Rule 144A/Regulation S bonds worth US$489 million on the international market. Part of the funds were allocated to purchasing the accounts receivable under the January 2020 Average Node Price Decree, and the remainder to buying the receivables under the July 2020 Average Node Price Decree. On June 30, 2021, EECL formalized the sale to Chile Electricity PEC SpA of the receivables corresponding to the January 2021 Average Node Price Decree. Chile Electricity PEC SpA received funding from a Form 4a2 private placement in which Allianz, IDB Invest and Goldman Sachs participated. The sales were in dollars, at a discount and without recourse to the selling generation companies, so EECL and EMR have been able to reduce their exchange rate exposure and credit risk associated with these receivables and improve their liquidity at the cost of a discount that had an impact on the 2021 and 2022 financial statements and that is expected to have an impact on the 2023 financial statements after the July 2022 Average Node Price Decree is published. This financial cost totaled US$49.6 million in 2021 and US$15.6 million in 2022.

The main cost in Chilean pesos relates to employees and administrative expenses, which account for approximately 10% of our operating costs. Therefore, since most of the company's income is denominated in, or linked to, the dollar, 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 and some service contracts, through forwards and zero-cost collars. As of December 31, 2022, the Company held forward dollar sales contracts with banks for a total notional amount of US$108 million, where US$9 million will expire monthly from January to December 2023. The purpose was to reduce the effects of the dollar/peso exchange rate fluctuation on the company's cash flows and financial results. In addition, in the past, the Company and its subsidiary CTA 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. The Company has thus avoided variations in the costs of investments in property, plant and equipment as a result of fluctuations in exchange rates beyond its control. There are currently no derivatives contracts associated with the cash flows of investment projects.

In the aim of reducing exposure to exchange rate volatility, the Cash Surplus Investment Policy of the Company stipulates 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 provides a natural hedge of commitments or debt in currencies other than the dollar. As of December 31, 2022, 92.7% 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.

The Company has a purely accounting exchange-rate risk related to the pay-for-use concessions and other types of contracts, such as the rental of vehicle fleets that are considered financial leases under IFRS 16. These contracts cover right-of-use assets that are non-monetary and recorded at their initial cost in dollars, the Company's functional currency. The counter-entries are the monetary liabilities that reflect the present value of the installments payable under the financial contracts. Most of these liabilities are denominated in Unidades de Fomento (UF) or Monthly Tax Units (UTM). Since these liabilities are monetary, they are adjusted from time to time and are translated to dollars using the observed dollar exchange rate at the close of each accounting period. Liabilities in CLP, UF and UTM are ultimately subject to periodic adjustments and are exposed to exchange rate fluctuations, while assets are fixed in dollars. This mismatching can lead to accounting profits or losses because assets are fixed in dollars. However, financially, the value of right-of-use assets is intimately related to the liability's value since both should reflect the present value of the installments payable under financial contracts. As of December 31, 2022, lease liabilities in currencies other than the dollar totaled US$141.6 million.

23.1.2 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, 2022, 83.8% of the consolidated financial debt of EECL was at a fixed rate or hedged via derivatives, and 16.2%, or US$287.5 million, was at a variable rate. These proportions do not include the financial leasing debt accounted for according to IFRS 16

	12-31-2022	12-31-2021
Fixed interest rate	87.70%	89.27%
Variable interest rate	12.30%	10.73%
Total	**100.00%**	**100.00%**

23.2 Share Price Risk

Neither EECL nor its subsidiaries held investments in equity instruments as of December 31, 2022 or December 31, 2021.

23.3 Fuel Price Risk

ENGIE Energía Chile 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, such as API 2, API 10 and Newcastle. Diesel oil and certain purchases of liquefied natural gas are bought at prices based on international oil prices (ULSD or Brent). The Company has made long-term liquefied natural gas purchase agreements in which the prices are linked to the Henry Hub index.

Fuel prices and availability are key factors 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. The 2021-2022 hydrological year was very dry in Chile and that drought continued through the second quarter of 2022, with the consequent decrease in hydraulic power generation. Simultaneously, there have been difficulties in receiving a supply of coal and natural gas because of the rise in demand combined with restrictions around the world on the production of those fuels, coupled with freight hindrances. This translated into price rises to very high levels. Then, because of the war between Russia and the Ukraine, gas and coal prices zoomed to levels never before seen. Accordingly, the mean costs of self-generation and marginal costs of the system have reached levels quite higher than in previous years, seen in the reduction in the operating margins of the electricity business. Please note that the marginal costs were also impacted by other factors, such as grid disconnection, transmission system congestion and the unavailability of power plants. The Company is partially mitigating its exposure to fuel price fluctuations by (i) signing supply contracts with other generators in the system that have helped reduce its purchase of power on the spot market (3.2 TWh contracted for 2023, 2.1 TWh for 2022 and 0.7 TWh in 2021) and, therefore, its marginal cost exposure; (ii) its long-term LNG supply contracts; (iii) the startup of new renewable energy generation projects that will reduce the dependency on fossil fuels; (iv) the acquisition of renewable assets with no contracts in areas where there is greater exposure to the marginal cost; and (v) the transfer of the cost increases to end prices. Any default by our suppliers on the terms of their contracts for the supply of liquefied natural gas or coal would also expose the Company to having to generate power using alternative fuels or to having to purchase more energy on the spot market, which would increase its exposure to the variables that are determining to the marginal costs of the system.

23.4 Credit risk

Our income is dependent upon certain important customers.

We are exposed to credit risk in the ordinary course of our business and when investing our cash balances. In the power generation business, our main customers are large mining companies of renowned solvency who generally present a low level of risk. However, those companies are subject to the variation in the world prices of copper and other raw materials and to a decrease in, or depletion of, mineral resources or other operating, climate, political, tax or labor issues. Even though our customers have proven to be strong in confronting adverse cycles, our Company conducts regular reviews of commercial risks.

We also have regulated customers who supply residential and commercial customers whose credit risk is low. A lower growth in energy demand by end users 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 as shown in the statement of income, but it has adversely impacted our cash flow, with the consequent financial cost associated with a temporary rise in working capital. To confront this risk and mitigate the impact on cash flows, in early 2021 the company signed agreements with Goldman Sachs and IDB Invest to sell these receivables, on a non-recourse basis, to Chile Electricity PEC SpA, a special-purpose company. On February 8, March 31 and June 30, 2021, the Company sold accounts receivables under the January 2020, July 2020 and January 2021 Average Node Price Decrees for a nominal price of US$167.3 million. It received net resources of US$118.6 million and reported a financial cost of US$49.6 million. On March 4 and July 14, 2022, the Company sold accounts receivable under the July 2021 and January 2022 Average Node Price decrees for a total nominal price of US$54.8 million. It received net resources of US$39.3 million and reported a financial cost of US$15.5 million. A remainder is still pending sale, corresponding to the balances stipulated in the July 2022 Average Node Price Decree that is still being reviewed by the Office of General Accountability. Once it is published, the company expects to be able to sell balances totaling approximately US$48 million. Since theenactment of the MPC Law, balances receivable because of the difference between the stabilized price (PEC) and contractual rates have continued and will continue to arise until publication of both the July 2022 Average Node Price Decree and the Exempt Resolution that will set down the terms and conditions for an effective application of the Law. After the decree and exempt resolution are published, the Treasury Service will issue Certificates of Payment that the Company can sell in a way similar to the way implemented for the PEC Law, but this time without assuming the costs of financial discounts. The deferred collection because of the delay in the publication of decrees has had a significant impact on the company's liquidity and indebtedness.

In 2020, the demand for electricity by price-regulated customers fell 4.24% in Chile because of the coronavirus pandemic, as compared to 2019. Due to the decline in economic activity because of the preventive measures adopted to flatten the contagion curve in the nation, such as mandatory quarantines in certain communities where the number of cases was higher, the payment of basic utilities, like electricity, was postponed in the sectors most affected. Although the demand for electricity recovered among regulated customers in 2021, the extension of the basic utilities law meant that collections from certain small-sized regulated customers were even slower, with the consequent rise in the company's need for working capital loans.

In recent years, the electricity industry has evolved toward a greater atomization of its customer base due to the right of consumers with a demand of 500 kV to 500 MW to contract their power supply directly with generating companies instead of through power distribution companies. As a result of this elimination of intermediaries, the Company has signed PPAs with smaller commercial and industrial customers who could entail a greater credit risk. To mitigate this risk, the Company has implemented a commercial counterparty risk policy that requires, among other things, a review of the credit risk prior to signature of power purchase agreements. At this time, PPAs with small and mid-sized commercial and industrial customers represent a small percentage of our contract portfolio. The company has stopped marketing power to that segment because of the contractual position and the present market conditions.

Our investment policy stipulates investing our cash resources in the short term with investment-grade institutions. We also consider the financial risk of our counterparties when contracting exchange rate or interest rate derivative hedges and we set maximum limits for investments with each counterparty in order to manage and diversify our credit risk.

23.5 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 that require assigning risk ratings to each customer. The credit limits, risk ratings and the internal policies are reviewed from time to time. Trade receivables are monitored regularly for performance on the basis of different risks to which they are exposed. Impairment of all relevant customers is analyzed at each reporting date on an individual basis, and provisions are made according to IFRS 9 to which a default probability is assigned to each receivable and a percentage loss in the event of non-payment. 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.

The Company is usually one of the main net payers in the chain of payments in the Chilean electricity sector because of its contractual position. It is exposed to delinquency and failure to pay by operators in the electricity sector, but the amounts represent a relatively small percentage of monthly collections. Default by other operators in the electricity system could expose the Company to an increase in the volume of sales to regulated customers at the rates in their outstanding contracts.

23.6 Financial assets and derivatives

The credit risk to which the Company is exposed in transactions with banks and financial institutions for current 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.

23.7 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.

On April 26, 2021, the Company borrowed US$50 million from Scotiabank for one year. The money was used to repay the loan received from the New York Branch of Banco Estado on May 19, 2020. That loan was paid with the money from another Scotiabank loan for the same amount, expiring April 21, 2023. On February 7, 2022, the Company borrowed US$50 million for one year from Banco de Credito del Peru and on February 10th, it took out loans for a total of US$30 million from Banco Santander Chile, both to finance working capital. On May 4, 2022, the Company took out two loans, one for US$20 million with Banco del Crédito del Perú and another for US$30 million with Banco Itaú, both expiring April 28, 2023. On May 26, 2022, the Company received a loan from BCI for US$50 million expiring May 21, 2023 and another US$50-million loan from Scotiabank expiring May 19, 2023. The Company took out a loan for US$25 million from Banco Santander on November 15, 2022, which will expire May 20, 2023; and a loan for US$50 million from Banco de Chile that will expire November 15, 2023. All these loans are documented by promissory notes and do not impose any financial restrictions or positive or negative covenants. They can be prepaid at no cost to the Company. As of December 31, 2022, the Company's short-term debt included these loans, the interest accrued, the current portion of financial leases and US$4.3 million, which was the current portion of the project financing owed by Energias de Abtao S.A. at the time it was acquired by the Company on December 15, 2022. Also as of December 31, 2022, the Company had no other significant maturities until 2025.

The Company's liquidity has been impacted by the regulated customer price stabilization law because it will limit full collection stipulated in power purchase agreements with distributors and those balances will accrue, estimated to total approximately USD 329 million as of December 31, 2022. Although the cash balances are currently at levels below those reported in previous fiscal years, the Company has access to financial markets that enable it to face its short-term financial and trade commitments.

The Company signed a loan agreement for US$125 million with IDB Invest on December 23, 2020, to fund renewable energy projects to replace coal-fired generation that will be phased out as the power plant closing schedule was brought forward. The Company drew down the entire facility on August 27, 2021. On July 26, 2022, the Company signed a green loan for USD 250 million with Scotiabank, USD 150 million of which was disbursed on July 28th and USD 100 million on September 7, 2022. This loan is payable in one single principal installment on July 26, 2027. On November 16, 2022, the Company signed a green loan agreement with BCI for USD 35 million the terms of which are similar to the company's other short-term loans. It will expire May 22, 2024. On December 15, 2022, the Company signed a five-year loan agreement with Banco Santander for a total committed amount of USD 170 million. It drew down the first USD 77 million on December 15, 2022 to pay for the purchase of shares in the San Pedro Wind Farms in Chiloe. The remaining USD 93 million can be drawn down through February 15, 2023. On December 15, 2022, the Company assumed the long-term project financing totaling USD 79.4 million owed by Energias de Abtao S.A. (owner of the San Pedro 2 Wind Farm) to Banco Itaú, Consorcio Seguros de Vida and Banco Consorcio. USD 4.3 million of that loan expires in 2023. In assuming this debt, EECL agreed to prepay all principal owed no later than October 15, 2024. The Company expects to prepay this project financing with the money from the second disbursement of the loan from Banco Santander described above.

23.8 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 (DSU), civil liability, employer civil liability and freight.

23.9 Risk Rating

As of December 31, 2022, EECL was risk-rated as follows:

International Risk Rating	Solvency	Outlook
Standard and Poor's	BBB	Stable
Fitch Ratings	BBB	Stable

National Risk Rating	Solvency	Outlook	Shares
Feller - Rate	AA-	Stable	1st Class, Level 2
Fitch Ratings	AA-	Stable	1st Class, Level 2

In June 2022, Fitch Ratings ratified the long-term debt rating of Engie Energia Chile as BBB+ with a Stable outlook. However, in October 2022, Fitch lowered the international long-term debt rating of Engie Energia Chile to BBB while maintaining the Stable outlook. In June 2022, Standard & Poor's ratified the BBB long-term debt rating of Engie Energia Chile, with a Stable outlook. Nationally, in October 2022 Fitch Ratings lowered the Company's solvency rating to AA-, with a Stable outlook, while in December 2022, Feller-Rate ratified the rating of AA- with a Stable outlook. Both agencies maintain the rating of Engie Energia Chile's shares as 1st Class, Level 2.

NOTE 24 – TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE

Trade payables and other accounts payable are itemized below:

Trade Payables and Other Accounts Payable, Current	12-31-2022 kUSD	12-31-2021 kUSD
Invoices payable to foreign suppliers	27,980	3,584
Invoices payable to domestic suppliers	163,005	194,383
Invoices receivable for domestic and foreign purchases	38,781	64,796
Total	**229,766**	**262,763**

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						12-31-2022 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	91,656	0	0	0	0	0	91,656	30
Services	134,589	0	0	0	0	0	134,589	30
Dividends payable	0	0	0	0	0	0	0	
Total kUSD	**226,245**	**0**	**0**	**0**	**0**	**0**	**226,245**	

Type of supplier	Amounts by Days Past-Due						12-31-2022 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	725	725	0	5	4	36	1,495
Services	220	182	3	1,489	114	18	2,026
Dividends payable	0	0	0	0	0	0	0
Total kUSD	**945**	**907**	**3**	**1,494**	**118**	**54**	**3,521**

Type of supplier	Amounts by Expiration						12-31-2021 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	60,823	0	0	0	0	0	60,823	30
Services	201,747	0	0	0	0	0	201,747	30
Dividends payable	0	0	0	0	0	0	0	
Total kUSD	**206,900**	**0**	**0**	**0**	**0**	**0**	**262,570**	

Type of supplier	Amounts by Days Past-Due						12-31-2021 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	6	0	0	0	0	2	8
Services	139	28	1	7	8	2	185
Dividends payable	0	0	0	0	0	0	0
Total kUSD	**145**	**28**	**1**	**7**	**8**	**4**	**193**

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 25 – CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for Employee Benefits, Current	12-31-2022 kUSD	12-31-2021 kUSD
Vacation provision	7,080	6,390
Annual bonus provision	6,058	3,975
Social security and health insurance deductions	920	779
Tax withholdings	724	348
Other compensation	391	261
Total	**15,173**	**11,753**

NOTE 26 – OTHER NON-FINANCIAL LIABILITIES

Other current non-financial liabilities were as follows:

Other Current Non-Financial Liabilities	12-31-2022 kUSD	12-31-2021 kUSD
Debitable VAT	4,646	4,177
Withholding taxes	632	645
Prepaid income	1	0
Prepaid income under GTA with Engie Gas Chile SpA (1)	198	264
Total	**5,477**	**5,086**

(1) As a result of the sale of Engie Gas Chile S.A., ENGIE Energia Chile S.A. received a prepayment for the gas transportation agreement (GTA).

The carrying value of these obligations does not differ significantly from their fair value since they are paid on average within 60 days.

Other Non-Current Non-Financial Liabilities are shown below:

Other Non-Current Non-Financial Liabilities	12-31-2022 kUSD	12-31-2021 kUSD
Income from guarantees	81	81
Total	**81**	**81**

NOTE 27 – OTHER NON-CURRENT PROVISIONS

Other Non-Current Provisions	12-31-2022 kUSD	12-31-2021 kUSD
Gasoducto Nor Andino S.A. tax contingency (1)		
Starting balance	351	490
Movement	(199)	(139)
Subtotal	**152**	**351**
(1) See Note 40.5.c)		
GTA		
Starting balance	198	463
Movement	(198)	(265)
Subtotal	**0**	**198**
Dismantling Provision		
Starting balance	57,997	61,465
Movement (*)	87,714	(3,468)
Subtotal	**145,711**	**57,997**
Miscellaneous		
Starting balance	0	0
Movement (*)	4,000	0
Subtotal	**4,000**	**0**
Total	**149,863**	**58,546**

(*) Dismantling Provision

The ENGIE Group is working on reaching Net Zero Carbon by the year 2045.

All thermal generating units were included in the adjustment of the dismantling provision and the assessments were updated at the close of 2022.

The renewable energy units of the Calama Wind Farm, the Capricornio Solar Farm and the Tamaya Solar Farm were also added to the provision.

The movements recorded in Property, Plant and Equipment because of the dismantling provision were as follows:

Movement in Assets because of Dismantling in 2022	Combined Cycle Thermal Power Plants	Thermal Power Plants	Hydroelectric Power Plants	Photovoltaic Power Plants	Wind Farms	Total Dismantling
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
Gross Value	12,101	88,604	4,590	22,024	25,732	**153,051**
Cumulative Depreciation	0	(7,732)	(246)	(411)	(5,689)	(14,078)
Impairment	0	(28,833)	0	0	0	(28,833)
Total at 12/31/2022	**12,101**	**52,039**	**4,344**	**21,613**	**20,043**	**110,140**

NOTE 28 – NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

The balance of employee benefit obligations was as follows:

Non-Current Provisions for Employee Benefits	12-31-2022 kUSD	12-31-2021 kUSD
Severance indemnities	46	47
Total	**46**	**47**

Benefit obligations changed as follows:

Non-Current Provisions for Employee Benefits	12-31-2022 kUSD	12-31-2021 kUSD
Starting balance	47	69
Payments in the period	0	0
Actuarial severance indemnities (appraised at the closing rate)	(1)	(22)
Total	**46**	**47**

Expenses recognized in the Statement of Income

Non-Current Provisions for Employee Benefits	12-31-2022 kUSD	12-31-2021 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	12-31-2022	12-31-2021
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 29 - EQUITY

The Company´s capital is represented by 1,053,309,776 issued, subscribed and paid-up shares in one single 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, 2022.

Other Equity Reserves	12-31-2022 kUSD	12-31-2021 kUSD
Investment in subsidiaries, business combination (1)	327,043	327,043
Balance of investment to take over control of subsidiary (2)	47,912	47,912
Cash flow hedge net of taxes	31,088	415
Total	**406,043**	**375,370**

(1) Increase in the fair value of capital due to the acquisition of Electroandina S.A., Gasoducto Nor Andino SpA, Gasoducto Nor Andino Argentina S.A., Central Termoeléctrica Andina SpA. and Inversiones Hornitos SpA on December 29, 2009.

(2) The differential between absorbing the minority interest and the valuation of the investment of 40% under the agreement with AMSA dated June 30, 2020, reported as a material disclosure to the Financial Market Commission.

29.1 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, final or interim dividends may be paid in excess of the mandatory minimum. Subject to the pertinent approvals, the company endeavors to pay two interim 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 47,374 as of December 31, 2022.

On April 26, 2022, the Shareholders Meeting decided not to distribute final dividends against 2021 fiscal year profits.

29.2 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 30 – REVENUES

Revenues

Definition (See Note 3.13)

	12-31-2022 kUSD	12-31-2021 kUSD
Power sales	1,754,656	1,308,501
Gas sale and transportation	48,861	37,776
Fuel sales	764	418
Toll sales (1)	100,064	95,299
Lease of facilities	1,209	1,105
Port services (2)	9,629	9,389
Recovery of Mejillones Unit 7 Loss	0	5,316
Recovery of Mejillones CTA Unit Loss	0	2,075
Other sales - income	5,083	18,735
Total	**1,920,266**	**1,478,614**

(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 20,108).

(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.

Revenue from Main Customers

Main Customers	12-31-2022		12-31-2021	
	kUSD	%	kUSD	%
Regulated customers (Central-South Segment of National Grid)	548,245	28.55%	449,087	30.37%
CODELCO Group	391,256	20.38%	282,839	19.13%
EMEL regulated customers	234,098	12.19%	174,649	11.81%
AMSA Group (1)	168,376	8.77%	222,527	15.05%
GLENCORE Group	107,258	5.59%	75,019	5.07%
El Abra	84,285	4.39%	70,594	4.77%
Other customers	386,748	20.13%	203,899	13.80%
Total Sales	**1,920,266**	**100.00%**	**1,478,614**	**100.00%**

(1) The numbers for the AMSA Group include commercial transactions with the companies operated by this Group: Minera Michilla SpA, Minera Centinela and Minera Antucoya. The reported figures include the sale of energy, capacity and other services to these companies and the impacts of the transaction reported as a Material Disclosure on June 30, 2020. Among other matters, this transaction involved the renegotiation of power purchase agreements between Inversiones Hornitos SpA, a subsidiary, and Minera Centinela and an amendment to the bylaws of Inversiones Hornitos, as well as transactions whereby EECL came to control 100% of this subsidiary according to IFRS accounting standards. The renegotiated power purchase agreement contains a rate discount in the agreed commercial terms, but the discount was higher the first few years that it was applied as it included a payment in monthly installments by Engie Energia Chile for the purchase of 40% of Inversiones Hornitos SpA. Those discounts were fully settled as of December 2021.

Under the March 2020 agreements, the power purchase agreement between Minera Centinela and Inversiones Hornito expired December 31, 2021. The new power purchase agreement for the same capacity of 186 MW between Minera Centinela and EECL entered into force on January 1, 2022 and is set to expire December 31, 2033.

According to applicable accounting standards (IFRS), EECL took over 100% control of Inversiones Hornitos upon signature of the agreement reported in the Material Disclosure. In that agreement, the discount during 2020 and part of 2021 was allocated toward payment of the additional interest acquired (40%). Thereafter, the rate discount under the power purchase agreement was recognized entirely in fiscal year income. Ultimately, the impact on fiscal year income of the rate discount applicable in the first year of the agreement was neutral because it was offset by the financial income from the acquisition of 40% of Inversiones Hornitos. Therefore, the discount had no material impact on 2020 and 2021 income but rather it was used to make the monthly payment for that 40% interest in Inversiones Hornitos held by AMSA through its subsidiary, Minera Centinela.

Revenue

Revenue	12-31-2022 kUSD	12-31-2021 kUSD
Power sales	1,754,656	1,308,501
Other income	165,610	170,113
Total Sales	**1,920,266**	**1,478,614**

NOTE 31 – COST OF SALES

Costs of sales

Costs of sales	12-31-2022 kUSD	12-31-2021 kUSD
Fuel, lubricants and other materials	648,172	469,184
Energy and capacity	798,331	404,884
Wages and salaries	31,428	28,168
Annual benefits	8,341	5,438
Other employee benefits	8,307	7,665
Post-employment obligations	11	11
Fuel cost of sale	33,227	51,608
Gas transportation	279	272
Wharfage	11,414	12,630
Maintenance and repairs	17,926	15,533
Outsourcing	31,344	24,894
Consulting and fees	1,790	1,146
Gas pipeline operation and maintenance	737	4
Tolls	65,823	74,962
Depreciation of property, plant and equipment	164,983	162,369
Right-of-use asset amortization	2,043	1,933
Depreciation of spare parts	2,007	1,347
Amortization of intangibles	16,293	16,293
Property taxes and business licenses	6,198	4,081
Insurance	28,541	21,368
Other disbursements	23,768	7,781
Total	**1,900,963**	**1,311,571**

NOTE 32 – OTHER OPERATING INCOME AND EXPENSES

Other Operating Income and Expenses

Other Operating Income and Expenses	12-31-2022 kUSD	12-31-2021 kUSD
Sale of water	2,512	2,861
Recovery of uncollectibles	514	1,569
Uncollectible receivables	(439)	(4,458)
Sale of property, plant and equipment (*)	10	4,776
Sale of spare parts	95	15
Final recovery of Laja-EMR Loss	475	0
Partial recovery of Mejillones CTA Unit Loss	0	3,925
Other income	10,155	1,640
Total	**13,322**	**10,328**

(*) The property of the company at Apoquindo 3721, 8th floor, and parking stalls.

NOTE 33 – ADMINISTRATIVE EXPENSES

Administrative Expenses

Administrative Expenses	12-31-2022 kUSD	12-31-2021 kUSD
Wages and salaries	11,167	14,979
Annual benefits	3,386	563
Other employee benefits	3,292	2,723
Post-employment obligations	14	14
Outsourcing and consulting	11,383	12,909
Depreciation of property, plant and equipment	2,963	2,754
Right-of-use asset amortization	1,102	1,106
Property taxes and business licenses	329	321
Insurance	26	20
Other	4,243	2,566
Total	**37,905**	**37,955**

NOTE 34 – PERSONNEL EXPENSES

Employee Expenses

Employee Expenses	12-31-2022 kUSD	12-31-2021 kUSD
Wages and salaries	42,595	43,147
Annual benefits	11,727	6,001
Other employee benefits	11,599	10,388
Post-employment obligations	25	25
Total	**65,946**	**59,561**

NOTE 35 – OTHER EXPENSES (INCOME)

Other Expenses (Income)

Other Expenses (Income)	12-31-2022 kUSD	12-31-2021 kUSD
Derecognition due to sale of property, plant and equipment (*)	0	1,138
Derecognition of property, plant and equipment	1,056	10,128
Cost of sale of spare parts	4,535	811
Economic impairment (**)	412,568	0
Expenses of projects under development (***)	30,096	0
Total	**448,255**	**12,077**

(*) The property of the company at Apoquindo 3721, 8th floor, and parking stalls.

(**) Allocation of Economic Impairment

According to accounting standards, if there is an impairment to a Cash-Generating Unit (CGU), all impairment losses must be allocated to reducing the carrying value of the assets in a specific order: first, to reduce any existing goodwill; and second, proportionally to the other assets. Entities may not reduce the carrying value of an asset below the higher of its fair value less disposal costs, its value in use and zero. Lastly, when it is infeasible to estimate the recoverable amount of each individual asset in a CGU, IFRS require an arbitrary allocation of the impairment loss among the assets in that CGU.

The breakdown is as follows:

Economic impairment itemization	12-31-2022 kUSD
Impairment due to dismantling of coal-fired units (see Note 17)	10,397
Impairment of thermal generation assets (see Note 17)	380,999
Goodwill of the ENGIE Group and Codelco (see Note 16.1)	25,099
Reversal of impairment of spare parts sold (see Note 11)	(3,927)
Total	**412,568**

(***) 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. All projects were analyzed at the close of the 2022 fiscal year and those that were no longer economically feasible and profitable were adjusted in income as Expenses of Projects under Development totaling kUSD 30,096.

(**)(***) The deferred tax asset associated with the recognition of impairment in the 2022 fiscal year totaled kUSD 102,699 and the deferred tax associated with project development expenses totaled kUSD 8,126, for a total of kUSD 110,825.

NOTE 36 – FINANCIAL INCOME

Financial Income

Financial Income	12-31-2022 kUSD	12-31-2021 kUSD
Financial interest	16,782	1,607
Total	**16,782**	**1,607**

NOTE 37 – FINANCIAL EXPENSES

Financial Expenses

Financial Expenses	12-31-2022 kUSD	12-31-2021 kUSD
Financial interest	69,138	82,782
Lease financial interest	6,347	6,025
Total	**75,485**	**88,807**

Financial interest includes unusual items in both periods: kUSD 15,207 in 2022 and kUSD 48,671 in 2021, corresponding to the discount at which the distribution company receivables were sold, originating in Regulated Customer Electricity Price Stabilization Law 21,185. From January 1, 2021 to December 31, 2022, the Company sold these types of accounts receivable to Chile Electricity PEC SpA for a nominal price totaling kUSD 222,076 under the agreements with Goldman Sachs, IDB Invest and Allianz.

NOTE 38 – 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, 2022 and 2021:

Exchange Differentials	Currency	12-31-2022 kUSD	12-31-2021 kUSD
Assets			
Cash and Cash Equivalents	CLP	(42,301)	(6,683)
Cash and Cash Equivalents	EUR	43,022	5,891
Cash and Cash Equivalents	Argentine Peso	(73)	31
Trade receivables and other accounts receivable, current	CLP	(9,861)	(8,345)
Trade receivables and other accounts receivable, current	EUR	(12)	(23)
Trade receivables and other accounts receivable, current	Argentine Peso	(2)	0
Current tax assets	Argentine Peso	(141)	(48)
Related-entity receivables, current	CLP	(51)	(140)
Other non-financial assets	CLP	2,679	(9,618)
Other non-financial assets	EUR	700	16
Other non-financial assets	Argentine Peso	(93)	(30)
Trade receivables and other accounts receivable, non-current	CLP	(121)	0
Other non-financial assets	UF	18	(17)
Other current assets	Argentine Peso	0	35
Total Assets		**(6,236)**	**(18,931)**
Liabilities			
Lease liabilities, current	CLP	(65)	1,405
Trade payables and other accounts payable, current	CLP	(6,645)	5,187
Trade payables and other accounts payable, current	EUR	377	20
Trade payables and other accounts payable, current	GBP	(3)	(177)
Trade payables and other accounts payable, current	YEN	(1)	68
Trade payables and other accounts payable, current	UF	(424)	224
Trade payables and other accounts payable, current	Swiss Franc	(3)	2
Current tax liabilities	Argentine Peso	(371)	(39)
Related-entity payables, current	CLP	(372)	89
Related-entity payables, current	EUR	2	1
Related-entity payables, current	UF	1	0
Other non-financial liabilities	CLP	1,342	6,014
Deferred tax liabilities	Argentine Peso	(470)	(195)
Non-current lease liabilities	CLP	(1,486)	26,351
Employee benefit provisions	CLP	(578)	1,653
Other Provisions	Argentine Peso	230	920
Total Liabilities		**(8,466)**	**41,523**
Total Exchange Differentials		**(14,702)**	**22,592**

NOTE 39 – EARNINGS PER SHARE

Disclosures on Basic Earnings per Share	12-31-2022 kUSD	12-31-2021 kUSD
Earnings (loss) attributable to holders of equity instruments of the Controller	(388,769)	47,375
Basic earnings available to common shareholders	(388,769)	47,374
Basic weighted average number of shares	1,053,309,776	1,053,309,776
Basic Earnings per Share	**USD -0.369**	**USD 0.045**

Shareholders in the Company

Majority Shareholders as of December 31, 2022	Number of Shares	Percentage Interest
ENGIE Austral S.A.	631,924,219	59.99%
Banco Santander for account of foreign investors	37,360,006	3.55%
Banco de Chile for account of State Street	30,157,543	2.86%
AFP Provida S.A. Type C Fund	29,943,552	2.84%
BCI Corredores de Bolsa S.A.	18,509,708	1.76%
Santander Corredores de Bolsa Ltda.	15,574,764	1.48%
Consorcio Corredores de Bolsa S.A.	13,711,965	1.30%
Pioneer Investment Fund	13,659,637	1.30%
AFP Habitat S.A. Type A Fund	13,040,062	1.24%
Larrain Vial S.A. Corredora de Bolsa	12,883,096	1.22%
BANCHILE Corredores de Bolsa S.A.	12,700,000	1.21%
AFP Provida S.A. Type B Fund	12,447,046	1.18%
Other shareholders	211,398,178	20.07%
Total	**1,053,309,776**	**100.00%**

NOTE 40 – GUARANTEES PROVIDED TO THIRD PARTIES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER ITEMS

40.1 Direct guarantees

Name of Recipient	Type of Collateral	Balances Pending Payment on the Financial Statement Closing Date	
		12-31-2022 kUSD	12-31-2021 kUSD
National Electric Coordinator	Bank Guarantee	196,638	54,795
Regional Office of the Ministry of Public Property	Bank Guarantee	38,030	32,754
Ministry of Energy	Bank Guarantee	17,891	14,983
Interchile S.A.	Bank Guarantee	6,400	0
Director General of the Maritime Territory and Merchant Marine	Insurance Policy	2,044	2,374
Parque Solar Fotovoltaico Solar del Desierto SpA	Bank Guarantee	2,000	0
Albemarle Limitada	Bank Guarantee	1,546	3,092
Sierra Gorda Sociedad Contractual	Bank Guarantee	1,500	1,500
Transelec S.A.	Bank Guarantee	1,258	231
CGE Transmisión S.A.	Bank Guarantee	1,100	1,100
Hidroelectrica Rio Lircay S.A.	Bank Guarantee	1,058	0
Enaex S.A.	Bank Guarantee	849	840
Antofagasta and Tarapaca Region Roadworks Office	Bank Guarantee	556	437
Transelec Holdings Rentas Limitada	Bank Guarantee	258	231
Sistema de Transmisión del Sur S.A.	Bank Guarantee	172	154
Enel Distribución Chile S.A.	Bank Guarantee	129	9,824
Eolica La Estrella SpA	Bank Guarantee	106	94
Colbun Transmisión S.A.	Bank Guarantee	86	77
Compañía General de Electricidad S.A.	Bank Guarantee	86	77
Don Goyo Transmisión S.A.	Bank Guarantee	86	77
Empresa de Transmisión Eléctrica Transemel S.A.	Bank Guarantee	86	77
ENAEX Servicios S.A.	Bank Guarantee	64	0
National Copper Corporation (CODELCO)	Bank Guarantee	48	43
Dr. Ernesto Torres Galdames Hospital	Bank Guarantee	47	59
San Jose del Carmen Hospital	Bank Guarantee	45	56
Dr. Juan Noé Crevanni Hospital	Bank Guarantee	38	48
San Pablo Hospital	Bank Guarantee	37	46
Complejo Metalúrgico Altonorte S.A.	Bank Guarantee	36	32
Huasco Provincial Hospital	Bank Guarantee	18	23
Dr. Marcos Macuada Hospital	Bank Guarantee	9	11
Fundación Nuevos Tiempos	Bank Guarantee	6	6
Dr. Héctor Reyno Gutiérrez Family Health Care Center	Bank Guarantee	4	5
Arriendo de Máquinas Industriales Veliz	Bank Guarantee	0	21
Sociedad Contractual Minera Carola	Bank Guarantee	0	45
Cia. Exploradora y Explotadora Minera Chileno Rumana S.A.	Bank Guarantee	0	150
Planta Solar San Pedro III SpA	Bank Guarantee	0	2,000
Total		**272,231**	**125,262**

No assets have been given in guarantee.

40.2 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	
		12-31-2022 kUSD	12-31-2021 kUSD
Banco de Crédito e Inversiones	Corporate guarantee	6,000	6,000
MUFG Union Bank, N.A.	Corporate guarantee	10,000	10,000
Alstom Grid Chile S.A.	Corporate guarantee	297,499	282,656
Ing. y Contruc.Sigdo Koppers S.A.	Corporate guarantee	327,519	308,510
Total		**641,018**	**607,166**

40.3 Guarantees received from third parties

Name		12-31-2022 kUSD	12-31-2021 kUSD
In favor of ENGIE ENERGIA CHILE S.A.			
Siemens Gesa Renewable Energy S.A.	Contract performance bond	11,065	32,440
OHL Industrial Chile S.A.	Contract performance bond	9,719	6,471
Miscellaneous	General contract performance guarantee	5,837	5,441
Siemens Energy Chile SpA	Contract performance bond	4,053	2,566
B. Bosch S.A.	Contract performance bond	2,172	0
Grid Solutions Chile S.A.	Contract performance bond	1,802	0
Elecnor Chile S.A.	Contract performance bond	1,653	0
Global Energy Services Siemsa S.A.	Contract performance bond	1,652	4,278
Albemarle Ltda.	Contract performance bond	1,546	0
Ima Industrial SpA	Contract performance bond	1,507	0
Sergio Cortes Alucema e Hijo Ltda.	Contract performance bond	1,500	1,592
Somacor S.A.	Contract performance bond	966	0
Aguas de Antofagasta S.A.	Contract performance bond	850	0
Mantenimiento Técnico Industrial Ltda.	Contract performance bond	256	260
Flesan Minería S.A.	Contract performance bond	223	1,539
Sungrow Power Supply Co. Ltd.	Contract performance bond	221	0
Import. y Servicios Advanced Computing Tech. S.A.	Contract performance bond	100	94
Siemens S.A.	Contract performance bond	75	627
Engineering Construction Co., Ltd.	Contract performance bond	21	20,021
Global Energy Services Photovoltaic Project	Contract performance bond	0	3,682
Copec	Contract performance bond	0	367
Soltec Energías Renovables S.L.U.	Contract performance bond	0	1,923
Inneria Chile SpA	Contract performance bond	0	1,823
Subtotal		**45,218**	**83,124**

Name		12-31-2022 kUSD	12-31-2021 kUSD
In favor of Electroandina SpA.			
Soc.Maritima y Com. Somarco Ltda.	Contract performance bond	190	190
Miscellaneous	General contract performance guarantee	99	75
Subtotal		**289**	**265**
In favor of Central Termoeléctrica Andina SpA			
Servicios Industriales Ltda.	Contract performance bond	125	125
Soc.Maritima y Com. Somarco Ltda.	Contract performance bond	300	300
Ima Industrial SpA	Contract performance bond	754	0
Miscellaneous	General contract performance guarantee	234	124
Subtotal		**1,413**	**549**
In favor of Inversiones Hornitos SpA			
Minera Centinela	Contract performance bond	200,000	200,000
ABB S.A.	Contract performance bond	23	66
Servicios Industriales Ltda.	Contract performance bond	125	125
Inneria Chile SpA	Contract performance bond	88	0
Miscellaneous	Contract performance bond	129	120
Subtotal		**200,365**	**200,311**
In favor of Edelnor Transmisión S.A.			
ABG Abengoa Chile S.A.	Contract performance bond	683	616
El Sol de Vallenar SpA	Contract performance bond	424	819
Grid Solutions Chile SpA	Contract performance bond	24	511
Siemens S.A.	Contract performance bond	121	62
B. Bosch S.A.	Contract performance bond	225	0
Nortcontrol Chile SpA	Contract performance bond	64	0
Pozo Almonte Solar 3 S.A.	Contract performance bond	0	50
Pozo Almonte Solar 2 S.A.	Contract performance bond	0	44
Subtotal		**1,541**	**2,102**
In favor of Gasoducto Nor Andino SpA			
Arrendadora de Vehiculos S.A.	Contract performance guarantee	15	14
Miscellaneous	Contract performance guarantee	0	1
Subtotal		**15**	**15**

Name		12-31-2022 kUSD	12-31-2021 kUSD
In favor of Eólica Monte Redondo SpA			
Ingeteam Power Technology S.A.	Contract performance guarantee	639	0
Pine SpA	Contract performance guarantee	257	0
Asesoria Forestal Integral Ltda.	Contract performance guarantee	43	59
Transportes José Carrasco Retamal E.I.R.L.	Contract performance guarantee	4	2
GGP Servicios Industriales SpA	Contract performance guarantee	25	25
Miscellaneous	Contract performance guarantee	67	41
Subtotal		**1,035**	**127**
In favor of Solar Los Loros SpA			
GGP Servicios Industriales SpA	Contract performance guarantee	15	0
Miscellaneous	Contract performance guarantee	3	0
Subtotal		**18**	**0**
Total		**249,894**	**286,493**

40.4 Restrictions

As of December 31, 2022, the Company owed short-term loans totaling USD 368.4 million to Scotiabank, Banco de Credito del Peru, Banco Santander, Banco Itaú, BCI and Banco de Chile as described in Note 19.1.1. These loans are accruing interest at a fixed rate and are documented by a simple promissory note recording the obligation to make payment on the agreed date. There are no financial or operating restrictions and prepayment is possible at no cost to the company.

As of December 31, 2022, EECL had two bonds outstanding: one for US$500,000,000.00, issued in January 2020, and another for US$350,000,000 issued in October 2014, both under Rule 144-A and Regulation S. The purpose of the bond issue in January 2020 was to fund (i) the early redemption of the US$400M 144-A bond issued in December 2010 that was originally set to expire on January 15, 2020; (ii) the cost of the premium paid to the bondholders because of the early redemption; and (iii) general purposes of the company. 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 to later be resold outside of the United States.

The medium- and long-term bank debt totaled USD 453.6 million as of December 31, 2022 (USD 125 million with IDB Invest, USD 250 million with Scotiabank, USD 35 million with BCI, USD 77 million with Banco Santander and USD 75.1 million with Banco Itaú, Banco Consorcio and Consorcio Seguros de Vida, the result of taking over the project financing of the San Pedro 2 Wind Farm). These loans are described below.

On December 23, 2020, EECL signed a loan agreement for USD 125,000,000 with IDB Invest, comprised of a senior loan from IDB Invest and the China Fund for co-financing in Latin America and the Caribbean, limited to USD 110,000,000, and a loan for USD 15,000,000 from the Clean Technology Fund (CTF). The Company drew down the entire loan on August 27, 2021.

On July 26, 2022, EECL signed a loan agreement with Scotiabank for USD 250 million, which was drawn down in two disbursements. It drew down the first loan for USD 150 million on July 28, 2022, and the second on September 7, 2022. Both loans stipulate semi-annual interest payments in January and July of each year, and one single principal payment on July 26, 2027. The loans are accruing interest at a variable rate, equal to the SOFR, compounded daily, plus a spread. On August 19, 2022, EECL signed two interest rate swaps with Banco de Chile for a notional amount equivalent to 70% of the above loans, or a total of USD 175,000,000. The purpose was to set the base rate of the loans and thus hedge the company's cash flow against the risk of a rise in market interest rates. The base rate was thus fixed for these transactions at 2.874% annually.

On November 16, 2022, the Company signed a green loan agreement with BCI for USD 35 million the terms of which are similar to the company's other short-term loans. It will expire May 22, 2024.

On December 15, 2022, the Company signed a five-year loan agreement with Banco Santander for a total committed amount of USD 170 million. It drew down the first USD 77 million on December 15, 2022 to pay for the purchase of shares in the San Pedro Wind Farms in Chiloe. The remaining USD 93 million can be drawn down through February 15, 2023. The loan is accruing interest at a variable rate, based on the SOFR plus a spread. To hedge against interest rate risk, the Company invested in interest rate swaps with Banco Santander for a notional amount equivalent to 70% of the loan principal. The SOFR then became fixed at an average rate of 3.418% annually for that portion of the loan.

On December 15, 2022, the Company guaranteed the long-term project financing totaling USD 79.4 million owed by Energias de Abtao S.A. (owner of the San Pedro 2 Wind Farm) to Banco Itaú, Consorcio Seguros de Vida and Banco Consorcio. USD 4.3 million of that loan expires in 2023. In assuming this debt, EECL agreed to prepay all principal owed no later than October 15, 2024. The Company paid interest accrued on, and through, December 27, 2022 (USD 1.3 million) and received a set-off of USD 2.4 million because of the breakage of the interest rate swap held with Banco Itaú. The loan is accruing interest at the 6-month LIBOR, plus 4%, and the usual project financing restrictions are in place, in addition to EECL's guarantee to cover debt servicing. The Company expects to prepay this project financing with the money from the second disbursement of the loan from Banco Santander described in the preceding paragraph.

The IDB Invest, Scotiabank and Banco Santander loans impose certain restrictions usual to this type of financing. Those restrictions include the grant of guarantees by the company or its subsidiaries, except for the following types allowed under the indenture agreement: (i) guarantees on (a) assets built or acquired after the date of signature of the loan agreement; (b) shares or equity or debt securities backed by assets related to the company's main business, provided such pledges or collateral are established at the same time as, or no later than 360 days after, the acquisition of the assets or completion of the construction of the relevant asset or project; (ii) security or collateral on the assets of any entity being acquired by the company or existing at the time it was acquired by the company; (iii) collateral securing the obligations of any subsidiary owed to the company or to another company subsidiary; (iv) any type of security or collateral existing on the date of signature of the loan agreement; and (v) any extension, renewal or replacement of the above guarantees in whole or in part, provided the amount of the debt secured thereby is less than or equal to the value of the guarantees at the time of the extension, renewal or replacement. The loan agreement also places restrictions on leasebacks and limitations on an effective change in control of the company. A change in control without approval of the new controller by the lender will trigger a mandatory prepayment of the debt. These three loans are green loans, meaning the loans must be used for investment in renewable generation or power transmission projects that are rated green according to international standards, and the loans require that certain minimum levels of installed generating capacity be maintained and power purchase agreements during the term of the loans. None of the company's financial liabilities entail financial covenants or event-of-default triggers due to changes in risk ratings.

40.5 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 SpA, Inversiones Hornitos SpA and Electroandina SpA 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. After the argument period ended, an order was issued in February 2020 to present evidence. The parties filed a motion for reconsideration of that order and, alternatively, an appeal. The motion for reconsideration was partially sustained and the appeal was deemed filed. The docket was sent to the Santiago Court of Appeals on June 22, 2020 to decide on the appeal against the order on evidence to be presented. Both parties presented their arguments on November 10, 2020 and the case was settled by an agreement. The Court rendered a ruling on July 30, 2021 dismissing the appeal by EECL, CTH, CTA and Electroandina. The plaintiffs petitioned that the case be reactivated on December 15, 2021. An order to suspend the evidentiary period for 45 business days was issued on January 24, 2022, through March 16, 2022.

The evidentiary period expired. However, there are two evidentiary proceedings pending. The first is to exhibit documents, which will take place on January 20, 2023, and the second is a supplement to a court expert opinion.

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 SpA) 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.
- 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 151,929.23 as of December 31, 2022 and of USD 350,871.60 as of December 31, 2021.

NOTE 41 – NUMBER OF EMPLOYEES

As of December 31, 2022 and 2021, 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 2022	Total 2021
Generation	179	367	2	548	543
Transmission	45	62	0	107	100
Administration and Support	170	68	0	238	223
Total	**394**	**497**	**2**	**893**	**866**

NOTE 42 – PENALTIES

Neither the Company nor its executives were penalized by the Financial Market Commission in the 2022 or 2021 fiscal years.

NOTE 43 – 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, biological 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, the certification agency, conducted a new annual audit of the Management System in June 2022. Some minor nonconformities were found and a corrective action plan was prepared and is being implemented.

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 2019, the environmental authority was informed that the construction of the Calama Wind Farm and Capricornio Solar Power Plant had begun. It was disclosed in June 2020 that construction of the Tamaya Solar Power Plant Project had begun. We reported the retrofitting of units CTA and CTH in the second quarter of 2021, which will operate using only biomass, and of the IEM unit, which will be operated with natural gas only. The Environmental Impact Statements were presented to, and approved by, the Antofagasta Region Environmental Assessment Service for both projects. The Calama Wind Farm began commercial operation in December 2021, followed by the Tamaya Solar Power Plant in January 2022 and the Capricornio Solar Power Plant in November 2022. The environmental commissioning of the Coya solar power plant began in the 4th quarter of 2022 and commercial operation is scheduled to begin in the 1st quarter of 2023.

EECL informed the electricity authorities of the removal of units 12-13, and their disconnection was authorized in April 2019 provided the Polpaico-Cardones interconnection project was ready. These units were effectively removed from service on June 7, 2019, dismantled, and the waste disposed of. Unit 14 of the Tocopilla Power Plant was disconnected from the SEN in June 2022 and Unit 15 on September 30, 2022.

All generating units of the Tocopilla and Mejillones Power Plants have been in line with the emissions standard for thermal power plants since 2021, which regulates particulate matter, sulfur dioxide and nitrogen oxide, as stated in the reports issued by the SMA'S Oversight Division in June 2022. The SMA has not yet reported on the compliance by CTM1-2, CTM3 and IEM for 2020 and a formal decision has been requested but has not yet been rendered.

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. The annual validations of the CEMS have been made for 2022, and the validation reports are pending at this time.

A continuous emissions monitoring system (CEMS) was installed, validated and certified at the Tocopilla turbogas units (back-up units) to quantify the emissions subject to the emission standard for Thermal Power Plants. A DeNOx system was also implemented, so now the restriction was lifted of not operating more than 10% of the hours in the year. The SMA issued Exempt Resolution 1929 in November 2022 certifying the TG3 CEMS.

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 measurements (through CEMS) or indirect measurements (estimates) when there are no CEMS certified by the SMA. 2021 emissions have already been reported and validated and USD 27,544,672 have been paid. The increase in the tax for the 2020 emissions was the result of an increase in thermal power generation. The payment is expected to be lower for 2022 as the reported emissions are close to 34% below those of 2021.

During 2020, the environmental authority conducted 11 on-site audits (6 by the SMA and 5 by the Health SEREMI) and 20 “Information Reviews.” The SMA made only minor observations as a result of the audits, but 2 health investigations were begun as deviations were found in the operating control of waste (Tocopilla Plant – September 2020) and the handling of chemical waste (Mejillones Plant – December 2020). All deviations have been or are in the process of being corrected. Defensive arguments were presented in both investigations. In the first quarter of 2021, the health authority imposed a fine of 100 monthly tax units for the deviations found at the Tocopilla Power Plant, which has been paid. A fine of UTM 200 was initially imposed as a result of the Mejillones Power Plant investigation, which has been appealed for reconsideration. A fine of 150 UTM was finally paid. The authorities conducted 13 in-person inspections from January to December 2021 (8 by the SMA and 5 by the Regional Office of the Ministry of Health) and 10 “Information Reviews.” The authorities are conducting these processes. The authorities conducted 8 environmental/ health inspections in 2022 and requested information. No environmental deviations were found and only for 2 inspections were investigations begun because of operating deviations in the hazardous substance warehouses. The defensive reports were presented in both cases, but no decision has been rendered to date.

The Company suffered a social and environmental incident on August 13, 2021, caused by a visible emission of ash from Unit 1 of the Mejillones Power Plant. The emissions were controlled and nearly all of the spilt ash was recovered. This occurrence was reported to the SMA, which requested further information. It is now being investigated by the SMA but the SMA has not requested any more information or measures because of this event as of this date. No environmental incidents were reported to the authority in the period January to December 2022.

On February 5, 2020, Eolica Monte Redondo SpA was served an environmental damage claim before the Third Environmental Court. The case number is D-33-2017. The claim is against the algae bloom occurring in the summer months in the Laja River reservoir due to the decreased flow, the increase in temperature and the nutrient content in the water column. The company has conducted environmental monitoring to gain an understanding of the problem. The community has participated in the monitoring and new measures to prevent and mitigate the algae bloom are being investigated. Some of these measures have been tried on a pilot scale and new preventive measures will continue to be evaluated. The results of the monitoring and control measures are reported annually to the environmental authorities. In March 2022, the Third Environmental Court inspected the Laja Power Plant and three sectors of the reservoir because of an environmental damage lawsuit. It noted that the water was clear, there were fish and birds, and no bad smells or algae bloom. The company has received the certificate of this inspection. A reconciliation hearing was later held at the company’s request, and the Third Environmental Court issued terms and conditions of reconciliation with the technical and social objectives to resolve this claim. An action plan was proposed to the plaintiff in November 2022, who has not made any observations thus far to date. The deadline to present a reconciliation agreement was postponed to the end of March 2023.

We were served an environmental reparation claim on October 27, 2022, claiming damage to the facility where the Iquique diesel-fired power plant operated. It is being heard by the First Environmental Court under case number D-17-2022. The plaintiff is claiming that there has been damage to soil and water because of the power plant’s operation. Studies are currently under way to determine the condition of the power plant and the necessary cleaning measures

NOTE 44 – SUMMARY FINANCIAL INFORMATION ON SUBSIDIARIES

Summary financial information is provided below as of December 31, 2022, 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 SpA.	100.00%	39,290	20,383	59,673	7,396	0	7,396	15,149	238
78.974.730-K	Gasoducto Nor Andino SpA	100.00%	12,919	52,521	65,440	4,196	17,598	21,794	15,804	(7,214)
Foreign	Gasoducto Nor Andino Argentina S.A.	100.00%	2,017	3,203	5,220	305	8,802	9,107	4	(14,337)
76.708.710-1	Central Termoeléctrica Andina SpA.	100.00%	98,039	544,257	642,296	47,731	257,329	305,060	276,565	(14,154)
76.046.791-K	Edelnor Transmisión S.A.	100.00%	5,551	47,998	53,549	20,716	25,034	45,750	13,312	2,263
76.009.698-9	Inversiones Hornitos SpA.	100.00%	89,137	258,381	347,518	124,748	66,530	191,278	105,284	62,575
76.247.976-1	Solar Los Loros SpA	100.00%	3,960	42,933	46,893	1,423	5,695	7,118	3,706	1,243
76.379.265-K	Parque Eólico Los Trigales SpA	100.00%	2	0	2	46	0	46	0	0
76.247.968-0	Solairedirect Generación VI SpA	100.00%	0	164	164	137	0	137	0	2
76.267.537-4	Solairedirect Generación IX SpA	100.00%	0	164	164	137	0	137	0	2
76.019.239-2	Eolica Monte Redondo SpA	100.00%	8,571	116,183	124,754	1,942	38,387	40,329	19,673	10,252
76.114.239-9	Alba SpA	100.00%	30,442	13,829	44,271	5,923	42,715	48,638	29	(136)
76.114.229-1	Alba Andes SpA	100.00%	1,205	10,273	11,478	208	11,940	12,148	0	67
76.114.213-5	Alba Pacifico SpA	100.00%	946	10,280	11,226	(48)	11,892	11,844	0	61
76.376.043-K	Rio Alto S.A.	100.00%	3,223	24,025	27,248	5,267	14,382	19,649	659	589
76.379.265-K	Energias de Abtao S.A.	100.00%	26,286	51,012	77,298	1,541	83,535	85,076	0	(145)

The financial information on the companies included in the consolidation was as follows as of December 31, 2021:

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 SpA.	100.00%	34,555	26,701	61,256	5,391	0	5,391	14,524	466
78.974.730-K	Gasoducto Nor Andino SpA	100.00%	30,833	71,985	102,818	7,268	18,898	26,166	36,909	9,854
Foreign	Gasoducto Nor Andino Argentina S.A.	100.00%	7,182	43,371	50,553	499	10,126	10,625	7	(8,212)
76.708.710-1	Central Termoeléctrica Andina SpA.	100.00%	74,236	627,915	702,151	45,835	304,926	350,761	174,956	21,546
76.046.791-K	Edelnor Transmisión S.A.	100.00%	7,468	41,360	48,828	27,708	15,585	43,293	4,845	(941)
76.009.698-9	Inversiones Hornitos SpA.	100.00%	50,576	288,520	339,096	65,755	54,525	120,280	169,667	3,852
76.247.976-1	Solar Los Loros SpA	100.00%	10,659	34,164	44,823	1,034	5,257	6,291	4,952	1,804
76.379.265-K	Parque Eólico Los Trigales SpA	100.00%	2	0	2	46	0	46	0	8
76.247.968-0	Solairedirect Generación VI SpA	100.00%	0	164	164	139	0	139	0	26
76.267.537-4	Solairedirect Generación IX SpA	100.00%	0	164	164	139	0	139	0	26
76.019.239-2	Eólica Monte Redondo SpA	100.00%	24,529	66,068	90,597	3,477	13,110	16,587	27,589	4,165

NOTE 45 - SUBSEQUENT EVENTS

No material events have occurred between January 1, 2023, and the date of issuance of these 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 2022			Percentage Interest in 2021		
				Direct	Indirect	Total	Direct	Indirect	Total
76.708.710-1	Central Termoeléctrica Andina SpA	Chile	U.S. Dollar	99.9999	0.0001	100.0000	99.9999	0.0001	100.0000
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 SpA	Chile	U.S. Dollar	99.9999	0.0001	100.0000	99.9999	0.0001	100.0000
76.019.239-2	Eolica Monte Redondo SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
Foreign	Gasoducto Nor Andino Argentina S.A.	Argentina	U.S. Dollar	78.9146	21.0854	100.0000	78.9146	21.0854	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 SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	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
76.267.537-4	Solairedirect Generación IX 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
76.247.976-1	Solar Los Loros SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
76.114.239-9	Alba SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	0.0000	0.0000	0.0000
76.114.229-1	Alba Andes SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	0.0000	0.0000	0.0000
76.114.213-5	Alba Pacifico SpA	Chile	U.S. Dollar	100.0000	0.0000	100.0000	0.0000	0.0000	0.0000
76.376.043-K	Rio Alto S.A.	Chile	U.S. Dollar	99.9999	0.0001	100.0000	0.0000	0.0000	0.0000
76.379.265-K	Energias de Abtao S.A.	Chile	U.S. Dollar	99.9990	0.0010	100.0000	0.0000	0.0000	0.0000

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	
					12-31-2022 Direct	12-31-2021 Direct
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	12-31-2022 kUSD	12-31-2021 kUSD
Current Assets			
Cash and cash equivalents	USD	124,015	211,149
Cash and cash equivalents	Non-adjustable CLP$	7,656	4,045
Cash and cash equivalents	Euro	361	3
Cash and cash equivalents	Argentine peso	333	492
Other financial assets, current	USD	17,865	0
Current tax assets	USD	33,993	23,630
Current tax assets	Non-adjustable CLP$	0	7
Current tax assets	Argentine peso	1,186	264
Current inventories	Non-adjustable CLP$	5,586	3,516
Current inventories	USD	258,469	154,803
Related-entity receivables	Non-adjustable CLP$	213	60
Related-entity receivables	UF	0	9
Related-entity receivables	USD	5,319	6,360
Other non-financial assets	Non-adjustable CLP$	128,800	34,311
Other non-financial assets	USD	30,009	12,212
Other non-financial assets	Argentine peso	206	283
Other non-financial assets	Euro	1,265	76
Trade receivables and other accounts receivable, current	USD	206,207	154,979
Trade receivables and other accounts receivable, current	Non-adjustable CLP$	14,354	10,027
Trade receivables and other accounts receivable, current	Argentine peso	6	6
Non-Current Assets			
Other financial assets, non-current	USD	5,055	0
Trade receivables and other accounts receivable, non-current	USD	325,778	85,581
Trade receivables and other accounts receivable, non-current	UF	20	20
Related-entity receivables, non-current	USD	14,787	14,161
Other non-current non-financial assets	Non-adjustable CLP$	1	1
Other non-current non-financial assets	USD	16,912	25,600
Other non-current non-financial assets	UF	167	147
Deferred tax assets	USD	79,161	20,265
Investments accounted for using the equity method	USD	124,313	108,906
Intangible assets other than goodwill	USD	172,239	188,532
Goodwill	USD	15,913	25,099
Property, plant and equipment	USD	2,576,582	2,746,143
Right-of-use assets	USD	161,490	168,175
Subtotal	**USD**	**4,168,107**	**3,945,595**
	Non-adjustable CLP$	**156,610**	**51,967**
	Euro	**1,626**	**79**
	UF	**187**	**176**
	Argentine peso	**1,731**	**1,045**
Total Assets		**4,328,261**	**3,998,862**

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**	**12-31-2022 kUSD**	**12-31-2021 kUSD**	**12-31-2022 kUSD**	**12-31-2021 kUSD**
Related-entity payables	Non-adjustable CLP$	0	569	0	0
Related-entity payables	USD	6,288	5,710	1,261	1,146
Related-entity payables	UF	48	63	0	0
Related-entity payables	Euro	169	577	0	0
Current tax liabilities	USD	0	0	12,560	3,672
Other non-financial liabilities	Non-adjustable CLP$	5,263	4,809	0	0
Other non-financial liabilities	Argentine peso	16	13	0	0
Other non-financial liabilities	USD	66	264	132	0
Trade payables and other accounts payable	Euro	3,040	2,223	0	0
Trade payables and other accounts payable	Non-adjustable CLP$	40,744	49,481	0	0
Trade payables and other accounts payable	Other currencies	403	126	0	0
Trade payables and other accounts payable	Argentine peso	95	292	0	0
Trade payables and other accounts payable	USD	179,547	206,553	0	0
Trade payables and other accounts payable	UF	5,937	4,088	0	0
Employee benefit provision, current	Non-adjustable CLP$	15,173	11,753	0	0
Other financial liabilities	USD	94,682	44,660	288,379	55,085
Current lease liabilities	USD	84	84	169	164
Current lease liabilities	Non-adjustable CLP$	10	10	30	30
Current lease liabilities	UF	2,438	2,388	3,356	3,321
Current lease liabilities	Other currencies	186	176	143	132
Subtotal	**USD**	**280,667**	**257,271**	**302,501**	**60,067**
	Non-adjustable CLP$	**61,190**	**66,622**	**30**	**30**
	Euro	**3,209**	**2,800**	**0**	**0**
	UF	**8,423**	**6,539**	**3,356**	**3,321**
	Argentine peso	**111**	**305**	**0**	**0**
	Other currencies	**589**	**302**	**143**	**132**
Total Current Liabilities		**354,189**	**333,839**	**306,030**	**63,550**

Non-Current Liabilities	Currency	1 to 3 years 12-31-2022 kUSD	1 to 3 years 12-31-2021 kUSD	3 to 5 years 12-31-2022 kUSD	3 to 5 years 12-31-2021 kUSD	More than 5 years 12-31-2022 kUSD	More than 5 years 12-31-2021 kUSD
Deferred tax liabilities	USD	10,251	11,571	11,203	12,523	103,167	194,280
Related-entity payables	USD	3,883	3,530	4,700	4,272	43,155	45,618
Other non-current financial liabilities	USD	456,020	0	337,195	350,781	599,398	607,262
Lease liabilities	USD	732	704	538	518	1,386	1,660
Lease liabilities	Non-adjustable CLP$	17	58	0	0	0	0
Lease liabilities	UF	10,783	11,153	7,290	7,194	111,474	116,538
Lease liabilities	Other currencies	897	829	641	592	1,407	1,705
Employee benefit provisions, non-current	Non-adjustable CLP$	0	0	0	0	46	47
Other non-current provisions	USD	37,351	16,996	0	11,757	112,360	29,442
Other non-current provisions	Argentine peso	152	351	0	0	0	0
Other non-current, non-financial liabilities	USD	81	81	0	0	0	0
Subtotal	**USD**	**508,318**	**32,882**	**353,636**	**379,851**	**859,466**	**878,262**
	Non-adjustable CLP$	**17**	**58**	**0**	**0**	**46**	**47**
	UF	**10,783**	**11,153**	**7,290**	**7,194**	**111,474**	**116,538**
	Argentine peso	**152**	**351**	**0**	**0**	**0**	**0**
	Other currencies	**897**	**829**	**641**	**592**	**1,407**	**1,705**
Total Non-Current Liabilities		**520,167**	**45,273**	**361,567**	**387,637**	**972,393**	**996,552**

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Independent Auditor's Report
(Translation of the Report originally issued in Spanish)

To the Shareholders and Directors of
Engie Energía Chile S.A.

We have audited the accompanying consolidated financial statements of Engie Energía Chile S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Generally Accepted Auditing Standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Building a better working world

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Engie Energía Chile S.A. and its subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Marek Borowski
EY Audit Ltda.

Santiago, January 31, 2023

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DECLARACION DE RESPONSABILIDAD

RUT : 88.006.900-4

RAZON SOCIAL : ENGIE ENERGIA CHILE S.A.

Estados financieros bajo IFRS	X
Análisis Razonado	X
Hechos Relevantes	X
Declaración de responsabilidad	X

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